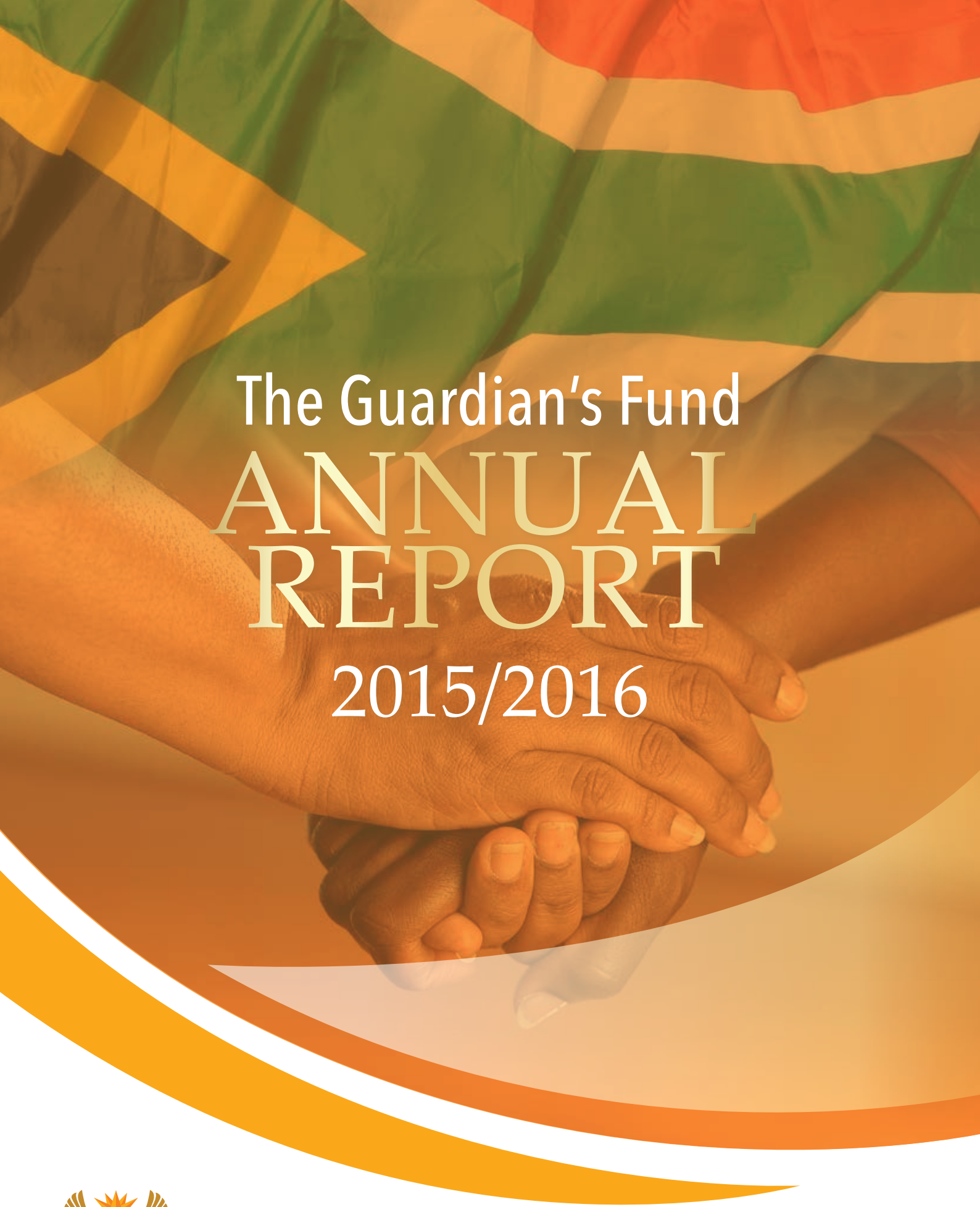

The Guardian's Fund

ANNUAL REPORT

2015/2016

the doj & cd

Department:
Justice and Constitutional Development
REPUBLIC OF SOUTH AFRICA

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Report of the Accounting Officer

REPORT OF THE ACCOUNTING OFFICER ON THE ACTIVITIES OF THE GUARDIAN'S FUND FOR THE YEAR ENDED 31 MARCH 2016

Introduction

The Guardian's Fund (GF) is a statutory trust established in terms of Chapter V of the Administration of Estates Act, 1965 (Act 66 of 1965). The GF consists of all monies received by the Master of the High Court under the Administration of Estates Act, or any other law or pursuant to an order of court, or any money accepted by the Master in trust for any known or unknown person. Whenever any money is received or accepted by the Master, he or she must open an account in the books of the GF in the name of the person to whom the money belongs, or in the name of the estate of which the money forms part. The Master must, on application of any person who has become entitled to receive money from the Fund, pay that money to the applicant.

The purpose of the GF is therefore to protect and manage monies of persons deemed to be legally incapable or lacking the capacity to manage their own affairs as well as undetermined, unknown or absent heirs and untraceable persons.

The GF is held under management of the Masters of the High Courts of South Africa.

Some of the functions of the GF performed with the prescripts of the said Act, *inter alia,* are to -

- Invest trust monies held with the Public Investment Corporation (PIC);
- Calculate interest accruing in respect of monies received on behalf of beneficiaries at the interest rate as determined by the Minister for Justice and Constitutional Development annually; and
- Process inheritance applications and make the payments to persons entitled thereto.

Core Service Delivery Environment

The GF has representation in 6 Masters' offices, namely:

Pretoria, Cape Town, Pietermaritzburg, Grahamstown, Bloemfontein and Kimberley.

An additional 79 points of service throughout the country were established to assist with the GF customer interaction and making services available, thereby relieving the financial burden on vulnerable beneficiaries having to travel long distances to the Masters Offices to submit their applications.

The GF has a strategic objective to process completed applications and make payment to beneficiaries within 40 days. The GF is pleased to report that the Target of 90% for the 2015/16 year was successfully achieved, as 93% of beneficiaries were paid out within the 40 days.

Coupled with this, all GF Offices are utilising the ABSA Bi-Online Electronic payment system and have achieved 99% EFT payment transactions for the 2015/16 financial year, which enhances the turnaround time in payment of benefits.

The GF currently operates 3 electronic stand-alone systems: Guardians Fund System (Administrative); ABSA EFT System (Payment) and Great Plains System (Accounting). With the growth of the Fund, it is necessary for the GF to evolve to a single, fully integrated financial system.

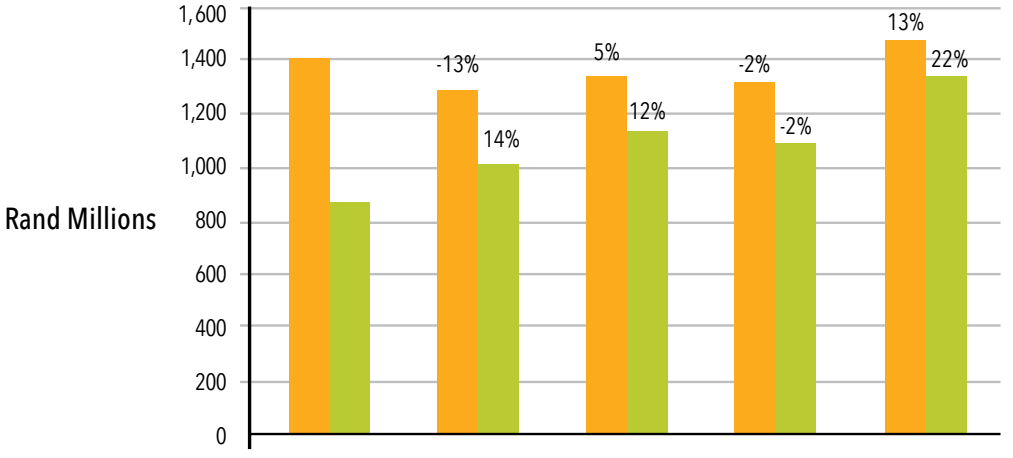
During the 2015/16 year, the GF had engagements with various parties in relation to financial systems, so as to improve alignment with the Government Pension Administration Agency.

Coupled with this, the Third Party Funds piloted a new SAP based Financial system which the GF will evaluate and assess functionality for adaptation for the GF environment and business rules. It is envisaged that in the 2016/17 year, the GF system modernisation strategy will be approved and implementation phases will commence.

Growth of Beneficiary Liability

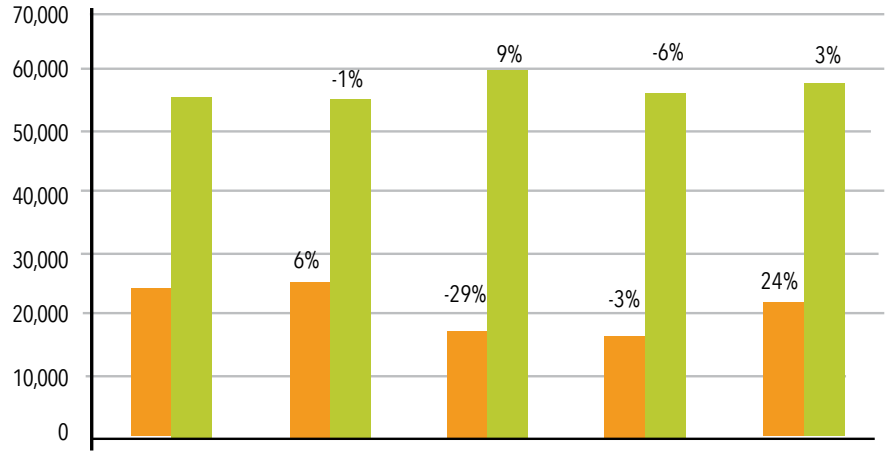
As has been disclosed in more detail in the financials on pages 15 to 42, it is illustrated below that the Fund continues to show positive growth in the volume of transactions handled, as well as in the total funds under management.

Guardian's Fund Beneficiary Receipts and Payments



	2011/12	2012/13	2013/14	2014/15	2015/16
Beneficiary Receipts	1,422	1,306	1,342	1,318	1,486
Beneficiary Payments	872	1,018	1,130	1,105	1,352

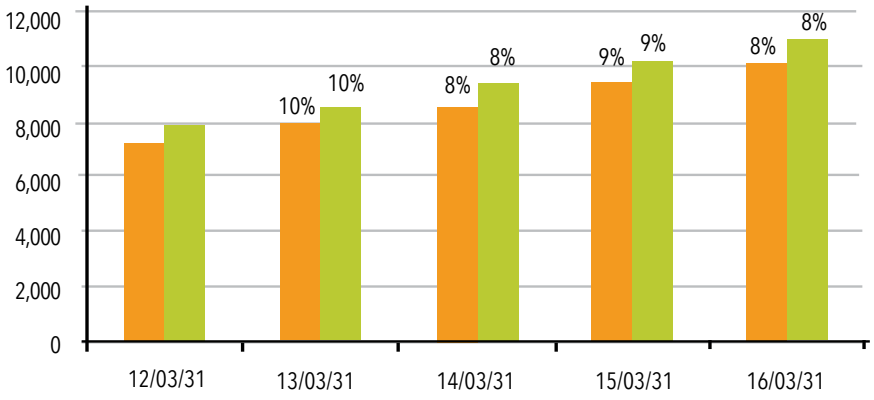
Guardian's Fund - Transaction volumes (receipt and payments)



	2011/12	2012/13	2013/14	2014/15	2015/16
Receipts transactions	24,422	25,883	18,312	17,824	22,054
Payments transactions	56,191	55,688	60,675	56,924	58,531

Guardian's Fund- Total assets vs beneficary liabilities

Rand Millions



	2011/12	2012/13	2013/14	2014/15	2015/16
Beneficiary Liability	7,253	7,976	8,589	9,365	10,106
Total Assets	7, 872	8,659	9,360	10,202	11,063

Fraud Prevention and Detection

The GF has a Fraud Prevention Strategy, as well as a fully functional and capacitated Forensic Directorate, to ensure that all fraud and loss matters, as well as potential maladministration, is addressed pro-actively.

The GF also has a relationship with Law Enforcement agencies, and at times will engage them on matters should it be necessary, as was done in 2012/13 when the Special Investigations Unit was appointed to investigate loss of funds and the management of the Guardian's Fund in Pretoria and Pietermaritzburg offices.

The GF also performs a risk assessment annually to identify and address any emerging risk areas in order to ensure the integrity and safety of the beneficiary funds within the GF.

Investment Management

The Office of the Chief Financial Officer, with assistance from the Office of the Chief Master, is responsible for formulation and supervision of the mandate given to the Investment Manager (the Public Investment Corporation).

With a balance sheet of R11 billion (and growing) in investable assets, the stewardship of GF assets is a challenging and complex endeavour. I would like to take this opportunity to extend my sincere gratitude to our expert investment advisors and also to colleagues at National Treasury who have ensured that the Department is able to discharge its obligations and match the expectations and the safeguarding of the GF assets and the growing of investments.

The GF is pleased to report that, in the 2015/16 year, the Fund generated more than R737 million in investment income and was able to pass an additional 50 basis points (above market interest rate) to the beneficiaries.

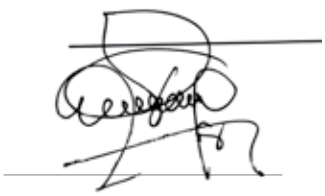
The rate of interest was 7.30% per annum for the financial year under review.

Acknowledgement

My appreciation towards the loyal support and valuable contributions of the various stakeholders is hereby acknowledged.

Approval

The annual financial statements as set out pages 15 to 42 have been approved by the Accounting Officer.



Mr V. Madonsela
Accounting Officer
Department of Justice and Constitutional Development
Date: 29 July 2016

Report of the Audit Committee

REPORT OF THE AUDIT COMMITTEE ON GUARDIAN'S FUND

1. REPORT OF THE AUDIT COMMITTEE

We are pleased to present our final report for the financial year ended 31 March 2016.

1.1 AUDIT COMMITTEE MEMBERS AND ATTENDANCE

The Audit Committee consists of the members listed below and is required to meet at least four times per annum as per its approved terms of reference. During the current year 4 meetings and 2 special meetings were held as indicated below.

Name of members	Numbers of meetings attended	Number of special meetings attended	Status
Mr. Motsamai Karedi (Chairperson)	4	2	Reappointed- 25 November 2015
Mr. Cedric Boltman	4	2	Reappointed- 25 November 2015
Ms. Besky Ngunjiri	4	1	Reappointed - March 2015
Mr. Wilson Ramabulana	4	2	Reappointed- 25 November 2015
Mr Andy Sello	4	2	Reappointed- 25 November 2015

1.2 AUDIT COMMITTEE RESPONSIBILITY

We report that we have complied with its responsibilities arising from Section 38 (1) (a) (ii) of the Public Finance Management Act and Treasury Regulation 3.1.13. The Audit Committee also reports that it has adopted appropriate formal terms of reference on its Audit Committee Charter. The charter has regulated its affairs and the Audit Committee has discharged all its responsibilities as contained therein.

1.3 THE EFFECTIVENESS OF INTERNAL CONTROL

The Audit Committee is satisfied that key controls remained in place throughout the year under review and where shortcomings in the internal controls were identified; management has addressed them through implementation of audit action plans. Internal Audit validated the audit action plans and the Audit Committee reviewed same to ensure effective implementation by management.

There has also been an improvement in the risk maturity level within the Department and that had contributed to the effectiveness of controls.

1.4 INTERNAL AUDIT

The Department of Justice and Constitutional Development's Internal Audit Unit is also responsible for the auditing of Guardian's Fund.

The Internal Audit unit has discharged its responsibilities as per the internal audit charter and plans.

1.5 AUDITOR-GENERAL SOUTH AFRICA

The Audit committee accepts and concurs with the unqualified audit opinion of the AGSA on Guardian's Fund for the year ended 31 March 2016.

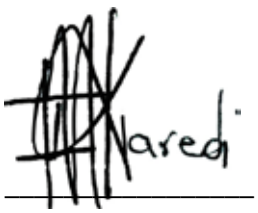
1.6 REPORTS

1.6.1 The quality of in-year management and monthly/quarterly reports submitted in terms of the PFMA

The Audit committee has reviewed the monthly and quarterly reports and where concerns were raised, management acted on them and the Audit Committee monitored progress throughout the year.

1.6.1 Evaluation of financial statements

We have reviewed and discussed the audited annual financial statements with management and also reviewed the Department's compliance with legal and regulatory provisions. We have also reviewed the Auditor-General South Africa's report, management letter and management's responses to it and the Audit Committee is satisfied with the contents thereof.



M Karedi
Chairperson of the Audit Committee
Date: 29 July 2016

Report of the Auditor-General to Parliament

Report of the Auditor-General to Parliament on Guardian's Fund

Report on the financial statements

Introduction

1. I have audited the financial statements of the Guardian's fund set out on pages 15 to 42 which comprise statement of financial position as at 31 March 2016, the statement of financial performance, statement of changes in net assets, and cash flow statement for the year then ended, as well as the notes, comprising a summary of significant accounting policies and other explanatory information.

Accounting Officer's responsibility for the financial statements

2. The accounting officer is responsible for the preparation and fair presentation of these financial statements in accordance with South African Standards of Generally Recognised Accounting Practice (SA Standards of GRAP), and for such internal control as the accounting officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor-general's responsibility

3. My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with International Standards on Auditing. Those standards require that I comply with ethical requirements, and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

4. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

5. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

6. In my opinion, the financial statements present fairly, in all material respects, the financial position of the Guardian's fund as at 31 March 2016 and its financial performance and cash flows for the year ended, in accordance with South African Standards of Generally Recognised Accounting Practice (SA Standards of GRAP).

Report on other legal and regulatory requirements

7. In accordance with the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) and the general notice issued in terms thereof, I have a responsibility to report findings on compliance with legislation and internal control. The objective of my tests was to identify reportable findings as described under each subheading but not to gather evidence to express assurance on these matters. Accordingly, I do not express an opinion or conclusion on these matters.

Predetermined objectives

8. I did not audit performance against predetermined objectives, as the Fund is not required to prepare a report on its performance against predetermined objectives. The Fund does not fall within the ambit of the Public Finance Management Act of South Africa, 1999 (Act No. 1 of 1999) (PFMA) and is not subject to entity-specific legislation that requires reporting on performance against predetermined objectives.

Compliance with legislation

9. I performed procedures to obtain evidence that the Guardian's Fund had complied with applicable legislation regarding financial matters, financial management and other related matters. I did not identify any instances of material non-compliance with specific matters in key legislation, as set out in the general notice issued in terms of the PAA.

Internal control

10. I considered internal control relevant to my audit of the financial statements, and compliance with legislation. I did not identify any significant deficiencies in internal control.

Auditor-General
Pretoria
29 July 2016

AUDITOR-GENERAL
SOUTH AFRICA

Financial Statements

STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 31 MARCH 2016

	Notes	2016 R	2015 R
Revenue			
Investment revenue	3	737 137 008	641 996 674
Less: Expenditure			
Management fees	11	3 003 967	2 730 734
Losses: Financial Instruments	16		6 889 066
Surplus/(deficit) for the year before distribution to beneficiaries		**734 133 041**	**632 376 874**
Distribution to beneficiaries - Interest paid on beneficiary monies	4	613 066 875	566 430 525
Surplus/(deficit) for the year		**121 066 166**	**65 946 349**

STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2016

	Notes	2016 R	2015 R
ASSETS			
		11 062 971 776	**10 200 130 246**
Other receivables	7	390 231	255 527
Financial instruments	5	10 626 438 574	9 903 520 852
Cash and cash equivalents	6	436 142 971	296 353 866
Total assets		**11 062 971 776**	**10 200 130 246**
LIABILITIES			
		10 106 873 295	**9 365 097 931**
Beneficiary liability	8	10 103 430 409	9 359 808 888
Other payables	9	3 442 886	5 289 043
Total liabilities		**10 106 873 295**	**9 365 097 931**
CAPITAL AND RESERVES			
		956 098 481	**835 032 315**
Accumulated surplus/(deficit)	10	956 098 481	835 032 315
Total net assets		**956 098 481**	**835 032 315**
Total net assets and liabilities		**11 062 971 776**	**10 200 130 246**

STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 31 MARCH 2016

	Accumulated Surplus (Deficit)	Total Equity
Balance as at 1 April 2015	835 032 315	835 032 315
Surplus/(deficit) for the year	121 066 166	121 066 166
Balance as at 31 March 2016	956 098 481	956 098 481

STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 31 MARCH 2015

	Accumulated Surplus (Deficit)	Total Equity
Balance as at 1 April 2014	770 472 098	770 472 098
Less: Restatement - Note 17.1	1 386 132	1 386 132
Restated Opening Balance as at 1 April 2014	769 085 966	769 085 966
Prior year surplus before restatement:	68 318 298	68 318 298
Restated adjustment - Note 17.1	2 371 949	2 371 949
Balance as at 31 March 2015	835 032 315	835 032 315

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2016

	Notes	2016 R	2015 R
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash receipts on behalf of beneficiaries		-735 642 162	-640 747 722
Cash paid to beneficiaries and creditors		617 811 453	572 003 737
Cash generated from/(utilised in) operations	13	-117 830 709	-68 743 985
Investment income received		736 746 776	641 741 146
Interest paid to beneficiaries		-613 066 874	-566 430 525
Creditor payments		-4 750 045	-5 578 368
Net cash inflows/(outflows) from operating activities		1 099 148	988 269
CASH FLOWS FROM INVESTING ACTIVITIES			
Net cash flows from investing activities		9 981 470	-193 096 014
Net investments of beneficiary monies in PIC		9 981 470	-193 096 014
CASH FLOWS FROM FINANCING ACTIVITIES			
Net cash flow financing activities		128 708 488	207 845 143
Increase/(decrease) in beneficiary liability		128 708 488	207 845 143
Net increase/(decrease) in cash and cash equivalents		139 789 106	15 737 398
Cash and cash equivalents at the beginning of the year		296 353 866	280 616 468
Cash and cash equivalents at end of the year	6	436 142 971	296 353 866

GUARDIAN'S FUND
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016
ACCOUNTING POLICIES

1. GENERAL INFORMATION

The Guardian's Fund is a statutory trust established in terms of Chapter V of the Administration of Estates Act, 1965 (Act 66 of 1965).

The purpose of the Guardian's Fund is to protect and manage monies of persons deemed to be legally incapable or lacking the capacity to manage their own affairs as well as undetermined, unknown or absent heirs and untraceable persons.
The Guardian's Fund is held under management of the Masters of the High Court of South Africa.

2. PRINCIPAL ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of preparation

The financial statements have been prepared on the historical cost basis, except for investments that have been measured at fair value. The financial statements are presented in Rands. The financial statements have been prepared on a going concern basis.

Statement of compliance

The financial statements of the Guardian's Fund have been prepared in accordance with South Africa Standards of Generally Recognised Accounting Practice as required by the Public Finance Management Act (Act No. 1 of 1999) (PFMA).

2.2 Summary of significant accounting policies

2.2.1 Financial instruments

Financial instruments at Fair Value

The classification depends on the purpose for which the financial assets were acquired, and is determined by management at the initial recognition of the financial assets. Financial instruments are classified at fair value and are comprised of a portfolio of money market instruments. Money market investments were designated at fair value as these instruments are non-derivative instruments and payments can be determined by the fund.

Fair value financial assets are measured with consideration that unrealised gains and losses are recognised directly in surplus or deficit. Interest earned whilst holding fair value financial investments is reported as interest income using the effective interest rate. Dividends earned whilst holding fair value financial investments are recognised in the statement of changes in net assets as "other operating income" when the right of the payment has been established. The losses arising from impairment of such investments are recognised in the statement of financial performance in "impairment losses on financial investments", and adjusted on a monthly basis.

Financial assets, other than those at Fair Value Through Profit or Loss (FVTPL), are assessed for indicators of impairment at the end of each reporting period. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

(i) Date of recognition

Purchases or sales of financial assets that require delivery of assets within the time frame generally established by regulations or convention in the marketplace are recognised on the date that the Guardian's Fund commits to purchase or sell the asset.

(ii) Initial recognition of financial instruments

The classification of financial instruments at initial recognition depends on the purpose for which the financial instruments were acquired and their characteristics. All financial instruments are measured initially at their fair value, and transaction costs on financial instruments at fair value through surplus or deficit are recognised in surplus or deficit.

(iii) Subsequent Measurement

Financial Instruments at fair value through surplus or deficit are subsequently measured at fair value, with gains and losses arising from changes in fair value being included in surplus or deficit for the period.

(iv) De-recognition

The financial instrument is de-recognised when the contractual agreement in respect of the financial assets is terminated.

2.2.2 Cash and cash equivalents

Demand deposits and other short-term highly liquid investments that are readily convertible to a known amount of cash, and are subject to an insignificant risk of changes in value, are disclosed under another category of financial instrument, depending on the nature.

Cash and cash equivalents that do not have fixed and determined payments will be classified as available-for-sale financial assets.

Cash and cash equivalents and bank borrowings are recorded at face value.

2.2.3 Revenue recognition

The Guardian's Fund recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity, and specific criteria in terms of the Estates Act,1965 (Act 66 0f 1965), have been met.

Interest Income

Interest revenue is accrued on a time basis, by reference to the principal outstanding and the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

2.2.4 Financial Liability

This includes Beneficiary Liability and Other Payables

(i) Initial Recognition

The Financial Liability is initially recognised at historical cost at the date of receipt of the monies due by the Fund to external parties.

(ii) Subsequent Recognition

After initial recognition, the liability is measured at the value of the amount owing to the external parties, whom have a right against the fund, after taking into account the provisions of the Estates Act, 1965 (Act 66 of 1965).

(iii) De-recognition

The financial liability is de-recognised when the obligation of the Guardian's Fund to the external parties has been extinguished.

2.2.5 Related Party Disclosure

The Guardian's Fund was established in terms of the Administration of Estates Act and operates within the Department of Justice and Constitutional Development. The Guardian's Fund resides in the Branch of the Office of the Chief Master, and all operating costs are funded by the Department.

The integration of the Guardian's Fund sections in the Office of the Chief Master creates a complex environment in which to estimate the values of the related party (The Department of Justice and Constitutional Development).
Other Related Party transactions are disclosed in terms of the requirements of the standards as in Note 12.

2.2.6 Fraud and losses

(i) Initial Recognition

Fraud is defined as the unlawful and intentional making of a misrepresentation resulting in actual or potential prejudice to the Fund, while losses result from any other cause that may not be intentional. Fraud and losses are administered in line with

Section 12 of the Treasury Regulations and are disclosed in note 14 on the financial statements as and when they are discovered and reported by the relevant GF Offices to the Departments forensic directorate for investigation. They are not disclosed on the face of the balance sheet.

(ii) Subsequent Recognition and de-recognition

A Loss Control Officer keeps a register in which particulars of all losses are recorded. For instance, steps taken, amount recovered or not recovered and how the matter has been disposed of, must be recorded in this register. Every year the note is updated with the movement in the register.

2.2.7 Allocation account

(i) Initial Recognition

The Guardian's Fund operated in a manual environment prior to 31 March 2005. From 1 April 2005 an administrative electronic system called the Guardian's Fund System (GFS), from which the beneficiary liability figures are derived, was introduced. The allocation account is used primarily to apportion transactions that are received through the suspense account to the various types of beneficiary liabilities and also to cater for verification difference.

(ii) Subsequent Recognition

The allocation account is adjusted yearly with all financial adjustments made to beneficiary accounts that relate to prior financial periods.

(iii) De-recognition

The allocation account will be de-recognised when the financial benefit to or obligation by the fund is extinguished.

2.2.8 Other Receivables

(i) Initial Recognition

These are various amounts that are owed to the fund from its day to day operations. Other receivables are measured at initial recognition at fair value.

(ii) Subsequent Recognition

Appropriate allowances for estimated irrecoverable amounts are recognised in profit or loss when there is objective evidence that the asset is impaired. Subsequently, these are reported at their net realisable value.

(iii) De-recognition

Other receivables are de-recognised when they are fully paid or when there is objective evidence that the amounts will not be collectible.

2.2.9 Interest paid to beneficiaries

(i) Initial Recognition

Interest paid is an expense that represents monies paid to the beneficiaries by the Fund. It is credited to the beneficiary accounts through the GFS. Interest is accrued from the next calendar month after receipt date up to five years after it has become claimable, unless it is legally claimed before such expiration.

(ii) Subsequent Recognition

Interest paid is adjusted in retrospect every year because of the verification process and other adjustments to beneficiary balances.

GUARDIAN'S FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

		Total	Pretoria	Pietermaritzburg	Grahamstown	Cape Town	Bloemfontein	Kimberley	Nat-Off Inv
		R	R	R	R	R	R	R	
3.	**Investment revenue - 31/03/2016**								
	Interest revenue - PIC	-733 081 663	-350 870 289	-165 917 950	-89 327 859	-52 142 620	-56 274 927	-17 526 683	-1 021 333
	Cash and cash equivalents:								
	Interest revenue - PIC	-83 280							-83 280
	Interest revenue - ABSA	-3 972 065	-1 225 464	-1 237 016	-444 382	-364 414	-561 531	-139 258	
		-737 137 008	**-352 095 753**	**-167 154 966**	**-89 772 241**	**-52 507 034**	**-56 836 458**	**-17 665 941**	**-1 104 613**
3.	**Investment revenue - 31/03/2015**								
	Interest revenue - PIC	-638 271 391	-297 130 957	-149 240 974	-78 126 192	-45 182 088	-52 150 129	-15 523 186	-917 865
	Cash and cash equivalents:								
	Interest revenue - PIC	-75 559							-75 559
	Interest revenue - ABSA	-3 649 725	-1 160 367	-1 264 337	-402 279	-238 581	-477 417	-106 744	
		-641 996 674	**-298 291 324**	**-150 505 311**	**-78 528 471**	**-45 420 669**	**-52 627 546**	**-15 629 930**	**-993 424**

		Total	Pretoria	Pietermaritzburg	Grahamstown	Cape Town	Bloemfontein	Kimberley	Nat-Off Inv
		R	R	R	R	R	R	R	
4.	**INTEREST PAID - 31/03/2016**								
	Interest paid to interest bearing beneficiaries. Interest is calculated at the gazette rate and capitalised at month end. Interest is accrued from the next calendar month after receipt date up to five years after it has become claimable, unless it is legally claimed before such expiration.	613 066 875	278 368 830	144 248 822	84 775 252	32 587 037	55 582 230	17 504 703	
		613 066 875	**278 368 830**	**144 248 822**	**84 775 252**	**32 587 037**	**55 582 230**	**17 504 703**	
4.	**INTEREST PAID - 31/03/2015**								
	Interest paid to interest bearing beneficiaries. Interest is calculated at the gazette rate and capitalised at month end Interest is accrued from the next calendar month after receipt date up to five years after it has become claimable, unless it is legally claimed before such expiration.	566 430 525	251 311 125	139 098 371	77 345 873	29 769 841	52 814 643	16 090 671	
		566 430 525	**251 311 125**	**139 098 371**	**77 345 873**	**29 769 841**	**52 814 643**	**16 090 671**	

GUARDIAN'S FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

		Total	Pretoria	Pietermaritzburg	Grahamstown	Cape Town	Bloemfontein	Kimberley	Nat-Off Inv
		R	R	R	R	R	R	R	R
5.	**FINANCIAL INSTRUMENTS - 31/03/2016**								
	PIC Investment								
	Opening balance as at 1 April 2015	**9 903 520 852**	**4 739 580 942**	**2 290 479 050**	**1 191 034 447**	**679 267 119**	**775 527 425**	**227 631 868**	
	Investment income received during financial year	732 060 328	350 870 289	165 917 950	89 327 859	52 142 620	56 274 927	17 526 683	
	Additions during the year	250 500 000	140 000 000	30 000 000	37 000 000	18 500 000	13 000 000	12 000 000	
	Disposals during the year	-135 000 000	-45 000 000	-45 000 000	-5 000 000	-	-32 000 000	-8 000 000	
	Trading Cash Movement	-121 644 107	-19 825 613	-34 902 408	-20 103 749	-13 728 446	-22 413 856	-10 670 036	
	Management expenses	-2 998 499	-1 424 230	-684 245	-367 575	-213 331	-234 673	-74 445	
	Closing balance as at 31 March 2016	**10 626 438 574**	**5 164 201 389**	**2 405 810 347**	**1 291 890 982**	**735 967 962**	**790 153 823**	**238 414 070**	

In terms of section 87 of the Administration of Estates Act, No. 66 of 1965, beneficiary monies received in the Guardian's Fund should be invested with the PIC. All monies except for those required for immediate disbursements are invested with the PIC. The carrying amount of financial investments approximates their fair value.

PIC Investments	**10 626 438 574**	**5 164 201 389**	**2 405 810 347**	**1 291 890 982**	**735 967 962**	**790 153 822**	**238 414 071**
Money Market 0 - 3 months	3 762 180 444	1 955 825 200	809 739 232	421 734 834	209 648 584	256 796 415	108 436 179
Money Market 3 - 6 months	2 168 263 771	1 053 611 490	505 080 206	325 151 884	132 494 430	127 042 078	24 883 684
Money Market 6 - 9 months	1 052 484 013	416 445 387	272 494 813	135 189 963	49 705 344	143 025 093	35 623 412
Money Market 9 - 12 months	3 643 510 345	1 738 319 311	818 496 096	409 814 302	344 119 604	263 290 236	69 470 796

GUARDIAN'S FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

		Total	Pretoria	Pietermaritzburg	Grahamstown	Cape Town	Bloemfontein	Kimberley	Nat-Off Inv
		R	R	R	R	R	R	R	R
5.	**FINANCIAL INSTRUMENTS - 31/03/2015**								
	PIC Investment								
	Opening balance as at 1 April 2014	**9 078 951 798**	**4 263 606 533**	**2 135 152 587**	**1 111 301 089**	**628 025 802**	**733 671 818**	**207 193 969**	
	Investment income received during financial year	637 353 525	297 130 957	149 240 974	78 126 192	45 182 088	52 150 129	15 523 186	
	Losses	-4 734 855		-2 156 570	-1 078 285		-1 500 000		
	Additions during the year	298 500 001	200 000 000	50 000 000	24 000 000	10 000 000	3 500 000	11 000 000	
	Disposals during the year	-68 500 000	-10 000 000	-16 500 000	-18 000 000	-4 000 000	-18 000 000	-2 000 000	
	Trading Cash Movement	-33 169 827	-9 892 454	-23 000 646	-2 978 129	253 410	5 926 894	-3 478 901	
	Management expenses	-2 725 579	-1 264 094	-641 795	-336 418	-194 181	-221 416	-67 675	
	Closing balance as per statement	**9 905 675 063**	**4 739 580 943**	**2 292 094 550**	**1 191 034 447**	**679 267 119**	**775 527 424**	**228 170 579**	
	Provision for further loss on ABIL	-2 154 211		-1 615 500				-538 711	
	Closing Balance as at 31 March 2015	**9 903 520 852**	**4 739 580 943**	**2 290 479 050**	**1 191 034 447**	**679 267 119**	**775 527 424**	**227 631 868**	

In terms of section 87 of the Administration of Estates Act, No. 66 of 1965, beneficiary monies received in the Guardian's Fund should be invested with the PIC. All monies except for those required for immediate disbursements are invested with the PIC. The carrying amount of financial investments approximates their fair value.

PIC Investments	**9 905 675 063**	**4 739 580 942**	**2 292 094 550**	**1 191 034 447**	**679 267 119**	**775 527 425**	**228 170 579**
Money Market 0 - 3 months	1 344 442 174	553 171 258	330 503 681	142 843 368	78 012 983	176 987 431	62 923 453
Money Market 3 - 6 months	1 335 072 883	792 171 561	277 539 127	127 590 829	97 569 127	35 006 910	5 195 329
Money Market 6 - 9 months	1 223 443 361	511 377 153	235 531 088	237 498 331	73 994 096	114 774 965	50 267 728
Money Market 9 - 12 months	6 002 716 644	2 882 860 971	1 448 520 654	683 101 918	429 690 913	448 758 119	109 784 069

GUARDIAN'S FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

		Total	Pretoria	Pietermaritzburg	Grahamstown	Cape Town	Bloemfontein	Kimberley	Nat-Off Inv
		R	R	R	R	R	R	R	
6.	**CASH AND CASH EQUIVALENTS - 31/03/2016**								
	ABSA bank account	90 110 181	27 985 268	19 733 223	7 372 764	17 134 559	15 249 204	2 635 163	
	PIC main and reserve accounts	19 704 523							19 704 523
	Trading Cash - PIC	326 328 264	56 569 937	86 809 479	55 067 044	44 791 618	48 342 344	34 747 842	
		436 142 971	**84 555 205**	**106 542 702**	**62 439 808**	**61 926 177**	**63 591 548**	**37 383 005**	**19 704 523**
	For the purposes of the cash flow statement:								
	Disclosed as:								
	Cash and Cash Equivalents	90 110 181	27 985 268	19 733 223	7 372 764	17 134 559	15 249 204	2 635 163	
	PIC main and reserve accounts	19 704 523							19 704 523
	Trading Cash - PIC	326 328 264	56 569 937	86 809 479	55 067 044	44 791 618	48 342 344	34 747 842	
	Total cash and cash equivalents	**436 142 971**	**84 555 205**	**106 542 702**	**62 439 808**	**61 926 177**	**63 591 548**	**37 383 005**	**19 704 523**

The carrying amount of cash and cash equivalents approximates their fair value due to their short-term maturity.

		Total	Pretoria	Pietermaritzburg	Grahamstown	Cape Town	Bloemfontein	Kimberley	Nat-Off Inv
		R	R	R	R	R	R	R	
6.	**CASH AND CASH EQUIVALENTS - 31/03/2015**								
	ABSA bank account	73 064 332	20 951 041	16 948 955	15 649 094	7 138 550	11 078 209	1 298 483	
	PIC main and reserve accounts	18 605 377							18 605 377
	Trading Cash - PIC	204 684 157	36 744 325	51 907 071	34 963 295	31 063 172	25 928 487	24 077 806	
		296 353 866	**57 695 366**	**68 856 026**	**50 612 389**	**38 201 722**	**37 006 696**	**25 376 289**	**18 605 377**
	For the purposes of the cash flow statement:								
	Disclosed as:								
	Cash and Cash Equivalents	73 064 332	20 951 041	16 948 955	15 649 094	7 138 550	11 078 209	1 298 483	
	PIC main and reserve accounts	17 617 109							18 605 377
	Trading Cash - PIC	204 684 157	36 744 325	51 907 071	34 963 295	31 063 172	25 928 487	24 077 806	
	Total cash and cash equivalents	**296 353 866**	**57 695 366**	**68 856 026**	**50 612 389**	**38 201 722**	**37 006 696**	**25 376 289**	**18 605 377**

The carrying amount of cash and cash equivalents approximates their fair value due to their short-term maturity.

GUARDIAN'S FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

		Total	Pretoria	Pietermaritzburg	Grahamstown	Cape Town	Bloemfontein	Kimberley	Nat-Off Inv
		R	R	R	R	R	R	R	
7.	**OTHER RECEIVABLES - 31/03/2016**								
	Absa Interest receivable These amounts relate to interest that is receivable from Absa for the month of March 2016.	390 231	144 449	84 658	27 488	44 507	62 485	26 644	
		390 231	**144 449**	**84 658**	**27 488**	**44 507**	**62 485**	**26 644**	
7.	**OTHER RECEIVABLES - 31/03/2015**								
	Absa Interest receivable These amounts relate to interest that is receivable from Absa for the month on March 2015.	255 527	90 349	63 682	43 804	19 814	32 350	5 530	
		255 527	**90 349**	**63 682**	**43 804**	**19 814**	**32 350**	**5 530**	

GUARDIAN'S FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

		Total	Pretoria	Pietermaritzburg	Grahamstown	Cape Town	Bloemfontein	Kimberley	Nat-Off Inv
		R	R	R	R	R	R	R	R
8.	**BENEFICIARY LIABILITY - 31/03/2016**								
	Opening balance as at 1 April 2015	**9 359 808 888**	**4 284 730 896**	**2 202 907 726**	**1 224 104 906**	**606 988 689**	**792 661 832**	**248 414 839**	
	Monies received during financial year	1 486 094 335	698 219 695	295 876 577	219 895 335	101 429 269	119 249 613	51 423 848	
	Payments to Beneficiaries	-1 352 226 159	-594 902 441	-308 673 964	-196 568 061	-72 034 554	-133 861 836	-46 185 304	
	Transfer to SARS 30 year	-3 272 426	-1 906 072	-483 514	-274 169	-429 123	-161 114	-18 434	
	5% Commission payable to SARS	-41 104	-11 120	-10 450	-298	-16 815	-2 421		
	Interest paid to beneficiaries	613 066 875	278 368 830	144 248 822	84 775 252	32 587 037	55 582 230	17 504 703	
	Closing balance as at 31 March 2016	**10 103 430 409**	**4 664 499 787**	**2 333 865 197**	**1 331 932 965**	**668 524 503**	**833 468 304**	**271 139 653**	
8.	**Beneficiary Liability**								
	Interest Bearing Beneficiary monies	**9 151 197 378**	**4 142 655 829**	**2 196 191 494**	**1 265 237 134**	**495 406 536**	**794 236 342**	**257 470 043**	
	Non-Interest Bearing Beneficiary Monies (No Commission)	659 040 229	347 725 976	111 718 616	58 259 173	103 348 658	26 858 838	11 128 967	
	Non-Interest Bearing Beneficiary Monies (Commission)	252 902 967	160 832 406	20 424 331	7 875 612	57 413 941	5 130 557	1 226 120	
	Unallocated Beneficiary Monies (Suspense account)	39 932 477	13 309 517	5 401 691	502 788	12 350 645	7 057 977	1 309 859	
	Beneficiary monies - Allocation account (refer to note 15)	-249 376	-496 213	-6 213	62 676	-453	195 191	-4 365	
	Accrued Beneficiary Liability	606 733	472 273	135 279	-4 420	5 176	-10 603	9 028	
	Closing balance as at 31 March 2016	**10 103 430 409**	**4 664 499 787**	**2 333 865 197**	**1 331 932 965**	**668 524 503**	**833 468 304**	**271 139 653**	

GUARDIAN'S FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

		Total	Pretoria	Pietermaritzburg	Grahamstown	Cape Town	Bloemfontein	Kimberley	Nat-Off Inv
		R	R	R	R	R	R	R	R
8.	**BENEFICIARY LIABILITY - 31/03/2015**								
	Opening balance as at 1 April 2014	**8 582 559 689**	**3 839 767 623**	**2 057 859 162**	**1 131 066 938**	**570 822 057**	**755 686 305**	**227 357 603**	
	Monies received during financial year	1 318 742 117	632 184 993	274 040 044	192 639 222	80 549 321	98 948 044	40 380 493	
	Payments to Beneficiaries	-1 105 317 654	-437 647 889	-267 662 031	-176 918 631	-73 661 398	-114 033 782	-35 393 923	
	Transfer to SARS 30 year	-5 848 526	-2 436 784	-966 841	-294 604	-1 235 091	-895 200	-20 006	
	Prior year adjustments	3 484 672	1 631 746	569 881	408 352	767 119	108 586	-1 012	
	5% Commission payable to SARS	-24 229	-17 607			-3 337	-3 285		
	Interest paid to beneficiaries	566 212 818	251 248 813	139 067 511	77 203 628	29 750 019	52 851 164	16 091 683	
	Closing balance as at 31 March 2015	**9 359 808 888**	**4 284 730 896**	**2 202 907 726**	**1 224 104 906**	**606 988 689**	**792 661 832**	**248 414 839**	
8.	**Beneficiary Liability**								
	Interest Bearing Beneficiary monies	**8 481 721 110**	**3 816 103 402**	**2 065 468 055**	**1 157 572 341**	**450 454 351**	**752 332 835**	**239 790 125**	
	Non-Interest Bearing Beneficiary Monies (No Commission)	598 387 575	297 785 890	109 339 011	57 910 435	102 383 829	24 064 569	6 903 840	
	Non-Interest Bearing Beneficiary Monies (Commission)	245 619 302	158 658 200	19 680 471	7 815 178	53 196 079	5 042 732	1 226 640	
	Unallocated Beneficiary Monies (Suspense account)	34 074 709	12 513 803	8 359 356	701 565	960 039	11 055 130	484 816	
	Beneficiary monies - Allocation account (refer to note 15)	-280 981	-399 482	-50 982	53 976	-453	120 326	-4 365	
	Accrued Beneficiary Liability	287 173	69 083	111 815	51 410	-5 157	46 240	13 782	
	Closing balance as at 31 March 2015	**9 359 808 888**	**4 284 730 896**	**2 202 907 726**	**1 224 104 906**	**606 988 689**	**792 661 832**	**248 414 839**	

GUARDIAN'S FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

	Total	Pretoria	Pietermaritzburg	Grahamstown	Cape Town	Bloemfontein	Kimberley	Nat-Off Inv
	R	R	R	R	R	R	R	R
9. TRADE AND OTHER PAYABLES - 31/03/2016								
SARS payable	**5 289 043**	**6 286 278**	**-2 890 766**	**20 822**	**1 314 412**	**439 762**	**118 538**	
Opening balance as at 1 April 2015								
5% commission	41 104	11 120	10 450	298	16 815	2 421		
SARS adjustment	-415 113					-415 113		
30 year - Beneficiary monies	3 272 426	1 906 072	483 514	274 169	429 123	161 114	18 434	
	8 187 463	8 203 470	-2 396 802	295 289	1 760 350	188 184	136 972	
Less: SARS liability paid during financial year	-4 744 578	-2 454 390	-634 386	-64 300	-1 238 428	-333 066	-20 006	
Closing Balance as at 31 March 2016	**3 442 886**	**5 749 079**	**-3 031 188**	**230 989**	**521 922**	**-144 882**	**116 966**	

9. TRADE AND OTHER PAYABLES - 31/03/2015								
SARS payable	**6 876 414**	**7 765 258**	**-2 595 940**	**158 305**	**1 541 622**	**-132 306**	**139 475**	
Opening balance as at 1 April 2014								
5% commission	24 229	17 607			3 337	3 285		
30 year - Beneficiary monies	5 848 526	2 436 784	966 841	294 604	1 235 091	895 200	20 006	
Prior year SARS adjustments	-1 886 913	-442 869	-295 566	-286 443	-714 838	-147 197		
	10 862 255	9 776 779	-1 924 665	166 465	2 065 212	618 983	159 481	
Less: SARS liability paid during financial year	-5 573 212	-3 490 502	-966 101	-145 644	-750 800	-179 221	-40 944	
Closing Balance as at 31 March 2015	**5 289 043**	**6 286 277**	**-2 890 766**	**20 822**	**1 314 412**	**439 762**	**118 538**	

These payables relate to monies which have remained unclaimed for a period of thirty years as from the date upon which the beneficiaries became entitled to the said monies, as well as a 5% admin fee that is deducted from all insolvent or liquidated estates whereby creditor payment are needed to be made.
The said monies are forfeited to the state and payment is made from the Guardian's Fund to the National Revenue Fund via the Department of Justice Vote Account.

GUARDIAN'S FUND
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

		Total	Pretoria	Pietermaritzburg	Grahamstown	Cape Town	Bloemfontein	Kimberley	Nat-Off Inv
		R	R	R	R	R	R	R	R
10.	ACCUMULATED SURPLUS/ (DEFICIT) - 31/03/2016								
	Opening balance as at 1 April 2015	-835 032 315	-506 349 482	-160 997 295	-17 564 914	-109 185 557	-19 464 879	-5 019 023	-18 605 376
	Surplus for the year	-121 066 166	-72 302 694	-22 221 899	-4 629 414	-19 706 666	-1 019 555	-86 792	-1 099 146
	Balance as at 31 March 2016	-956 098 481	-578 652 175	-183 219 194	-22 194 328	-128 892 223	-20 484 434	-5 105 815	-19 704 522
10.	ACCUMULATED SURPLUS/ (DEFICIT) - 31/03/2015								
	Opening balance as at 1 April 2014	-769 085 966	-460 633 378	-152 388 720	-17 797 018	-93 728 910	-21 373 392	-5 547 439	-17 617 109
	Surplus for the year	-65 946 349	-45 716 104	-6 993 076	232 105	-15 456 647	1 908 513	1 067 127	-988 267
	Balance as at 31 March 2015	-835 032 315	-506 349 482	-160 997 295	-17 564 914	-109 185 557	-19 464 879	-5 019 023	-18 605 376

		Total	Pretoria	Pietermaritzburg	Grahamstown	Cape Town	Bloemfontein	Kimberley	Nat-Off Inv
		R	R	R	R	R	R	R	R
11.	**MANAGEMENT FEES - 31/03/2016**								
	Investment Management Fees - PIC Investment Fees are payable to The Public Investment Corporation Limited for managing the Guardian's Fund investments in terms of the Investment management agreement.	3 003 967	1 424 230	684 245	367 575	213 331	234 673	74 445	5 467
		3 003 967	**1 424 230**	**684 245**	**367 575**	**213 331**	**234 673**	**74 445**	**5 467**
11.	**MANAGEMENT FEES - 31/03/2015**								
	Investment Management Fees - PIC Investment Fees are payable to The Public Investment Corporation Limited for managing the Guardian's Fund investments in terms of the Investment management agreement.	2 730 734	1 264 094	641 795	336 418	194 181	221 416	67 675	5 156
		2 730 734	**1 264 094**	**641 795**	**336 418**	**194 181**	**221 416**	**67 675**	**5 156**

GUARDIAN'S FUND
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

12. RELATED PARTY TRANSACTIONS - 31/03/2016

Name of related party:
Department of Justice and Constitutional Development.

Relationship:
Department under common Ministry. All administration costs of the Guardian's Fund are paid for by the Department of Justice and Constitutional Development.

Total administration costs (salaries) disclosed as:	**77 395 588**
Office of the Chief Master	71 259 509
Office of the CFO	6 136 079
Key personnel costs disclosed as:	**13 242 619**
Level 15 - Chief Master/Chief Financial Officer (2)	2 941 269
Level 14 - Chief Director (3)	3 642 348
Level 13 - Directors (1) and Masters (6)	6 659 002

Name of related party:
The Public Investment Corporation Limited

Relationship:
In terms of section 87 of the Administration of Estates Act, No. 66 of 1965, beneficiary monies received in the Guardian's Fund should be invested with the PIC. Details of transaction values as stated in **Notes 3, 5 & 11**.

Name of related party:
The Presidents Fund/Third Party Funds/National Prosecuting Authority/Special Investigation Unit/Legal Aid Board/Criminal Asset Recovery Account

Relationship:
All parties above are under the common control of the Department of Justice and Constitutional Development, but there is no flow of transactions between these parties and the Guardian's Fund.

12. RELATED PARTY TRANSACTIONS - 31/03/2015

Name of related party:

Department of Justice and Constitutional Development.

Relationship:

Department under common Ministry. All administration costs of the Guardian's Fund are paid for by the Department of Justice and Constitutional Development.

Total administration costs (salaries) disclosed as:	**68 865 076**
Office of the Chief Master	62 931 490
Office of the CFO	5 933 586
Key personnel costs disclosed as:	**13 229 526**
Level 15 - Chief Master/Chief Financial Officer (2)	2 790 513
Level 14 - Chief Director (3)	3 716 299
Level 13 - Directors (1) and Masters (6)	6 722 714

Name of related party:

The Public Investment Corporation Limited

Relationship:

In terms of section 87 of the Administration of Estates Act, No. 66 of 1965, beneficiary monies received in the Guardian's Fund should be invested with the PIC. Details of transaction values as stated in **Notes 3, 5 & 11.**

Name of related party:

The Presidents Fund/Third Party Funds/National Prosecuting Authority/Special Investigation Unit/Legal Aid Board/Criminal Asset Recovery Account

Relationship:

All parties above are under the common control of the Department of Justice and Constitutional Development, but there is no flow of transactions between these parties and the Guardian's Fund.

GUARDIAN'S FUND
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

		Total	Pretoria	Pietermaritzburg	Grahamstown	Cape Town	Bloemfontein	Kimberley	Nat-Off Inv
		R	R	R	R	R	R	R	R
13.	**CASH GENERATED FROM/(UTILIZED IN) OPERATIONS - 31/03/2016**								
	Surplus/(deficit) before interest								
	Plus: SARS paid	4 744 578	2 454 390	634 386	64 300	1 238 428	333 066	20 006	
	Less: Investment income received	-735 642 162	-351 951 304	-167 070 308	-89 744 753	-52 462 527	-56 773 973	-17 639 297	
	Plus: Interest paid	613 066 875	278 368 830	144 248 822	84 775 252	32 587 037	55 582 230	17 504 703	
	Net cash flows from operating activities	**-117 830 709**	**-71 535 595**	**-22 310 863**	**-4 905 201**	**-18 637 061**	**-858 677**	**-114 588**	

13.	**CASH GENERATED FROM/(UTILIZED IN) OPERATIONS - 31/03/2015**								
	Surplus/(deficit) before interest								
	Plus: SARS paid	5 573 212	3 490 502	966 101	145 644	750 800	179 221	40 944	
	Less: Investment income received	-640 747 723	-298 200 975	-150 441 629	-78 484 667	-45 400 854	-52 595 196	-15 624 400	
	Plus: Interest paid	566 430 525	251 311 125	139 098 371	77 345 873	29 769 841	52 814 643	16 090 671	
	Net cash flows from operating activities	**-68 743 985**	**-43 399 348**	**-10 377 157**	**-993 150**	**-14 880 213**	**398 668**	**507 215**	

		Total	Pretoria	Pietermaritzburg	Grahamstown	Cape Town	Bloemfontein	Kimberley	Nat-Off Inv
		R	R	R	R	R	R	R	R
14.	**DISALLOWANCE ACCOUNT (FRAUD AND LOSSES) - 31/03/2016**								
	Opening Balance at at 1 April 2015	9 166 051	6 350 080	811 688	354 446	239 925	1 361 593	48 319	
	Current year fraud cases	1 158 251					450 421	707 830	
	Current year losses	6 389 130	6 158 121	175 119	44 534	161	7 449	3 746	
	Finalised cases - Investigation finalised	-8 896 965	-6 545 997		-674 919	-155 806	-1 497 050	-23 192	
	Cases still under investigation as at 31 March 2016	**7 816 466**	**5 962 203**	**986 807**	**-275 940**	**84 280**	**322 414**	**736 702**	
14.	**DISALLOWANCE ACCOUNT (FRAUD AND LOSSES) - 31/03/2015**								
	Opening Balance at at 1 April 2014	7 190 899	3 567 793	1 963 825	76 993	221 923	1 339 766	20 599	
	Restatement movement	1 453 315	1 788 060				-334 745		
	Current year fraud cases	1 484 017	678 927	684 117			95 973	25 000	
	Current year losses	1 472 550	315 299	597 205	277 453	18 003	261 870	2 719	
	Finalised cases - Investigation finalised	-2 434 731		-2 433 459			-1 272		
	Cases still under investigation as at 31 March 2015	**9 166 051**	**6 350 080**	**811 688**	**354 446**	**239 925**	**1 361 593**	**48 319**	

GUARDIAN'S FUND
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

		Total	Pretoria	Pietermaritzburg	Grahamstown	Cape Town	Bloemfontein	Kimberley	Nat-Off Inv
		R	R	R	R	R	R	R	R
15.	**BENEFICIARY MONIES - ALLOCATION ACCOUNT - 31/03/2016**								
	Balance as at 31 March 2016	-249 376	-496 213	-6 213	62 676	-453	195 191	-4 365	
		-249 376	**-496 213**	**-6 213**	**62 676**	**-453**	**195 191**	**-4 365**	
15.	**BENEFICIARY MONIES - ALLOCATION ACCOUNT - 31/03/2015**								
	Balance as at 31 March 2015	-280 981	-399 482	-50 982	53 976	-453	120 326	-4 365	
	These transactions originate from year differences between the Guardians Fund System and the cash book which will be adjusted through a controlled monitored RFS Process.								
		-280 981	**-399 482**	**-50 982**	**53 976**	**-453**	**120 326**	**-4 365**	

GUARDIAN'S FUND
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

		Total	Pretoria	Pietermaritzburg	Grahamstown	Cape Town	Bloemfontein	Kimberley	Nat-Off Inv
		R	R	R	R	R	R	R	R
16.	**LOSSES: FINANCIAL INSTRUMENTS**								
	Balance as at 31 March 2015	-6 889 066		-3 772 070	-1 078 285		-1 500 000	-538 711	
	These losses relate to the economic situation with African Bank Limited, where the JSE Instruction was a 10% haircut on all instruments.								
	Refer to Note 5 : Financial Instruments	**-6 889 066**		**-3 772 070**	**-1 078 285**		**-1 500 000**	**-538 711**	

GUARDIAN'S FUND
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

		As disclosed in 2015	As restated in 2016	Prior period errors for the financial years ending 31 March 2015	Pre-prior period error for the financial year ending 31 March 2006 to 31 March 2014	Nature of restatement
	2015/03/31	R	R	R	R	
17	**RESTATEMENT OF COMPARATIVES**					
	The financial statements for 31 March 2015 were restated due to more accurate financial information becoming available and as historical issues were addressed.					
17.1	**RESTATEMENT OF FINANCIAL POSITION**					
	ASSETS					
	Financial investments available-for-sale (PIC investments)	9 905 675 063	9 903 520 852	-2 154 211		Raised provision for loss on PIC - ABIL
	Cash and cash equivalents	296 359 969	296 353 866	-6 103		Bank adjustments - cashbook restated
	Other receivables - ABSA Interest	255 528	255 528			
	Total assets	**10 202 290 560**	**10 200 130 246**	**-2 160 314**		
	LIABILITIES					
	Total liabilities	**9 363 500 164**	**9 365 097 931**	**211 635**	**1 386 132**	
	Beneficiary Liability	9 356 324 207	9 359 808 888			
	- Restatement of Interest and Capital adjustments			217 707	1 386 132	Prior Year adjustments due to RFS data changes submitted by GF Offices
	SARS Adjustment			1 635 823	251 091	Reversal of 2014 SARS Transfers
	Bank adjustments affect beneficiary liabilities			-6 072		Bank adjustments affecting liability
	Other Payables	7 175 957	5 289 043	-1 635 823	-251 091	Reversal of previous years SARS Transfers

		As disclosed in 2015	As restated in 2016	Prior period errors for the financial years ending 31 March 2015	Pre-prior period error for the financial year ending 31 March 2006 to 31 March 2014	Nature of restatement
		R	R	R	R	
17.1	**RESTATEMENT OF FINANCIAL POSITION - CONTINUES**					
	CAPITAL AND RESERVES					
	Total liabilities	**9 363 500 164**	**9 365 097 931**	**211 635**	**1 386 132**	
	Total net assets	**838 790 396**	**835 032 315**	**-2 371 949**	**-1 386 132**	
	Accumulated surplus/(deficit)	838 790 396	835 032 315			
	- Prior Year adjustments			-217 707	-1 386 132	Prior Year adjustments due to RFS data changes submitted by GF Offices
	- Bank Adjustment			-31		Bank Adjustments affected through Income
	- Raised provision for loss PIC : ABIL			-2 154 211		Raised provision for loss on PIC - ABIL
	Total net assets and liabilities	**10 202 290 560**	**10 200 130 246**	**-2 160 314**		

GUARDIAN'S FUND
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

		As disclosed in 2015	As restated in 2016	Prior period errors for the financial years ending 31 March 2015	Pre-prior period error for the financial year ending 31 March 2006 to 31 March 2014	Nature of restatement
		R	R	R	R	
17.2	**RESTATEMENT OF PERFORMANCE**					
	Revenue					
	Investment revenue	641 996 706	641 996 675	-31		Bank Adjustments affecting Income
	Less: Expenditure	**573 678 408**	**576 050 326**	**-2 371 918**		
	Management fees	2 730 735	2 730 735			
	Losses : Financial Instruments	4 734 855	6 889 066	-2 154 211		Raised provision for loss on PIC - ABIL
	Interest paid to beneficiaries	566 212 818	566 430 525	-217 707		Increase in interest payable to beneficiaries due to decrease of beneficiary liability at 31 March 2015
	Surplus/(deficit) for the year	**68 318 298**	**65 946 349**	**-2 371 949**		

18. RISK MANAGEMENT

18.1 Introduction

As a client of the PIC, the Guardian's Fund specifies its desirable risk parameters in accordance with its own risk appetite. This risk appetite informs the formal investment mandate given to the PIC. The mandate consciously promotes a responsible approach to risk to ensure the long term sustainability of the Fund and to protect the reputation of the Fund. The ultimate responsibility for investment risk management oversight lies with the PIC and not with the Guardian's Fund.

18.2 Market risk

Market risk is the exposure to adverse change in the market value of our investment position caused by changes in prices and rates. The Fund's activities expose it primarily to the risks of fluctuations in the interest rate.

Interest rate risk refers to the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

Market risk exposures are measured using sensitivity analysis. A sensitivity analysis shows how net surplus and/or net assets would have been affected by changes in the relevant risk variable that were reasonably possible at the reporting date.

The GF was exposed to market risk in relation to the economic position of African Bank Limited, which resulted in Impairment losses (See Notes[5]). However, due to the GF managing Market and Concentration Risk, this did not have a significant impact on the GF, as displayed by the healthy profit gained in 2015 and 2016 (See Statement of Financial Performance).

18.3 Interest rate risk

This risk is the potential financial loss as a result of adverse movements in interest rates that affect the value of money market instruments. As a PIC client, Guardian's Fund has exposure to interest rate risk through investments in money markets.

Sensitivity to interest rate movements is measured by the duration of the fixed interest exposure. Such duration is dictated in the Guardian's Fund client investment mandate to PIC, relative to the appropriate benchmark.

Furthermore, these investment mandates prescribe how the assets should be managed by PIC, in line with Guardian's Fund liquidity needs and its liability profile.

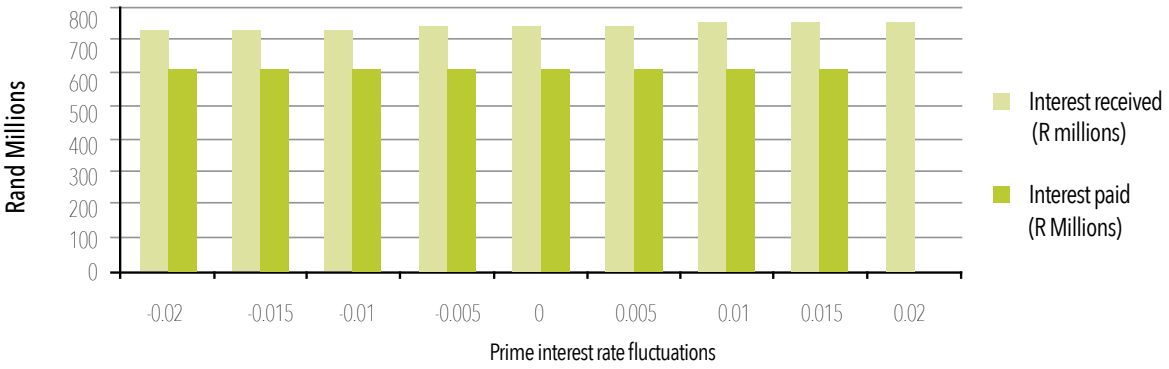
18.4 Interest rate risk sensitivity analysis

The sensitivity analysis below has been determined based upon financial instruments exposure to interest rates at the Statement of Financial position date.

The basis points increase or decrease, as detailed in the table below, were determined by management and represent management's assessment of a reasonable change in interests rates. The positive number indicates an increase in net surplus and a negative number indicates a decrease in net surplus.

There is no change in the methods and assumptions used in preparing the sensitivity analysis from one year to the next. In the graph, the zero interest rate represents the base - as disclosed in the Audited Financial Statements.

Interest rate sensitivity analysis



The above sensitivity analysis shows that even with a 2% change (both ways) in the interest rate, the Guardian's Fund would have earned sufficient interest investment income to cover the interest paid to fund beneficiaries at the gazetted rate of interest. (Base figures are as follows: Interest received - R737 million and Interest paid - R612 million).

18.5 Credit risk

Guardian's Fund investment portfolios are exposed to the potential for credit-related losses that can result due to an individual, counterparty or issuer being unable or unwilling to honour contractual obligations.

To mitigate this risk, and minimize excessive credit exposure to one single counterparty, the Guardian's Fund mandate to PIC states that PIC will only invest with local commercial banks or institutions that have a credit rating of at least "A" from one of the recognised domestic and/or international credit rating agencies.

18.6 Concentration risk

Concentration risk is the risk of losses arising due to poor diversification within funds, which can result in undesirable risk exposures. The Guardian's Fund manages this risk through the PIC investment mandate, which dictates the level of concentration. Money market investments are spread across banks to reduce and diversify the client's concentration risk.

18.7 Liquidity risk

Liquidity risk is the potential that there will not be adequate liquid assets available to meet the obligations of the Guardian's Fund when they fall due.

The Guardian's Fund manages this risk through the investment mandate that is signed with PIC. The mandate is in line with the Fund's liquidity needs and liability profile of the Fund. Currently, the Guardian's Fund liquid assets holding is R10.6 Billion.

18.8 Operational risk

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people, systems and external events. The Fund recognises the significance of the operational inherent in all the Fund's activities. Operational risk is managed within acceptable levels through an appropriate level of management focus and resource allocation.

18.9 Compliance risk

Compliance risk is defined as the risk of legal sanctions, material financial loss, or loss to reputation the Fund may suffer as a result of its failure to comply with laws, its own regulations, code of conduct, and standards of best/good practice. Compliance is managed through the DFI and Procedure Manual which are updated regularly.

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