

Department of Justice and Constitutional Development

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GUARDIAN'S FUND ANNUAL REPORT



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Department:
Justice and Constitutional Development
REPUBLIC OF SOUTH AFRICA





Department of Justice and Constitutional Development
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GUARDIAN'S FUND ANNUAL REPORT



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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 2018

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/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 of inadequate 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 Master of the High Court of South Africa.

Some of the functions performed within 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 Correctional Services annually; and
- Process inheritance applications and make the payments to persons entitled thereto.

Core service delivery environment

The GF has representation in six Master's offices, namely:

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

The GF has a strong focus on and commitment to excellence in service delivery and governance, and as such, the GF is pleased to report the following achievements:

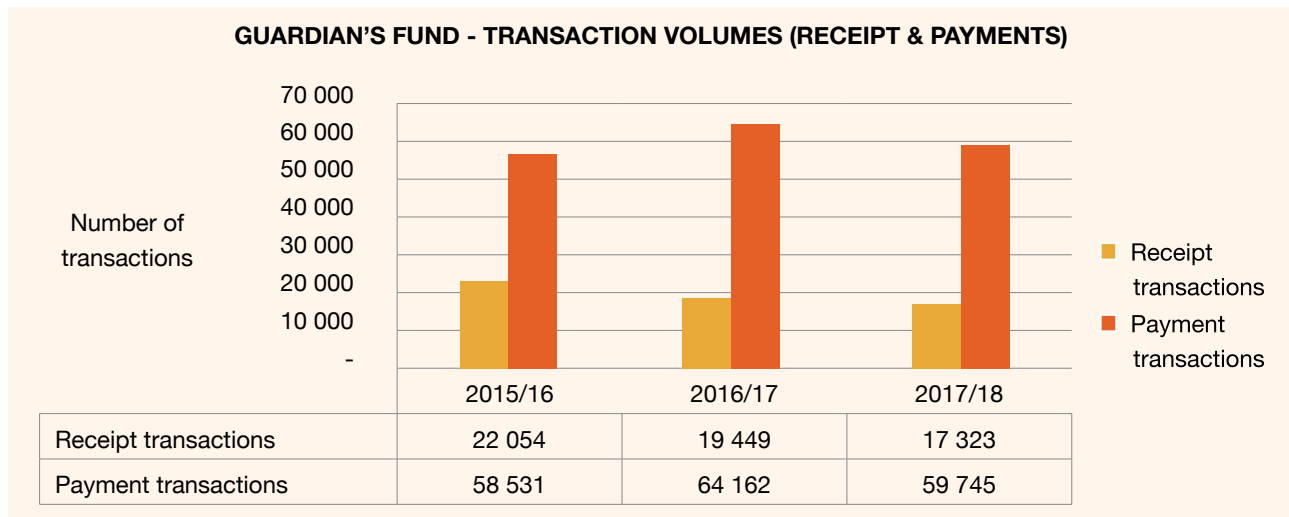
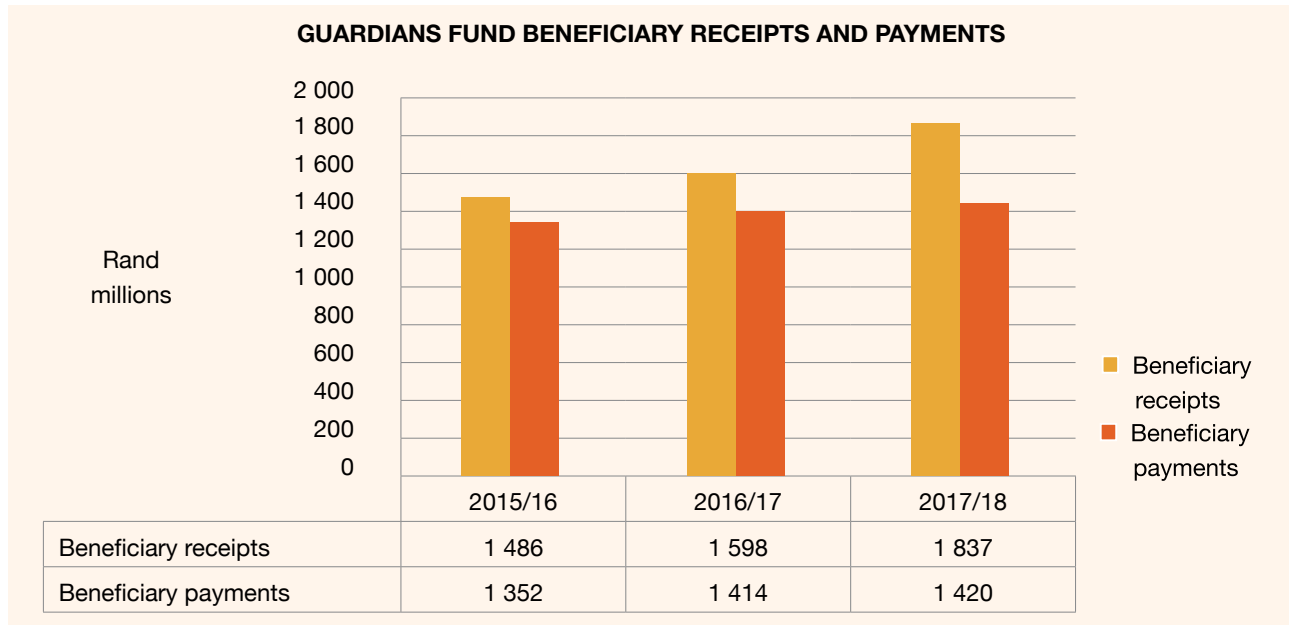
The GF has now established 275 points of service throughout the country, to improve customer interaction and accessibility of services, thereby relieving the financial burden on the vulnerable beneficiaries having to travel long distances to the Master's offices to submit their applications.

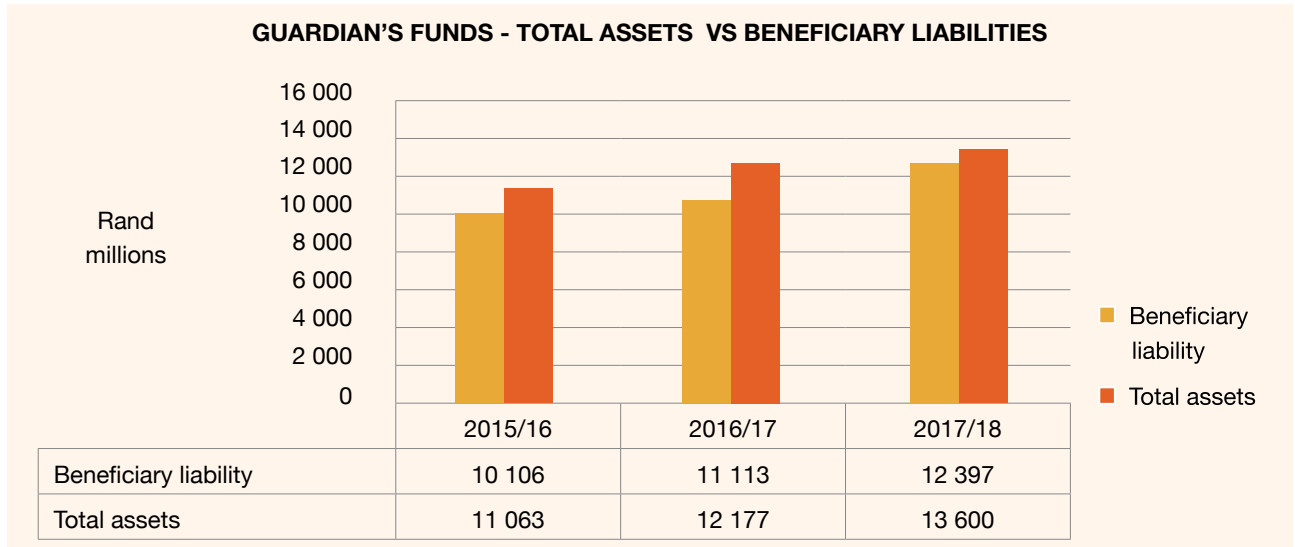
All GF offices are utilising an approved electronic payment system and have achieved 100% EFT payment transactions for the 2017/18 financial year, which enhances the turnaround time in payment of beneficiaries.

The GF embarked on a system modernisation project during the 2017/18 financial year, and proceeded with the development of the administrative module during the year. It is envisaged that the design of the financial module and procurement thereof will commence during the 2018/19 year.

Growth of beneficiary liability

As has been disclosed in more detail in the financial statements on pages 18 to 46, 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.





Fraud prevention and detection

The GF adopts a zero tolerance approach to fraud and corruption and as such 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, are addressed proactively.

The GF also performs a risk assessment annually, to identify and address any emerging risk areas, 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 over R13 billion in investable assets and still increasing, 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 while continuing to grow the return on investments.

The GF is pleased to report that in the 2017/18 year, the Fund generated more than R1 billion in investment income and was able to pass an additional 70 basis points (above market interest rate) to the beneficiaries.

The rate of interest allocated to interest-earning accounts within the GF was 8.50% 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 on pages 18 to 46 have been approved by the Accounting Officer.

MR V. MADONSELA
ACCOUNTING OFFICER
DEPARTMENT OF JUSTICE AND CONSTITUTIONAL DEVELOPMENT
31 JULY 2018



Report of The Audit Committee on Guardian's Fund

REPORT OF THE AUDIT COMMITTEE ON GUARDIAN'S FUND

1. Report of the audit committee

We are pleased to present our report for the financial year ended 31 March 2018.

1.1 AUDIT COMMITTEE MEMBERS AND ATTENDANCE

The Audit Committee consisted 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 five (05) meetings were held.

Name of members	Numbers of meetings attended	Status
Mr. Motsamai Karedi (Chairperson)	5	Reappointed- 25 November 2015
Mr. Cedric Boltman	3	Reappointed- 25 November 2015
Ms. Besky Ngunjiri	4	Reappointed - March 2015
Mr. Wilson Ramabulana	5	Reappointed- 25 November 2015
Mr Andrew Sello	1	Reappointed- 25 November 2015

1.2 Audit committee responsibility

We report that we have adopted appropriate formal terms of reference in our charter in line with the requirements of section 38(1(a) of the Public Finance Management Act, 1999 (Act No. 1 of 1999) and Treasury Regulation 3.1.

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 implemented an audit action plan which was validated by Internal Audit and reviewed by the Audit Committee on ongoing basis.

1.4 Internal audit

The Department of Justice and Constitutional Development's Internal Audit Unit is responsible for the review of Guardian's Fund and the Unit has also discharged its responsibilities as per the Internal Audit plan.

1.5 Reports

1.5.1 The quality of reports submitted in terms of the PFMA

We are satisfied with the content and quality of reports prepared by the Accounting Officer of the Department during the year under review.

1.5.2 Evaluation of financial statements

We have reviewed and discussed the audited annual financial statements with the management and also reviewed the fund's compliance with legal and regulatory provisions. We have also reviewed the Auditor-General South Africa's report and management letter and management's responses to it.

1.6 Auditor-General South Africa

The Audit Committee concurs and accepts the conclusions of the Auditor General on the annual financial statements and is of the opinion that the audited annual financial statements be accepted and read together with the report of the Auditor-General.

A handwritten signature in black ink, appearing to read 'M Karedi', is written over a horizontal line. The signature is stylized and somewhat scribbled.

M KAREDI
CHAIRPERSON OF THE AUDIT COMMITTEE
31 JULY 2018



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

REPORT OF THE AUDITOR-GENERAL TO PARLIAMENT ON GUARDIAN'S FUND

Report on the audit of the financial statements

Opinion

1. I have audited the financial statements of the Guardian's fund set out on pages 18 to 46, which comprise the statement of financial position as at 31 March 2018, 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 to the financial statements, including a summary of significant accounting policies.
2. In my opinion, the financial statements present fairly, in all material respects, the financial position of the Guardian's fund as at 31 March 2018, and its financial performance and cash flows for the year then ended in accordance with the Generally Recognised Accounting Practice and the requirements of the Administration of Estates Act.

Basis for opinion

3. I conducted my audit in accordance with the International Standards on Auditing (ISAs). My responsibilities under those standards are further described in the auditor-general's responsibilities for the audit of the financial statements section of this auditor's report.
4. I am independent of the fund in accordance with the International Ethics Standards Board for Accountants' Code of ethics for professional accountants (IESBA code) and the ethical requirements that are relevant to my audit in South Africa. I have fulfilled my other ethical responsibilities in accordance with these requirements and the IESBA code.
5. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Responsibilities of accounting officer for the financial statements

6. The accounting officer is responsible for the preparation and fair presentation of the financial statements in accordance with the Generally Recognised Accounting Practice and the requirements of the Administration of Estates Act, 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.
7. In preparing the financial statements, the accounting officer is responsible for assessing the Guardian's fund's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the accounting officer either intends to liquidate the fund or to cease operations, or has no realistic alternative but to do so.

Auditor-general's responsibilities for the audit of the financial statements

8. My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.
9. A further description of my responsibilities for the audit of the financial statements is included in the annexure to this auditor's report.

Report on the audit of the annual performance report

10. The fund is not required to prepare a report on its performance against predetermined objectives as it does not fall within the ambit of the PFMA and such reporting is also not required in terms of the Administration of Estates Act

Report on the audit of compliance with legislation

Introduction and scope

11. In accordance with the PAA and the general notice issued in terms thereof, I have a responsibility to report material findings on the compliance of the fund with specific matters in key legislation. I performed procedures to identify findings but not to gather evidence to express assurance.
12. I did not raise material findings on compliance with the specific matters in key legislation set out in the general notice issued in terms of the PAA.

Other information

13. The accounting officer is responsible for the other information. The other information comprises the information included in the annual report. The other information does not include the financial statements and the auditor's report.
14. My opinion on the financial statements and compliance with legislation do not cover the other information and I do not express an audit opinion or any form of assurance conclusion thereon.
15. In connection with my audit, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements, or my knowledge obtained in the audit, or otherwise appears to be materially misstated.
16. If, based on the work I have performed, I conclude that there is a material misstatement in this other information, I am required to report that fact. I have nothing to report in this regard.

Internal control deficiencies

17. I considered internal control relevant to my audit of the financial statements and compliance with applicable legislation; however, my objective was not to express any form of assurance on it. I did not identify any significant deficiencies in internal control.

Auditor - General

Pretoria
31 July 2018



AUDITOR - GENERAL
SOUTH AFRICA

Auditing to build public confidence

Annexure – Auditor-general's responsibility for the audit

1. As part of an audit in accordance with the ISAs, I exercise professional judgement and maintain professional scepticism throughout my audit of the financial statements and on the fund's compliance with respect to the selected subject matters.

Financial statements

2. In addition to my responsibility for the audit of the financial statements as described in this auditor's report, I also:
 - identify and assess the risks of material misstatement of the financial statements whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control
 - obtain an understanding of internal control relevant to the audit 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 fund's internal control
 - evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the accounting officer
 - conclude on the appropriateness of the accounting officer's use of the going concern basis of accounting in the preparation of the financial statements. I also conclude, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Guardian's fund ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements about the material uncertainty or, if such disclosures are inadequate, to modify the opinion on the financial statements. My conclusions are based on the information available to me at the date of this auditor's report. However, future events or conditions may cause a fund to cease continuing as a going concern
 - evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation

Communication with those charged with governance

3. I communicate with the accounting officer regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.
4. I also confirm to the accounting officer that I have complied with relevant ethical requirements regarding independence, and communicate all relationships and other matters that may reasonably be thought to have a bearing on my independence and, where applicable, related safeguards.

Financial Statements



STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 31 MARCH 2018

	Notes	2018 R	2017 R
Revenue			
Investment revenue	3	1 013 833 478	929 771 735
Other income received	16	302 814	6 889 066
Less: Expenditure			
Management fees	11	3 644 039	3 260 564
Surplus/(deficit) for the year before distribution to beneficiaries		1 010 492 253	933 400 237
Distribution to beneficiaries – Interest paid on beneficiary monies	4	872 784 759	826 373 955
Surplus/(deficit) for the year		<u>137 707 494</u>	<u>107 026 282</u>

STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2018

	Notes	2018 Total R	2017 Total R
ASSETS			
Current assets		13 599 930 973	12 176 785 580
Other receivables	7	605 764	557 255
Financial instruments	5	13 262 515 496	11 839 053 538
Cash and cash equivalents	6	336 809 713	337 174 786
Total assets		13 599 930 973	12 176 785 580
LIABILITIES			
Current liabilities		12 402 752 615	11 117 314 716
Beneficiary liability	8	12 397 482 212	11 113 005 981
Other payables	9	5 270 403	4 308 735
Total liabilities		12 402 752 615	11 117 314 716
CAPITAL AND RESERVES			
		1 197 178 358	1 059 470 864
Accumulated surplus/(deficit)	10	1 197 178 358	1 059 470 864
Total net assets		1 197 178 358	1 059 470 864
Total net assets and liabilities		13 599 930 973	12 176 785 580

STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 31 MARCH 2018

	Accumulated surplus (deficit)	Total equity
Balance as at 1 April 2017	1 059 470 864	1 059 470 864
Surplus/(deficit) for the year	137 707 494	137 707 494
Balance as at 31 March 2018	<u>1 197 178 358</u>	<u>1 197 178 358</u>

STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 31 MARCH 2017

	Accumulated surplus (deficit)	Total equity
Balance as at 1 April 2016	953 530 854	953 530 854
Less: Restatement – Note 17.1	1 086 274	1 086 274
Restated opening balance as at 1 April 2016	<u>952 444 580</u>	<u>952 444 580</u>
Prior year surplus before restatement:	108 193 129	108 193 129
Restated adjustment – Note 17.1	1 166 845	1 166 845
Balance as at 31 March 2017	<u>1 059 470 864</u>	<u>1 059 470 864</u>

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2018

	Notes	2018 R	2017 R
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash receipts on behalf of beneficiaries		-1 011 755 748	-927 835 399
Cash paid to beneficiaries and creditors		877 111 587	829 344 135
Cash generated from/(utilised in) operations	13	-134 644 161	-98 491 264
Investment income received		1 013 227 713	929 214 480
Interest paid to beneficiaries		-872 784 759	-826 373 955
Creditor payments		-4 333 044	-2 975 991
Net cash inflows/(outflows) from operating activities		1 465 748	1 373 270
CASH FLOWS FROM INVESTING ACTIVITIES			
Net cash flows from investing activities		-414 483 964	-280 755 018
Net investments of beneficiary monies in PIC		-414 483 964	-280 755 018
CASH FLOWS FROM FINANCING ACTIVITIES			
Net cash flow from financing activities		412 653 142	180 413 562
Increase/(decrease) in beneficiary liability		412 653 142	180 413 562
Net increase/(decrease) in cash and cash equivalents		-365 073	-98 968 186
Cash and cash equivalents at the beginning of the year		337 174 786	436 142 972
Cash and cash equivalents at end of the year	6	336 809 713	337 174 786

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 Master 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, 1999 (Act 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 comprise 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.

2.2.1 Financial instruments(continued)

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. Derecognition

The financial instrument is derecognised 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 of 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 who have a right against the Fund, after taking into account the provisions of the Estates Act, 1965 (Act 66 of 1965).

iii. Derecognition

The financial liability is derecognised 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 the values of the related party (the Department of Justice and Constitutional Development) are to be estimated.

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 Department's forensic directorate for investigation, and they are not disclosed on the face of the balance sheet.

ii. Subsequent recognition and derecognition

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. Derecognition

The allocation account will be derecognised 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. Derecognition

Other receivables are derecognised 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.

3. GRAP amendments and interpretations not yet effective

GRAP 20: Related party disclosures

The effective date of the standard is still to be gazetted by the Minister of Finance. We have, however, elected early adoption.

The objective of this standard is to ensure that a reporting entity's financial statements contain the disclosures necessary to draw attention to the possibility that its financial position and surplus or deficit may have been affected by the existence of related parties and by transactions and outstanding balances with such parties.

GUARDIAN'S FUND NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

	Total	Pretoria	Pietermaritzburg	Grahamstown	Cape Town	Bloemfontein	Kimberley	Nat-Off Inv
	R	R	R	R	R	R	R	R
3. Investment revenue – 31/03/2018								
Interest revenue – PIC	-1 008 146 768	-491 560 587	-217 794 587	-122 996 250	-73 980 385	-76 019 353	-24 431 846	-1 363 760
Cash and cash equivalents:								
Interest revenue – PIC	-108 204	-	-	-	-	-	-	-108 204
Interest revenue – Current account	-5 578 506	-1 967 613	-1 695 114	-487 049	-476 158	-687 135	-265 437	-
	-1 013 833 478	-493 528 200	-219 489 701	-123 483 299	-74 456 543	-76 706 488	-24 697 283	-1 471 964
3. Investment revenue – 31/03/2017								
Interest revenue – PIC	-924 914 321	-439 606 678	-208 554 524	-114 326 012	-66 261 473	-71 791 478	-23 079 269	-1 294 887
Cash and cash equivalents:								
Interest revenue – PIC	-84 194	-	-	-	-	-	-	-84 194
Interest revenue – Current account	-4 773 220	-1 659 103	-1 149 795	-451 496	-619 676	-679 118	-214 032	-
	-929 771 735	-441 265 781	-209 704 319	-114 777 508	-66 881 149	-72 470 596	-23 293 301	-1 379 081

	Total		Pretoria		Pietermaritzburg		Grahamstown		Cape Town		Bloemfontein		Kimberley		Nat-Off Inv	
	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R
4. Interest paid – 31/03/2018																
Interest paid to interest-bearing beneficiaries	872 784 759	408 609 653	196 436 121	119 620 903	48 532 126	75 251 005	24 334 951	-								
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.																
	872 784 759	408 609 653	196 436 121	119 620 903	48 532 126	75 251 005	24 334 951	-								
4. Interest paid – 31/03/2017																
Interest paid to interest-bearing beneficiaries	826 373 955	378 846 722	192 714 281	114 132 190	44 875 340	72 714 541	23 090 882	-								
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.																
	826 373 955	378 846 722	192 714 281	114 132 190	44 875 340	72 714 541	23 090 882	-								

GUARDIAN'S FUND NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

Total	Pretoria	Pietermaritzburg	Grahamstown	Cape Town	Bloemfontein	Kimberley	Nat-Off Inv
R	R	R	R	R	R	R	R

5. Financial instruments – 31/03/2018

PIC investment							
Opening balance as at 1 April 2017	11 839 053 538	5 786 742 341	2 563 086 381	1 453 374 648	853 773 062	893 108 845	288 968 262
Investment income received during financial year	1 006 783 007	491 560 588	217 794 586	122 996 249	73 980 385	76 019 353	24 431 846
Additions during the year	555 000 000	265 000 000	125 000 000	63 000 000	58 000 000	38 000 000	6 000 000
Other income received	302 815	-	164 305	46 850	-	69 068	22 592
Disposals during the year	-146 500 000	-85 000 000	-15 000 000	-18 000 000	-6 000 000	-15 000 000	-7 500 000
Trading cash movement	11 513 959	17 939 419	-5 242 375	2 436 260	-2 396 765	-748 927	-473 653
Management expenses	-3 637 822	-1 769 931	-790 343	-445 412	-267 698	-275 008	-89 430
Closing balance as at 31 March 2018	13 262 515 496	6 474 472 417	2 885 012 554	1 623 408 594	977 088 984	991 173 331	311 359 616

In terms of section 87 of the Administration of Estates Act 1965 (Act 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	13 262 515 496	6 474 472 417	2 885 012 554	1 623 408 594	977 088 984	991 173 331	311 359 616
Money Market 0 – 3 months	6 767 434 909	3 297 945 729	1 597 008 177	784 216 085	466 889 528	430 660 350	190 715 040
Money Market 3 – 6 months	2 907 610 478	1 423 801 216	661 952 952	441 728 009	183 262 231	181 244 533	15 621 538
Money Market 6 – 9 months	1 219 643 368	534 818 620	213 873 808	176 226 011	92 061 516	157 685 709	44 977 704
Money Market 9 – 12 months	2 361 326 741	1 217 906 852	408 677 617	220 238 490	234 875 709	220 082 738	59 545 335
Isibaya	6 500 000	-	3 500 000	1 000 000	-	1 500 000	500 000

	Total		Pretoria		Pietermaritzburg		Grahamstown		Cape Town		Bloemfontein		Kimberley		Nat-Off Inv	
	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R

5. Financial instruments – 31/03/2017

PIC investments																	
Opening balance as at 1 April 2016	10 626 438 573	5 164 201 390	2 405 810 347	1 291 890 982	735 967 962	790 153 822	238 414 071	-									
Investment income received during financial year	923 619 432	439 606 676	208 554 522	114 326 012	66 261 475	71 791 478	23 079 269	-									
Additions during the year	320 000 000	200 000 000	-	53 000 000	31 500 000	22 500 000	13 000 000	-									
Other income received	6 889 067	-	3 772 071	1 078 285	-	1 500 000	538 711	-									
Disposals during the year	-171 000 000	-20 000 000	-95 000 000	-35 000 000	-	-17 000 000	-4 000 000	-									
Trading cash movement	136 361 218	4 492 156	40 677 115	28 482 094	20 278 834	24 413 437	18 017 582	-									
Management expenses	-3 254 752	-1 557 881	-727 674	-402 725	-235 209	-249 892	-81 371	-									
Closing balance as at 31 March 2017	11 839 053 538	5 786 742 341	2 563 086 381	1 453 374 648	853 773 062	893 108 845	288 968 262	-									

In terms of section 87 of the Administration of Estates Act 1965 (Act 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	11 839 053 538	5 786 742 341	2 563 086 381	1 453 374 648	853 773 062	893 108 845	288 968 262	-									
Money Market 0 – 3 months	5 000 668 397	2 535 779 066	1 132 595 481	587 886 079	259 177 014	321 643 415	163 587 342	-									
Money Market 3 – 6 months	2 424 494 527	1 170 358 420	561 865 221	379 767 426	151 480 009	130 405 134	30 618 317	-									
Money Market 6 – 9 months	1 112 688 548	487 023 696	218 666 056	146 122 975	70 701 306	149 288 768	40 885 748	-									
Money Market 9 – 12 months	3 239 005 187	1 593 581 159	616 464 772	330 023 506	372 414 733	277 426 004	49 095 013	-									
Money Market 1 – 3 years	55 696 879	-	29 994 851	8 574 662	-	12 845 524	4 281 842	-									
Isibaya	6 500 000	-	3 500 000	1 000 000	-	1 500 000	500 000	-									

GUARDIAN'S FUND NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

	Total	Pretoria	Pietermaritzburg	Grahamstown	Cape Town	Bloemfontein	Kimberley	Nat-Off Inv
		R	R	R	R	R	R	R
Cash and cash equivalents – 31/03/2018								
Current bank account	135 813 084	64 939 795	20 231 808	13 060 500	10 052 282	18 423 368	9 105 331	-
PLC main and reserve accounts	22 543 542	-	-	-	-	-	-	22 543 542
Trading cash – PIC	178 453 087	34 138 362	51 374 741	24 148 690	26 909 547	24 677 834	17 203 913	-
	336 809 713	99 078 157	71 606 549	37 209 190	36 961 829	43 101 202	26 309 244	22 543 542
For the purposes of the cash flow statement:								
Disclosed as:								
Cash and cash equivalents	135 813 084	64 939 795	20 231 808	13 060 500	10 052 282	18 423 368	9 105 331	-
PLC main and reserve accounts	22 543 542	-	-	-	-	-	-	22 543 542
Trading cash – PIC	178 453 087	34 138 362	51 374 741	24 148 690	26 909 547	24 677 834	17 203 913	-
Total cash and cash equivalents	336 809 713	99 078 157	71 606 549	37 209 190	36 961 829	43 101 202	26 309 244	22 543 542

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

6.

GUARDIAN'S FUND NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

	Total	Pretoria	Pietermaritzburg	Grahamstown	Cape Town	Bloemfontein	Kimberley	Nat-Off Inv
	R	R	R	R	R	R	R	R
Cash and cash equivalents – 31/03/2017								
Current bank account	126 129 947	42 070 044	45 572 286	12 976 402	8 161 810	13 391 630	3 957 775	-
PIC main and reserve accounts	21 077 792	-	-	-	-	-	-	21 077 792
Trading cash – PIC	189 967 047	52 077 781	46 132 365	26 584 950	24 512 784	23 928 907	16 730 260	-
	337 174 786	94 147 825	91 704 651	39 561 352	32 674 594	37 320 537	20 688 035	21 077 792

For the purposes of the cash flow statement:

Disclosed as:

Cash and cash equivalents	126 129 947	42 070 044	45 572 286	12 976 402	8 161 810	13 391 630	3 957 775	-
PIC main and reserve accounts	21 077 792	-	-	-	-	-	-	21 077 792
Trading cash – PIC	189 967 047	52 077 781	46 132 365	26 584 950	24 512 784	23 928 907	16 730 260	-
Total cash and cash equivalents	337 174 786	94 147 825	91 704 651	39 561 352	32 674 594	37 320 537	20 688 035	21 077 792

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

GUARDIAN'S FUND NOTE TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

	Pretoria		Pietermaritzburg		Grahamstown		Cape Town		Bloemfontein		Kimberley		Nat-Off Inv	
	R	R	R	R	R	R	R	R	R	R	R	R	R	R
7. Other receivables – 31/03/2018														
Current account interest receivable														
These amounts relate to interest that is receivable from current account for the month of March 2018	605 764	258 601	155 341	41 156	42 556	69 680	38 430	-						
	605 764	258 601	155 341	41 156	42 556	69 680	38 430	-						
7. Other receivables – 31/03/2017														
Current account interest receivable														
These amounts relate to interest that is receivable from current account for the month of March 2017	557 255	179 561	172 276	51 010	52 922	74 250	27 236	-						
	557 255	179 561	172 276	51 010	52 922	74 250	27 236	-						

GUARDIAN'S FUND NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

	Total		Pretoria		Pietermaritzburg		Grahamstown		Cape Town		Bloemfontein		Kimberley		Nat-Off Inv		
	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R	
8. Beneficiary liability – 31/03/2018																	
Opening balance as at 1 April 2017	11 113 005 981	5 237 156 325	2 456 664 262	1 469 858 632	735 797 240	909 135 531	304 393 991	-	-	-	-	-	-	-	-	-	-
Monies received during financial year	1 837 370 726	826 087 331	384 729 337	255 350 060	143 329 731	166 261 921	61 612 346	-	-	-	-	-	-	-	-	-	-
Payments to beneficiaries	-1 420 390 755	-621 997 592	-301 608 941	-210 506 704	-89 253 849	-138 821 268	-58 202 402	-	-	-	-	-	-	-	-	-	-
Transfer to NRF 30 year	-5 469 004	-3 096 143	-1 075 258	-294 312	-856 429	-79 732	-67 130	-	-	-	-	-	-	-	-	-	-
NRF adjustment	220 639	50 000	170 639	-	-	-	-	-	-	-	-	-	-	-	-	-	-
5% commission payable to NRF	-40 134	-5 093	-	-	-35 041	-	-	-	-	-	-	-	-	-	-	-	-
Interest paid to beneficiaries	872 784 759	408 609 653	196 436 120	119 620 904	48 532 126	75 251 005	24 334 950	-	-	-	-	-	-	-	-	-	-
Closing balance as at 31 March 2018	12 397 482 212	5 846 804 481	2 735 316 159	1 634 028 580	837 513 779	1 011 747 458	332 071 755	-	-	-	-	-	-	-	-	-	-
Beneficiary liability																	
Interest-bearing beneficiary monies	11 373 022 327	5 273 993 945	2 591 189 325	1 565 840 969	654 402 697	975 984 698	311 610 693	-	-	-	-	-	-	-	-	-	-
Non-interest-bearing beneficiary monies (no commission)	724 213 637	389 002 860	115 292 234	59 880 256	117 609 765	27 904 864	14 523 658	-	-	-	-	-	-	-	-	-	-
Non-interest-bearing beneficiary monies (commission)	269 404 510	167 614 636	22 431 647	8 112 176	64 611 250	5 427 690	1 207 111	-	-	-	-	-	-	-	-	-	-
Unallocated beneficiary monies	30 740 066	16 476 401	6 159 476	238 315	888 564	2 242 571	4 734 739	-	-	-	-	-	-	-	-	-	-
Beneficiary monies – allocation account (refer to Note 15)	-114 792	-283 325	20 547	-42 189	-453	195 930	-5 302	-	-	-	-	-	-	-	-	-	-
Accrued beneficiary liability	216 464	-36	222 930	-947	1 956	-8 295	856	-	-	-	-	-	-	-	-	-	-
Closing balance as at 31 March 2018	12 397 482 212	5 846 804 481	2 735 316 159	1 634 028 580	837 513 779	1 011 747 458	332 071 755	-	-	-	-	-	-	-	-	-	-

GUARDIAN'S FUND NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

	Total		Pretoria		Pietermaritzburg		Grahamstown		Cape Town		Bloemfontein		Kimberley		Nat-Off Inv		
	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R	
Beneficiary liability – 31/03/2017																	
Opening balance as at 1 April 2016	10 106 488 836	4 666 224 853	2 333 938 157	1 332 614 504	669 049 629	833 469 556	271 192 137	-	-	-	-	-	-	-	-	-	-
Monies received during financial year	1 597 805 733	770 541 466	303 093 626	242 617 689	99 101 491	127 694 249	54 757 212	-	-	-	-	-	-	-	-	-	-
Payments to beneficiaries	-1 414 421 988	-576 163 491	-373 009 495	-219 324 188	-76 739 566	-124 555 639	-44 629 609	-	-	-	-	-	-	-	-	-	-
Transfer to NRF 30 year	-4 288 056	-3 065 806	-172 497	-256 160	-644 995	-100 125	-48 473	-	-	-	-	-	-	-	-	-	-
Prior year adjustments	1 118 116	815 335	100 615	74 597	182 281	-86 555	31 842	-	-	-	-	-	-	-	-	-	-
5% commission payable to NRF	-70 614	-42 754	-425	-	-26 940	-495	-	-	-	-	-	-	-	-	-	-	-
Interest paid to beneficiaries	826 373 955	378 846 722	192 714 281	114 132 190	44 875 340	72 714 540	23 090 882	-	-	-	-	-	-	-	-	-	-
Closing balance as at 31 March 2017	11 113 005 981	5 237 156 325	2 456 664 262	1 469 858 632	735 797 240	909 135 531	304 393 991	-	-	-	-	-	-	-	-	-	-
Beneficiary liability																	
Interest-bearing beneficiary monies	10 012 974 439	4 585 795 895	2 309 607 681	1 403 855 097	560 756 652	869 531 000	283 428 114	-	-	-	-	-	-	-	-	-	-
Non-interest-bearing beneficiary monies (no commission)	712 209 916	379 995 410	115 702 107	57 891 312	114 501 991	27 805 722	16 313 374	-	-	-	-	-	-	-	-	-	-
Non-interest-bearing beneficiary monies (commission)	259 472 338	163 089 200	21 639 589	7 998 288	59 922 117	5 595 144	1 228 000	-	-	-	-	-	-	-	-	-	-
Unallocated beneficiary monies	128 513 138	108 677 444	9 694 335	156 124	616 933	6 008 496	3 359 806	-	-	-	-	-	-	-	-	-	-
Beneficiary monies – allocation account (refer to Note 15)	-233 850	-401 624	20 550	-42 189	-453	195 169	-5 303	-	-	-	-	-	-	-	-	-	-
Accrued beneficiary liability	70 000	-	-	-	-	-	70 000	-	-	-	-	-	-	-	-	-	-
Closing balance as at 31 March 2017	11 113 005 981	5 237 156 325	2 456 664 262	1 469 858 632	735 797 240	909 135 531	304 393 991	-	-	-	-	-	-	-	-	-	-

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GUARDIAN'S FUND NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

	Total	Pretoria	Pietermaritzburg	Grahamstown	Cape Town	Bloemfontein	Kimberley	Nat-Off Inv
	R	R	R	R	R	R	R	R
9. Trade and other payables – 31/03/2018								
NRF payable								
Opening balance as at 1 April 2017	4 308 735	6 849 946	-3 335 803	139 310	747 918	-207 798	115 162	-
5% commission	40 134	5 093	-	-	35 041	-	-	-
NRF adjustment	-220 639	-50 000	-170 639	-	-	-	-	-
30 year – beneficiary monies	5 469 003	3 096 143	1 075 258	294 311	856 429	79 732	67 130	-
	9 597 231	9 901 182	-2 431 184	433 621	1 639 387	-128 066	182 292	-
Less: NRF liability paid during financial year	-4 326 829	-3 108 561	-172 922	-256 160	-671 935	-100 620	-16 631	-
Closing balance as at 31 March 2018	5 270 403	6 792 621	-2 604 106	177 461	967 453	-228 687	165 661	-

9. Trade and other payables – 31/03/2017								
NRF payable								
Opening balance as at 1 April 2016	2 952 084	5 658 578	-3 201 486	988	521 922	-144 883	116 965	-
5% commission	70 614	42 754	425	-	26 940	495	-	-
30 year – beneficiary monies	4 288 056	3 065 806	172 497	256 160	644 995	100 125	48 473	-
Prior year NRF adjustments	-31 842	-	-	-	-	-	-31 842	-
	7 278 912	8 767 138	-3 028 564	257 148	1 193 857	-44 263	133 596	-
Less: NRF liability paid during financial year	-2 970 177	-1 917 192	-307 239	-117 838	-445 939	-163 535	-18 434	-
Closing balance as at 31 March 2017	4 308 735	6 849 946	-3 335 803	139 310	747 918	-207 798	115 162	-

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 needs 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 2018

	Total		Pretoria		Pietermaritzburg		Grahamstown		Cape Town		Bloemfontein		Kimberley		Nat-Off Inv	
	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R
10. Accumulated surplus/(deficit) – 31/03/2018																
Opening balance as at 1 April 2017	1 059 470 864	637 063 456	201 634 850	22 989 068	149 955 419	21 575 898	5 174 380	21 077 793								
Surplus for the year	137 707 494	83 148 616	22 427 542	3 463 832	25 656 718	1 249 542	295 494	1 465 749								
Balance as at 31 March 2018	1 197 178 358	720 212 072	224 062 392	26 452 899	175 612 137	22 825 440	5 469 874	22 543 542								
10. Accumulated surplus/(deficit) – 31/03/2017																
Opening balance as at 1 April 2016	952 444 579	576 202 278	181 600 416	21 668 190	128 184 818	20 569 735	4 514 621	19 704 523								
Surplus for the year	107 026 282	60 861 178	20 034 434	1 320 878	21 770 601	1 006 163	659 759	1 373 270								
Balance as at 31 March 2017	1 059 470 864	637 063 456	201 634 850	22 989 068	149 955 419	21 575 898	5 174 380	21 077 793								

	Total		Pretoria		Pietermaritzburg		Grahamstown		Cape Town		Bloemfontein		Kimberley		Nat-Off Inv		
	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R	
11. Management fees – 31/03/2018																	
Investment management fees – PIC investment	3 644 039	1 769 931	790 343	445 413	267 698	275 008	89 430	6 216									
Fees are payable to the Public Investment Corporation Limited for managing the Guardian's Fund investments in terms of the investment management agreement.																	
	3 644 039	1 769 931	790 343	445 413	267 698	275 008	89 430	6 216									
11. Management fees – 31/03/2017																	
Investment management fees – PIC investment	3 260 564	1 557 882	727 674	402 725	235 209	249 892	81 371	5 811									
Fees are payable to the Public Investment Corporation Limited for managing the Guardian's Fund investments in terms of the investment management agreement.																	
	3 260 564	1 557 882	727 674	402 725	235 209	249 892	81 371	5 811									

12. Related party transactions – 31/03/2018

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:

Office of the Chief Master

Office of the CFO

87 659 671

81 922 957

5 736 714

Key personnel costs disclosed as:

Level 15 - Chief Master/Chief Financial Officer (2)

Level 14 - Chief Director (3)

Level 13 - Directors (1) and Masters (6)

14 210 343

2 636 192

4 384 967

7 189 184

Name of related party:

The Public Investment Corporation Limited

Relationship:

In terms of section 87 of the Administration of Estates Act 1965 (Act 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 President's Fund/Third Party Funds/National Prosecuting Authority/Special Investigation Unit/Legal Aid Board/Criminal Asset Recovery Account/Council of Debt Collectors/Rules Board for Courts of Law/South African Board for Sheriffs/South African Law Reform Commission.

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 – 31/03/2017**

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:

Office of the Chief Master

Office of the CFO

84 322 641

78 897 816

5 424 825

Key personnel costs disclosed as:

Level 15 - Chief Master/Chief Financial Officer (2)

Level 14 - Chief Director (3)

Level 13 - Directors (1) and Masters (6)

Name of related party:

The Public Investment Corporation Limited

14 032 758

3 035 241

3 903 127

7 094 390

Relationship:

In terms of section 87 of the Administration of Estates Act 1965 (Act 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 President's Fund/Third Party Funds/National Prosecuting Authority/Special Investigation Unit/Legal Aid Board/Criminal Asset Recovery Account/Council of Debt Collectors/Rules Board for Courts of Law/South African Board for Sheriffs/South African Law Reform Commission.

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 2018

	Total		Pretoria		Pietermaritzburg		Grahamstown		Cape Town		Bloemfontein		Kimberley		Nat-Off Inv		
	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R	
13. Cash generated from/(utilised in) operations – 31/03/2018																	
Surplus/(deficit) before interest	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Plus: NRF paid	4 326 828	3 108 561	172 921	256 160	671 935	100 620	16 631										
Less: Investment income received	-1 011 755 748	-493 269 599	-219 334 359	-123 442 143	-74 413 987	-76 636 808	-24 658 853										
Plus: Interest paid	872 784 759	408 609 653	196 436 121	119 620 903	48 532 126	75 251 005	24 334 951										
Net cash flows from operating activities	-134 644 161	-81 551 385	-22 725 317	-3 565 079	-25 209 927	-1 285 183	-307 271										
13. Cash generated from/(utilised in) operations – 31/03/2017																	
Surplus/(deficit) before interest	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Plus: NRF paid	2 970 179	1 917 192	307 241	117 838	445 939	163 535	18 434										
Less: Investment income received	-927 835 399	-441 086 218	-209 532 043	-114 726 498	-66 828 228	-72 396 347	-23 266 065										
Plus: Interest paid	826 373 955	378 846 722	192 714 281	114 132 190	44 875 340	72 714 541	23 090 882										
Net cash flows from operating activities	-98 491 264	-60 322 304	-16 510 521	-476 470	-21 506 949	481 729	-156 749										

GUARDIAN'S FUND NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

	Total		Pretoria		Pietermaritzburg		Grahamstown		Cape Town		Bloemfontein		Kimberley		Nat-Off Inv		
	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R	
14. Disallowance account (fraud and losses) – 31/03/2018																	
Opening balance as at 1 April 2017	8 425 682	6 043 900	1 840 763	-5 346	84 280	329 829	132 256	-	-	-	-	-	-	-	-	-	-
Current year fraud cases	867 159	-	837 169	29 990	-	-	-	-	-	-	-	-	-	-	-	-	-
Current year losses	467 182	374 847	5 583	84 175	-	2 577	-	-	-	-	-	-	-	-	-	-	-
Finalised cases – investigation finalised	-877 158	-177 959	-	-2 226	-	-696 972	-	-	-	-	-	-	-	-	-	-	-
Cases still under investigation as at 31 March 2018	8 882 866	6 240 788	2 683 515	106 593	84 280	-364 566	132 256	-	-	-	-	-	-	-	-	-	-
14. Disallowance account (fraud and losses) – 31/03/2017																	
Opening balance as at 1 April 2016	7 816 466	5 962 203	986 807	-275 940	84 280	322 414	736 702	-	-	-	-	-	-	-	-	-	-
Restatement movement	234 782	-	-	234 782	-	-	-	-	-	-	-	-	-	-	-	-	-
Current year fraud cases	791 389	-	737 622	-	-	-	53 767	-	-	-	-	-	-	-	-	-	-
Current year losses	241 258	81 697	116 334	35 812	-	7 415	-	-	-	-	-	-	-	-	-	-	-
Finalised cases – investigation finalised	-658 213	-	-	-	-	-	-658 213	-	-	-	-	-	-	-	-	-	-
Cases still under investigation as at 31 March 2017	8 425 682	6 043 900	1 840 763	-5 346	84 280	329 829	132 256	-	-	-	-	-	-	-	-	-	-

GUARDIAN'S FUND NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

Total	Pretoria		Pietermaritzburg		Grahamstown		Cape Town		Bloemfontein		Kimberley		Nat-Off Inv	
	R	R	R	R	R	R	R	R	R	R	R	R	R	R
-114 792	-283 325	20 547	-42 189	-453	195 930	-5 302	-	-	-	-	-	-	-	-
-114 792	-283 325	20 547	-42 189	-453	195 930	-5 302	-	-	-	-	-	-	-	-
-233 850	-401 624	20 550	-42 189	-453	195 169	-5 303	-	-	-	-	-	-	-	-
-233 850	-401 624	20 550	-42 189	-453	195 169	-5 303	-	-	-	-	-	-	-	-

15. Beneficiary monies—Allocation account – 31/03/2018

Balance as at 31 March 2018
 These transactions originate from year differences between the Guardian's Fund System and the cash book which will be adjusted through a controlled monitored RFS process.

15. Beneficiary monies – Allocation account – 31/03/2017

Balance as at 31 March 2017
 These transactions originate from year differences between the Guardian's Fund System and the cash book which will be adjusted through a controlled monitored RFS process.

	Total	Pretoria	Pietermaritzburg	Grahamstown	Cape Town	Bloemfontein	Kimberley	Nat-Off Inv
	R	R	R	R	R	R	R	R
16. Income: Financial instruments – 31/03/2018								
This relates to fair value gains on the ABIL instruments as at year end	302 814	-	164 305	46 850	-	69 068	22 592	-
Balance as at 31 March 2018	302 814	-	164 305	46 850	-	69 068	22 592	-
16. Income: Financial instruments – 31/03/2017								
This income relates to the recovery of the losses that occurred in 2016 relating to the economic situation of African Bank Limited and the 10% haircut instruction by the JSE. This income reflects the full recovery.	6 889 066	-	3 772 070	1 078 285	-	1 500 000	538 711	-
Balance as at 31 March 2017	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 2018

	As disclosed in 2017	As restated in 2018	Prior year errors for the financial year ending 31 March 2017	Pre-prior period error for the financial year ending 31 March 2016	Nature of restatement
	R	R	R	R	
17. Restatement of Comparatives					
The financial statements for 31 March 2017 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)	11 839 380 731	11 839 053 538	-327 193	-	Unrealised profit adjustment
Cash and cash equivalents	337 174 784	337 174 786	-	-	
Other receivables – ABSA interest	557 255	557 255	-	-	
Total assets	12 177 112 770	12 176 785 580	-327 193	-	
LIABILITIES					
Beneficiary liability	11 111 048 211	11 113 005 981			
Restatement of Interest and capital adjustments			839 653	1 086 274	Prior year adjustments due to RFS data changes submitted by GF offices
SARS adjustment			31 842	-	Reversal of SARS transfers
Other payables	4 340 577	4 308 735	-31 842	-	Reversal of SARS transfers
Total liabilities	11 115 388 788	11 117 314 716	839 653	1 086 274	

17. Restatement of Comparatives
The financial statements for 31 March 2017 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)	11 839 380 731	11 839 053 538	-327 193	-	Unrealised profit adjustment
Cash and cash equivalents	337 174 784	337 174 786	-	-	
Other receivables – ABSA interest	557 255	557 255	-	-	
Total assets	12 177 112 770	12 176 785 580	-327 193	-	

LIABILITIES

Beneficiary liability	11 111 048 211	11 113 005 981			
Restatement of Interest and capital adjustments			839 653	1 086 274	Prior year adjustments due to RFS data changes submitted by GF offices
SARS adjustment			31 842	-	Reversal of SARS transfers
Other payables	4 340 577	4 308 735	-31 842	-	Reversal of SARS transfers
Total liabilities	11 115 388 788	11 117 314 716	839 653	1 086 274	

As disclosed in 2017	As restated in 2018	Prior year errors for the financial year ending 31 March 2017	Pre-prior period error for the financial year ending 31 March 2016	Nature of restatement
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R

R

R

R

17.1 Restatement of financial position – Continued

CAPITAL AND RESERVES

Total net assets	1 061 723 982	1 059 470 864	-1 166 846	-1 086 274	
Accumulated surplus/(deficit)	1 061 723 982	1 059 470 864	-	-	
Prior year adjustments			-839 656	-1 086 274	Prior year adjustments due to RFS data changes submitted by GF offices
SARS adjustments			-327 190		Unrealised profit adjustment
Total net assets and liabilities	12 177 112 770	12 176 785 580	-327 193	-	

17.2 Restatement of performance

Revenue					
Investment revenue	929 771 735	929 771 735	-	-	
Other income	7 216 259	6 889 066	327 193	-	Unrealised profit adjustment
Less: Expenditure	828 794 865	829 634 519	-839 653	-	
Management fees	3 260 564	3 260 564	-	-	
Interest paid to beneficiaries	825 534 301	826 373 955	-839 653	-	Increase in interest payable to beneficiaries – RFS adjustments
Surplus/(deficit) for the year	108 193 129	107 026 282	1 166 846	-	

18. Risk management statement

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 risk 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.

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, the 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.

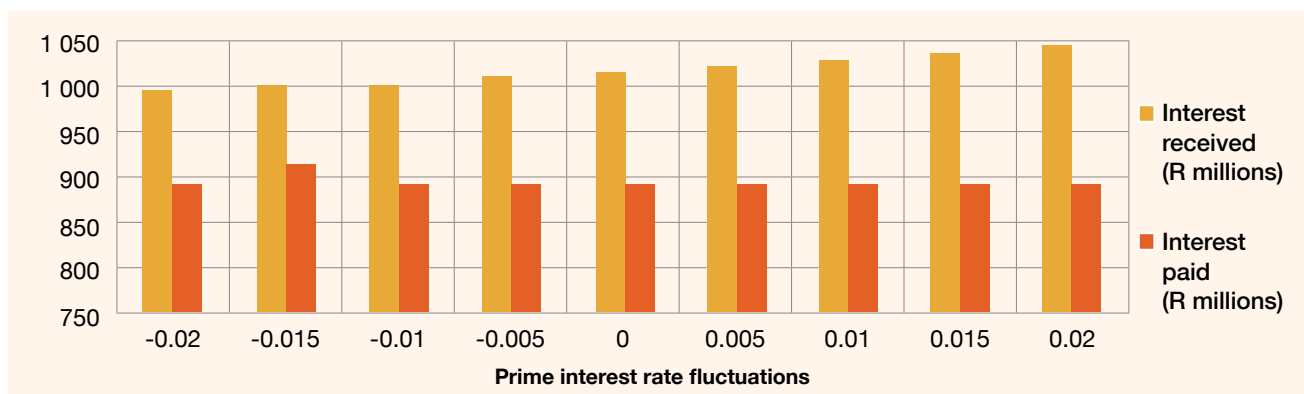
18.4 Interest rate risk sensitivity analysis

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, was determined by management and represents management's assessment of a reasonable change in interest 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 represent 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 – R1.013 billion and Interest paid – R873 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 minimise 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 R13.6 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 risk 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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