



MONIES IN TRUST KEPT IN THE  
GUARDIAN'S FUND  
— 2007/08

DEPARTMENT OF JUSTICE AND CONSTITUTIONAL DEVELOPMENT



**the doj & cd**

Department:  
Justice and Constitutional Development  
REPUBLIC OF SOUTH AFRICA



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# PART 1

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REPORT OF THE ACCOUNTING OFFICER





# GUARDIAN'S FUND

## REPORT OF THE ACCOUNTING OFFICER

### General Review

The primary responsibility of the Guardian's Fund is to receive and manage monies due on behalf of persons deemed legally incapable or lacking the capacity to manage their own affairs. This obligation is a very serious one, especially as the bulk of people falling into this category are orphans and mentally incapacitated people, some of the most vulnerable groups in society.

It is with this obligation uppermost in my mind that I have pleasure in reporting on the activities of the Guardians Fund and the giant strides made since my last report to engender a culture and environment of service to the vulnerable groups who comprise of our stakeholders, the Guardians Fund beneficiaries.

### Administration and Accounting Environment

The Guardians Fund has been evolving rapidly and my department is challenged to keep pace with the developments in this institution. The biggest expectation that has been expressed from the public that we are constantly addressing is the need to receive a superior service commensurate with the mandate of safe-guarding the assets of minors and those incapable of looking after themselves.

This need to provide a better and more transparent service to the public in terms of Guardians Fund has seen a drive by my department to address the historical shortcomings in the Masters Offices offering Guardians Fund services.

As I reported last year, initiatives were underway to completely revamp the way of doing business in the Guardians Fund as well as to upgrade the systems and clear all backlogs.

In the year to come, the range of activities to improve the Guardians Fund will focus around sustainability as defined by the need to maintain and enhance those practices that foster a seamless service and accountability environment.

Highest on the agenda is the need to create an institution that competes favourably with the best financial institutions in the country in terms of service delivery. It is foreseeable that in the near future

Guardians Fund beneficiaries will be able to electronically interact with the institution in the matter of their affairs, real-time notification of disbursements and applications status will be the norm.

Regular Statements on individual accounts will be electronically or physically mailed to beneficiaries.

### Service Delivery

One of the toughest measures for financial excellence has to be the bill of health from the external auditors. The Guardians Fund has failed to pass the No Audit Qualification test for many years hence my Chief Financial Officer's initiation of the Accounting Turnaround Project. This multi-phase project has endeavoured to rapidly infuse the Guardian's Fund structures with best practise philosophy in financial discipline and custodianship of the close to R5 billion under management on behalf of the Guardians Fund beneficiaries.

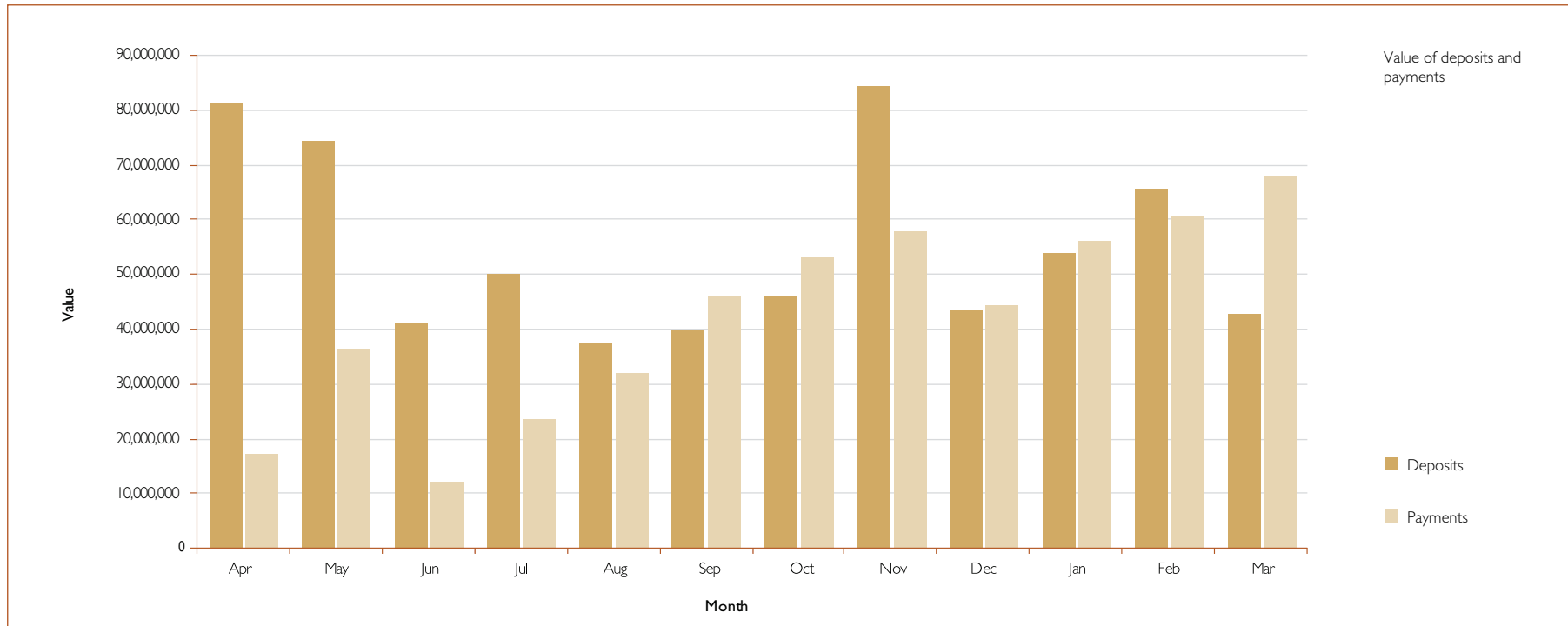
I have pleasure to report that this effort has already borne fruit with the rapid improvement in the operating environment of the Guardians Fund and the dramatic improvement in the quality of its audit report.

As I reported last year, the issue of high vacancies and staff turnover was hampering the delivery of an acceptable service to the public in the Guardians Fund. Once this diagnosis had been made, the department's Human Resources branch assisted by the office of the Chief Master rose to the challenge to identify and deploy suitably qualified personnel into the Guardians Fund.

In the current year the Accounting Turnaround Project facilitated the deployment of resources from two leading accounting and audit firms to work alongside permanent officials in the execution of day to day tasks. The rationale was to capture the best of practice from the accounting/audit environment and translate them instantly into on-the-job actionable improvements to operations.

All permanent officials deployed to address the high vacancy situation of the past were hand held for a period not less than three months and given on the job training under this initiative. Processes and ways of doing business were re-examined, retooled and enhanced.

## REPORT OF THE ACCOUNTING OFFICER



### Help Desk

The concept of a helpdesk, which hitherto had been unimplemented to the fullest because of shortage of personnel, was re-introduced to the delight of the Guardians Fund customers who became ably assisted in the simplified and improved application process.

### Exciting times ahead

As I mentioned earlier, the Guardian's Fund operating environment is constantly changing, whereas some of the initiatives we have implemented to improve our services have been in response to

external triggers such as volume growth in the funds under management occasioned by macro economic factors, we are also continuously seeking out new and better way to improve the institution, below are some of the changes to look forward to;

### Changes in legislation

Judicial Matters amendment bill was introduced into Parliament on the 18 of June 2008. This bill has several sections that will impact significantly on the Guardian's Fund and go a long way to improving the lot of minors and other beneficiaries who are the wards of the Guardians Fund. Of note are the following proposed amendments

# GUARDIAN'S FUND

## REPORT OF THE ACCOUNTING OFFICER

Clause 2: Amendment of *section 88* of the **Administration of Estates Act, 1965 (Act 66 of 1965)**:

Clause 2 is intended to amend section 88 of the Administration of Estates Act, 1965, which deals with the payment of interest on certain moneys held in the Guardians Fund. In terms of this section, interest on moneys held in the Guardians' Fund only becomes available at the end of the financial year, which is 31 March of every year. This method of compounding interest annually is prejudicial to beneficiaries who have to wait for a year before they can receive the interest on the money held in trust. The amendment provides that the interest be compounded on a monthly basis. The proposed method of calculating the interest is intended to bring the calculation of interest into line with the methods used by commercial institutions.

This section also still refers to the term "lunatic". The amendment brings this unacceptable terminology in line with the terminology used in the Mental Health Care Act, 2002 (Act 17 of 2002).

In addition since this proposed legislation amendment deals with a matter relating to the administration of justice, the amendment also replaces the role of the Minister of Finance with the Minister for Justice and Constitutional Development in determining the rate of interest. The amendment proposes that the Minister for Justice and Constitutional Development determines the rate of interest in consultation with the Minister of Finance.

### Implementation of an Investment Strategy

The responsibility of looking after and growing the five billion rand worth of assets due to beneficiaries was nominally with the Department of Justice and Constitutional Development but was in reality under the control of the government investment house the Public Investment Corporation (the PIC).

With changes in the act governing the PIC, this duty, which had been discharged by the PIC all these years has been devolved back to the Department of Justice and Constitutional Development to execute. The implications of this change are far reaching and place a greater responsibility on the

department to invest in the acquisition and retention of skills and systems to ably manage these assets.

In line with the seriousness of this charge, the office of the CFO duly assisted by the office of the Chief Master was able to undertake all the preparatory work necessary to craft a suitable investment strategy that would protect the funds of beneficiaries but also realise reasonable growth for beneficiaries.

### EFT's (Electronic Funds Transfers)

One of the most pressing requests that have come through over the years from the public is the desire to get monies deposited directly into their own bank accounts by Guardian's Fund. This is meant to do away with cheques which are cumbersome and prone to abuse. This request, along with the request for individual detailed statements for beneficiaries has been held back because the processing environment has never been sufficiently sophisticated for this.

It is with pleasure that I can announce that the Guardian's Fund will shortly be doing direct deposits alongside cheque payments. To effect this, the Guardian's Fund will be requesting those of our beneficiaries with bank accounts to provide these details and complete the necessary forms to enable them to receive their payments in this way.

### Guardian's Fund offices in new centres

In order to increase the outreach of the provision of the Guardian's Fund service to the public, plans are at an advanced stage to double the number of offices offering the Guardian's Fund.

Currently the Guardians Fund service is available in six Masters Offices, namely **Pretoria, Pietermaritzburg, Grahamstown, Cape Town, Kimberly and Bloemfontein**. It is intended that in the near future, an additional six offices will be opened in **Johannesburg, Port Elizabeth, Durban, Bisho, Umtata and Mmabatho**.



## REPORT OF THE ACCOUNTING OFFICER

This will ease the congestion on the current existent offices, again leading to an improvement in service delivery as well greatly convenience those of our customers who have been forced to travel great distances to access our services. This is also in line with our mission statement "Justice for all".

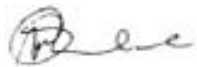
### **Conclusion**

It is self-evident that we have come a long way in nurturing an institution that all South Africans can be proud of.

There is no doubt in my mind that the Guardian's Fund of tomorrow will look radically different from the Guardian's Fund of yesterday because we will continue to improve and re-invent ourselves, however we should all say we are very proud of this Guardians Fund of today.

### **Approval**

The annual financial statements set out on pages 17 to 44 have been approved by the Accounting Officer:



**Adv Menzi Simelane**  
Accounting Officer



# PART 2

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REPORT OF THE AUDIT COMMITTEE



# GUARDIAN'S FUND

## REPORT OF THE AUDIT COMMITTEE

We are pleased to present our report for the financial year ended 31 March 2008.

### **Audit Committee responsibility**

The administration and accountability for the Guardians Fund falls within the responsibilities of the Department of Justice and Constitutional Development.

Accordingly as the duly constituted Audit Committee of the Department of Justice and Constitutional Development we have reviewed to the extent considered necessary the financial statements of the Guardians Fund.

### **The effectiveness of internal controls**

The system of controls is designed to provide cost effective assurance that assets are safeguarded and that liabilities and working capital are efficiently managed. In line with the PFMA, Internal Audit provides the Audit Committee and management with assurance that the internal controls are appropriate and effective. This is achieved by means of the risk management process, as well as the identification of corrective actions and suggested enhancements to the controls and processes. Although no risk assessment was carried out, from the various reports of the internal auditors, the audit report on the annual financial statements and the management letter of the Auditor-General, it was noted that, apart from one rectifiable instance, no significant or material non compliance with prescribed policies and procedures were reported. Accordingly, we can report that the system of internal controls for the period under review was efficient and effective.

The Audit Committee notes with approval the significant turn around and improvement in the record keeping of the Guardians Fund which has taken place over the last two years.

### **Evaluation of Financial Statements**

The Audit Committee has

- Reviewed and discussed with the Auditor-General and the Accounting Officer the audited annual financial statements to be included in the annual report;

- Reviewed the Auditor-General's management letter and management's response thereto;
- Reviewed significant adjustments resulting from the audit.

The Audit Committee concurs and accepts the Auditor-General's conclusions 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.



**Chairperson of the Audit Committee**

**27 October 2008**









# PART 3

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REPORT OF THE AUDITOR-GENERAL TO PARLIAMENT



# GUARDIAN'S FUND

## REPORT OF THE AUDITOR-GENERAL TO PARLIAMENT

### REPORT OF THE AUDITOR-GENERAL TO PARLIAMENT ON THE FINANCIAL STATEMENTS OF THE GUARDIAN'S FUND FOR THE YEAR ENDED 31 MARCH 2008

#### REPORT ON THE FINANCIAL STATEMENTS

##### Introduction

1. I have audited the accompanying financial statements of the Guardian's Fund which comprise the statement of financial position as at 31 March 2008, statement of financial performance, statement of changes in net assets and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 22 to 45.

##### Responsibility of the accounting officer for the financial statements

2. The accounting officer is responsible for the preparation and fair presentation of these financial statements in accordance with the basis of accounting determined by the National Treasury, as set out in accounting policy note 2.1 and in the manner required by the Public Finance Management Act, 1999 (Act No. 1 of 1999) (PFMA). This responsibility includes:
  - designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error;
  - selecting and applying appropriate accounting policies; and
  - making accounting estimates that are reasonable in the circumstances.

##### Responsibility of the Auditor-General

3. As required by section 188 of the Constitution of the Republic of South Africa, 1996 read with section 4 of the Public Audit Act, 2004 (Act No. 25 of 2004) (PAA), my responsibility is to express an opinion on these financial statements based on my audit.
4. I conducted my audit in accordance with the International Standards on Auditing and General Notice 616 of 2008, issued in Government Gazette No. 31057 of 15 May 2008. Those

standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance on whether the financial statements are free from material misstatement.

5. 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 and fair presentation 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.
6. An audit also includes evaluating the:
  - appropriateness of accounting policies used;
  - reasonableness of accounting estimates made by management; and
  - overall presentation of the financial statements.
7. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

##### Basis of accounting

8. The Guardian's Fund policy is to prepare financial statements on the basis of accounting determined by the National Treasury, as set out in accounting policy note 2.1 to the financial statements.

##### Opinion

9. In my opinion the financial statements present fairly, in all material respects, the financial position of the Guardian's Fund as at 31 March 2008 and its financial performance and cash flows for the year then ended, in accordance with the basis of accounting determined by the National Treasury, as set out in accounting policy note 2.1 and in the manner required by the PFMA.

## REPORT OF THE AUDITOR-GENERAL TO PARLIAMENT

### Emphasis of matter

I draw attention to the following matter:

Restatement of corresponding figures

10. As disclosed in note 18 to the financial statements, the corresponding figures for 2006/07 have been restated as result of various errors discovered during the current year:

### OTHER MATTERS

Without qualifying my audit opinion, I draw attention to the following matters that relate to my responsibilities in the audit of the financial statements:

### Matters of governance

11. The PFMA tasks the accounting officer with a number of responsibilities concerning financial and risk management and internal control. Fundamental to achieving this is the implementation of certain key governance responsibilities, which I have assessed as follows:

Matter of governance	Yes	No
<b>Audit committee</b>		
• The Guardian's Fund had an audit committee in operation throughout the financial year.	✓	
• The audit committee operates in accordance with approved, written terms of reference.	✓	
• The audit committee substantially fulfilled its responsibilities for the year, as set out in section 77 of the PFMA and Treasury Regulation 3.1.10/27.1.8	✓	
<b>Internal audit</b>		
• The Guardian's Fund had an internal audit function in operation throughout the financial year.	✓	
• The internal audit function operates in terms of an approved internal audit plan.	✓	

Matter of governance	Yes	No
• The internal audit function substantially fulfilled its responsibilities for the year, as set out in Treasury Regulation 3.2/27.2.		✓
<b>Other matters of governance</b>		
The annual financial statements were submitted for audit as per the legislated deadlines section 40 of the PFMA.		✓
The financial statements submitted for audit were not subject to any material amendments resulting from the audit.		✓
No significant difficulties were experienced during the audit concerning delays or the unavailability of expected information and/or the unavailability of senior management.	✓	
The prior year's external audit recommendations have been substantially implemented.	✓	

### Non-compliance with applicable legislation

#### Income Tax Act

12. The Guardian's Fund has not complied with section 7(1) and 69(1) of the Income Tax Act 1962, which requires any individual to whom interest has accrued to be issued with an IT3 (b) from the entity from which such income was earned.

#### APPRECIATION

13. The assistance rendered by the staff of the Guardian's Fund during the audit is sincerely appreciated.

*Auditor-General*

Pretoria

6 October 2008





# PART 4

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## RISK MANAGEMENT STATEMENT



# GUARDIAN'S FUND

## RISK MANAGEMENT STATEMENT for the year ended 31 March 2008

### 1. Introduction

As a client of the PIC, 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 ultimate responsibility for risk management oversight lies with the PIC and not with the Guardian's Fund.

### 2. Market risk

Market risk is the potential loss due to adverse movement in the market value of assets.

The Entity's activities expose it primarily to the risks of fluctuations in interest rates risk.

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.

#### Interest rate risk management

The Guardian's Fund interest rate profile consists of Money Market accounts and bank balances which exposes the Entity to fair value interest rate risk and cash flow interest rate risk and can be summarised as follows:

#### Financial Assets

Bank balances linked to South African prime rate

Money Market linked to South African prime rate

The management of the money market interest rate risk is done by the PIC.

#### Interest rate sensitivity analysis

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

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

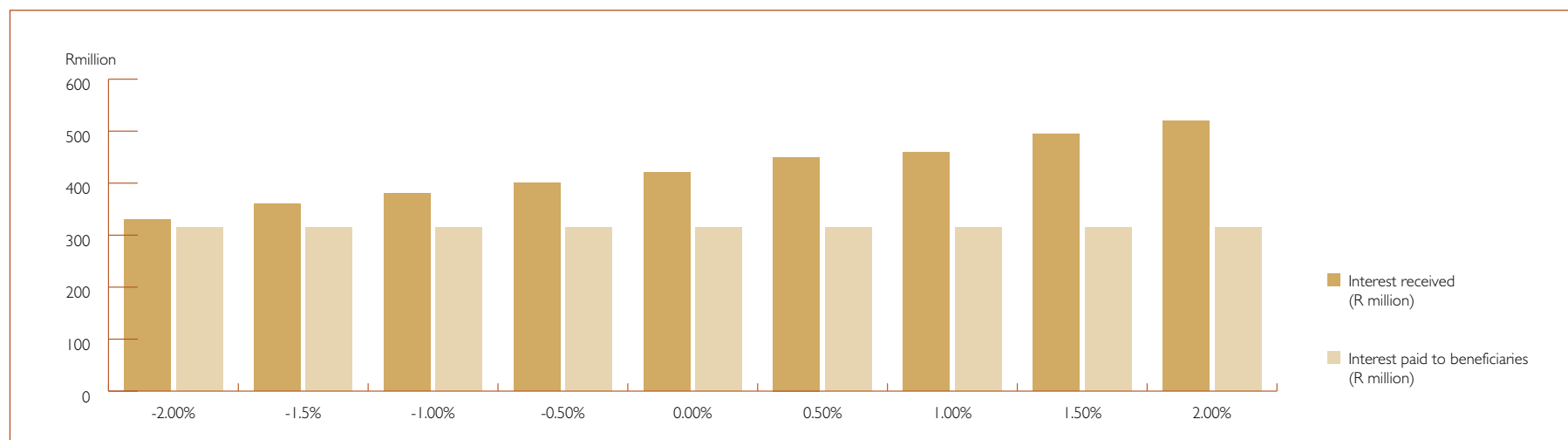
The sensitivity analysis shows reasonably expected changes in the interest rate, either an increase or decrease in the interest percentage. The equal but opposite % adjustment to the interest rate would result in an equal but opposite effect on net surplus, and therefore has not been separately disclosed below.

There were no changes in the methods and assumptions used in preparing the sensitivity analysis from one year to the next.



### 3. Market risk - Continued

#### Interest rate sensitivity analysis



Above sensitivity analyses shows that even with a 2% basis change to the interest rate that the Guardian's Fund would have had sufficient interest investment income to pay interest to beneficiaries at the gazetted rate of interest.

#### 4. 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.

#### 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 honor 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.

# GUARDIAN'S FUND

## RISK MANAGEMENT STATEMENT for the year ended 31 March 2008

### **6. Liquidity risk**

Liquidity risk arises when there are insufficient liquid assets available to enable the Guardian's Fund to meet its obligations when due.

Guardian's Fund current liquid asset holdings of less than 3 months maturity amount to 25% (R1,200 million) of the total portfolio which ensures sufficient liquidity to pay out monies due to beneficiaries which amounts to R600 million for the financial year under review. Liquidity is further ensured by beneficiary monies received by the Guardian's Fund during any given financial year which amounted to R770 million for the financial year under review.

### **7. Concentration risk**

Concentration risk is the risk of losses arising due to poor diversification within funds 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.

# PART 5

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## ANNUAL FINANCIAL STATEMENTS



# GUARDIAN'S FUND

## STATEMENT OF FINANCIAL PERFORMANCE for the year ended 31 March 2008

31/03/2008	Notes	Total	Pretoria	Pietermaritzburg	Grahamstown	Cape Town	Bloemfontein	Kimberley	Other
		R	R	R	R	R	R	R	R
<b>Revenue</b>									
Investment revenue	3	423,230,762	183,992,958	115,060,860	46,518,084	31,986,190	36,009,420	8,582,764	1,080,486
<b>Less: expenditure</b>									
Management fees	13	1,246,212	542,322	340,553	131,875	95,969	106,992	25,235	3,266
		<b>421,984,550</b>	<b>183,450,636</b>	<b>114,720,307</b>	<b>46,386,209</b>	<b>31,890,221</b>	<b>35,902,428</b>	<b>8,557,529</b>	<b>1,077,220</b>
Other operating expenses/ (income)		0	0	0	0	0	0	0	0
<b>Surplus/(deficit) for the year before distribution to beneficiaries</b>		<b>421,984,550</b>	<b>183,450,636</b>	<b>114,720,307</b>	<b>46,386,209</b>	<b>31,890,221</b>	<b>35,902,428</b>	<b>8,557,529</b>	<b>1,077,220</b>
Distribution to beneficiaries - Interest paid on beneficiary monies	4	314,540,940	130,513,215	90,100,820	37,465,015	20,756,178	29,110,752	6,594,960	0
<b>Surplus/(deficit) for the year before distribution to SARS</b>		<b>107,443,610</b>	<b>52,937,421</b>	<b>24,619,487</b>	<b>8,921,194</b>	<b>11,134,043</b>	<b>6,791,676</b>	<b>1,962,569</b>	<b>1,077,220</b>

### Restated

31/03/2007	Notes	Total	Pretoria	Pietermaritzburg	Grahamstown	Cape Town	Bloemfontein	Kimberley	Other
		R	R	R	R	R	R	R	R
<b>Revenue</b>									
Investment revenue	3	273,082,164	115,975,226	75,596,389	28,947,242	22,005,753	24,099,629	5,614,672	843,253
<b>Less: expenditure</b>									
Management fees	13	994,949	431,886	270,766	103,474	80,702	85,279	20,154	2,688
		<b>272,087,215</b>	<b>115,543,340</b>	<b>75,325,623</b>	<b>28,843,768</b>	<b>21,925,051</b>	<b>24,014,350</b>	<b>5,594,518</b>	<b>840,565</b>
Other operating expenses/ (income)		0	0	0	0	0	0	0	0
<b>Surplus/(deficit) for the year before distribution to beneficiaries</b>		<b>272,087,215</b>	<b>115,543,340</b>	<b>75,325,623</b>	<b>28,843,768</b>	<b>21,925,051</b>	<b>24,014,350</b>	<b>5,594,518</b>	<b>840,565</b>
Distribution to beneficiaries - Interest paid on beneficiary monies	4	206,949,983	81,093,668	61,085,143	24,579,938	15,242,370	20,246,180	4,702,684	0
<b>Surplus/(deficit) for the year before distribution to SARS</b>		<b>65,137,232</b>	<b>34,449,672</b>	<b>14,240,480</b>	<b>4,263,830</b>	<b>6,682,681</b>	<b>3,768,170</b>	<b>891,834</b>	<b>840,565</b>

## STATEMENT OF FINANCIAL POSITION (SPO) as at 31 March 2008

31/03/2008

	Notes	Total	Pretoria	Pietermaritzburg	Grahamstown	Cape Town	Bloemfontein	Kimberley	Other
		R	R	R	R	R	R	R	R
<b>ASSETS</b>									
<b>Current assets</b>		<b>4,734,278,914</b>	<b>2,039,757,101</b>	<b>1,323,801,458</b>	<b>526,098,766</b>	<b>351,199,812</b>	<b>388,006,161</b>	<b>93,428,337</b>	<b>11,987,279</b>
Financial investments available-for-sale	5	4,667,697,503	2,012,259,020	1,316,200,339	501,722,243	348,994,997	384,919,300	92,509,628	11,091,976
Cash and cash equivalents	6	21,874,861	5,171,998	7,601,119	2,811,573	2,204,815	2,514,890	675,163	895,303
Other receivables	7	44,706,550	22,326,083	0	21,564,950	0	571,971	243,546	0
<b>Total assets</b>		<b>4,734,278,914</b>	<b>2,039,757,101</b>	<b>1,323,801,458</b>	<b>526,098,766</b>	<b>351,199,812</b>	<b>388,006,161</b>	<b>93,428,337</b>	<b>11,987,279</b>
<b>LIABILITIES</b>									
<b>Total liabilities</b>		<b>4,723,860,871</b>	<b>2,039,538,149</b>	<b>1,323,684,462</b>	<b>526,111,300</b>	<b>351,209,911</b>	<b>387,951,577</b>	<b>93,447,687</b>	<b>1,917,785</b>
Beneficiary Liability	8	4,523,970,140	1,940,958,871	1,271,056,970	515,967,413	326,645,657	378,435,845	90,905,384	0
Other payables	9	199,890,731	98,579,278	52,627,492	10,143,887	24,564,254	9,515,732	2,542,303	1,917,785
<b>CAPITAL AND RESERVES</b>									
<b>Total net assets</b>		<b>10,418,043</b>	<b>218,952</b>	<b>116,996</b>	<b>-12,534</b>	<b>-10,099</b>	<b>54,584</b>	<b>-19,350</b>	<b>10,069,494</b>
Accumulated surplus/(deficit)	12	0	0	0	0	0	0	0	0
Available-for-sale reserve	10	348,549	218,952	116,996	-12,534	-10,099	54,584	-19,350	0
Monies in trust reserve	11	10,069,494	0	0	0	0	0	0	10,069,494
<b>Total net assets and liabilities</b>		<b>4,734,278,914</b>	<b>2,039,757,101</b>	<b>1,323,801,458</b>	<b>526,098,766</b>	<b>351,199,812</b>	<b>388,006,161</b>	<b>93,428,337</b>	<b>11,987,279</b>

# GUARDIAN'S FUND

## STATEMENT OF FINANCIAL POSITION (SPO) as at 31 March 2008

		Restated							
	Notes	Total	Pretoria	Pietermaritzburg	Grahamstown	Cape Town	Bloemfontein	Kimberley	Other
		R	R	R	R	R	R	R	R
<b>31/03/2007</b>									
<b>ASSETS</b>									
<b>Current assets</b>		4,121,399,473	1,768,323,798	1,108,361,125	458,600,168	327,039,589	362,241,753	85,922,981	10,910,059
Financial investments available-for-sale	5	4,014,348,936	1,714,191,657	1,108,361,125	428,458,246	320,198,922	349,783,499	83,258,923	10,096,564
Cash and cash equivalents	6	65,333,338	33,555,105	0	9,817,276	6,840,667	11,886,283	2,420,512	813,495
Other receivables	7	41,717,199	20,577,036	0	20,324,646	0	571,971	243,546	0
<b>Total assets</b>		<b>4,121,399,473</b>	<b>1,768,323,798</b>	<b>1,108,361,125</b>	<b>458,600,168</b>	<b>327,039,589</b>	<b>362,241,753</b>	<b>85,922,981</b>	<b>10,910,059</b>
<b>LIABILITIES</b>									
<b>Total liabilities</b>		4,109,590,764	1,767,647,225	1,107,876,299	458,448,213	326,906,592	361,945,898	85,925,972	840,565
Beneficiary Liability	8	4,002,049,068	1,719,401,390	1,070,056,455	455,541,279	313,180,738	358,703,716	85,165,490	0
Cash and cash equivalents	6	8,505,347	0	8,505,347	0	0	0	0	0
Other payables	9	99,036,349	48,245,835	29,314,497	2,906,934	13,725,854	3,242,182	760,482	840,565
<b>CAPITAL AND RESERVES</b>									
<b>Total net assets</b>		11,808,709	676,573	484,826	151,955	132,997	295,855	-2,991	10,069,494
Accumulated surplus/(deficit)	12	0	0	0	0	0	0	0	0
Available-for-sale reserve	10	1,739,215	676,573	484,826	151,955	132,997	295,855	-2,991	0
Monies in trust reserve	11	10,069,494	0	0	0	0	0	0	10,069,494
<b>Total net assets and liabilities</b>		<b>4,121,399,473</b>	<b>1,768,323,798</b>	<b>1,108,361,125</b>	<b>458,600,168</b>	<b>327,039,589</b>	<b>362,241,753</b>	<b>85,922,981</b>	<b>10,910,059</b>



STATEMENT OF CHANGES IN NET ASSETS as at 31 March 2008

	Entity			
	Accumulated Surplus/ (Deficit)	MIT Reserve	Available for-sale reserve	Total Equity
	Notes			
	12	11	10	
	R	R	R	R
<b>31/03/2008</b>				
<b>Balance as at 1 April 2007</b>	<b>0</b>	<b>10,069,494</b>	<b>1,739,215</b>	<b>11,808,709</b>
Surplus/(Deficit) for the year before SARS distribution	107,443,610	0	0	107,443,610
SARS distribution	-107,443,610	0	0	-107,443,610
Transfers to/ (from) reserves	0	0	-1,739,215	-1,739,215
Unrealised profit/ (losses)	0	0	348,549	348,549
<b>Balance as at 31 March 2008</b>	<b>0</b>	<b>10,069,494</b>	<b>348,549</b>	<b>10,418,043</b>
<b>31/03/2007</b>				
<b>Balance as at 1 April 2006</b>	<b>0</b>	<b>10,069,494</b>	<b>-1,384,946</b>	<b>8,684,548</b>
Surplus/(Deficit) for the year before SARS distribution	69,627,636	0	0	69,627,636
Plus : Restatement	-4,490,404			-4,490,404
SARS distribution	-65,137,232	0	0	-65,137,232
Transfers to/ (from) reserves	0	0	1,384,946	1,384,946
Unrealised profit/ (losses)	0	0	1,739,215	1,739,215
<b>Balance as at 31 March 2007</b>	<b>0</b>	<b>10,069,494</b>	<b>1,739,215</b>	<b>11,808,709</b>

# GUARDIAN'S FUND

## CASH FLOW STATEMENT as at 31 March 2008

31/03/2008

### CASH FLOWS FROM OPERATING ACTIVITIES

Notes	Total	Pretoria	Pietermaritzburg	Grahamstown	Cape Town	Bloemfontein	Kimberley	Other
	R	R	R	R	R	R	R	R
Cash receipts on behalf of beneficiaries	-423,230,762	-183,992,958	-115,060,860	-46,518,084	-31,986,190	-36,009,420	-8,582,764	-1,080,486
Cash paid to beneficiaries and creditors	322,196,907	133,689,820	91,614,083	39,182,435	21,207,228	29,636,108	6,785,425	81,808
<b>Cash generated from/(utilised in) operations</b>	<b>15 -101,033,855</b>	<b>-50,303,138</b>	<b>-23,446,777</b>	<b>-7,335,649</b>	<b>-10,778,962</b>	<b>-6,373,312</b>	<b>-1,797,339</b>	<b>-998,678</b>
Investment income received	423,230,762	183,992,958	115,060,860	46,518,084	31,986,190	36,009,420	8,582,764	1,080,486
Interest paid to beneficiaries	-314,540,940	-130,513,215	-90,100,820	-37,465,015	-20,756,178	-29,110,752	-6,594,960	0
SARS payments	-7,574,159	-3,176,605	-1,513,263	-1,717,420	-451,050	-525,356	-190,465	0
<b>Net cash inflows/ (outflows) from operating activities</b>	<b>81,808</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>81,808</b>

### CASH FLOWS FROM INVESTING ACTIVITIES

<b>Net cash flows from investing activities</b>	<b>-243,400,000</b>	<b>-120,000,000</b>	<b>-95,000,000</b>	<b>-30,000,000</b>	<b>2,500,000</b>	<b>0</b>	<b>-900,000</b>	<b>0</b>
Net investments of beneficiary monies in PIC	-243,400,000	-120,000,000	-95,000,000	-30,000,000	2,500,000	0	-900,000	0

### CASH FLOWS FROM FINANCING ACTIVITIES

<b>Net cash flow financing activities</b>	<b>208,365,062</b>	<b>91,616,893</b>	<b>111,106,466</b>	<b>22,994,297</b>	<b>-7,135,852</b>	<b>-9,371,393</b>	<b>-845,349</b>	<b>0</b>
Increase/(decrease) in beneficiary liability	208,365,062	91,616,893	111,106,466	22,994,297	-7,135,852	-9,371,393	-845,349	0

<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>-34,953,130</b>	<b>-28,383,107</b>	<b>16,106,466</b>	<b>-7,005,703</b>	<b>-4,635,852</b>	<b>-9,371,393</b>	<b>-1,745,349</b>	<b>81,808</b>
Cash and cash equivalents at the beginning of the year	56,827,991	33,555,105	-8,505,347	9,817,276	6,840,667	11,886,283	2,420,512	813,495
<b>Cash and cash equivalents at end of the year</b>	<b>6 21,874,861</b>	<b>5,171,998</b>	<b>7,601,119</b>	<b>2,811,573</b>	<b>2,204,815</b>	<b>2,514,890</b>	<b>675,163</b>	<b>895,303</b>

## CASH FLOW STATEMENT as at 31 March 2008

31/03/2007	Notes	Restated							
		Total R	Pretoria R	Pietermaritzburg R	Grahamstown R	Cape Town R	Bloemfontein R	Kimberley R	Other R
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>									
		-273,082,164	-115,975,226	-75,596,389	-28,947,242	-22,005,753	-24,099,629	-5,614,672	-843,253
		218,193,790	83,890,672	63,953,848	26,027,205	16,645,471	21,895,790	5,091,740	689,064
	15	<b>-54,888,374</b>	<b>-32,084,554</b>	<b>-11,642,541</b>	<b>-2,920,037</b>	<b>-5,360,282</b>	<b>-2,203,839</b>	<b>-522,932</b>	<b>-154,189</b>
		273,082,164	115,975,226	75,596,389	28,947,242	22,005,753	24,099,629	5,614,672	843,253
		-206,949,983	-81,093,668	-61,085,143	-24,579,938	-15,242,370	-20,246,180	-4,702,684	0
		-11,232,062	-2,797,004	-2,868,705	-1,447,267	-1,403,101	-1,649,610	-389,056	-677,319
		<b>11,745</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>11,745</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>									
		<b>-413,000,000</b>	<b>-184,000,000</b>	<b>-80,000,000</b>	<b>-64,000,000</b>	<b>-28,000,000</b>	<b>-45,000,000</b>	<b>-12,000,000</b>	<b>0</b>
		-413,000,000	-184,000,000	-80,000,000	-64,000,000	-28,000,000	-45,000,000	-12,000,000	0
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>									
		<b>433,487,643</b>	<b>202,945,809</b>	<b>84,511,554</b>	<b>67,131,570</b>	<b>23,322,023</b>	<b>43,587,476</b>	<b>11,989,211</b>	<b>0</b>
		433,487,643	202,945,809	84,511,554	67,131,570	23,322,023	43,587,476	11,989,211	0
		<b>20,499,388</b>	<b>18,945,809</b>	<b>4,511,554</b>	<b>3,131,570</b>	<b>-4,677,977</b>	<b>-1,412,524</b>	<b>-10,789</b>	<b>11,745</b>
		36,328,603	14,609,296	-13,016,901	6,685,706	11,518,644	13,298,807	2,431,301	801,750
	6	<b>56,827,991</b>	<b>33,555,105</b>	<b>-8,505,347</b>	<b>9,817,276</b>	<b>6,840,667</b>	<b>11,886,283</b>	<b>2,420,512</b>	<b>813,495</b>

# GUARDIAN'S FUND

## NOTES TO THE FINANCIAL STATEMENTS 31 March 2008

### 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.

The financial statements were authorised for issue by the Director General on 24 of July 2008.

### 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 available-for-sale investments that have been measured at fair value. The financial statements are presented in rands.

#### Statement of compliance

The financial statements of the Guardian's Fund have been prepared in accordance with South Africa Statements of GAAP 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 - initial recognition and subsequent measurement

##### (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 trade date, i.e. 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 plus, in the case of financial assets not at fair value through profit or loss, any directly attributable incremental cost of acquisition or issue.

##### (iii) Available-for-sale financial investments

Available-for-sale financial investments are those which are designated as such or do not qualify to be classified at fair value through profit or loss, held-to-maturity or loans and advances. They include equity instruments, investments in money markets and other debit instruments.

After initial measurement, availability-for-sale financial investments are subsequently measured at fair value. Unrealised gains and losses are recognised directly in equity in the "Available-for-sale reserve". When the security is disposed of, the cumulative gain or loss previously recognised in equity is recognised in the income statement in "other operating income" or "other operating expenses". Interest earned whilst holding available-for-sale financial investments is reported as interest income using the effective interest rate. Dividends earned whilst holding available-for-sale financial investments are recognised in the income statement 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 income statement in "impairment losses on financial investments" and removed from the available-for-sale reserve.

**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 subsequently 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 have been met for each of the Guardian's Fund activities as described below.

**(i) Interest Income**

Interest revenue is accrued on a time basis, by reference to the principal outstanding and at 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.

31/03/2008

**3. Investment revenue**

	Total	Pretoria	Pietermaritzburg	Grahamstown	Cape Town	Bloemfontein	Kimberley	Other
	R	R	R	R	R	R	R	R
Interest revenue - PIC	412,667,252	179,067,305	113,547,597	43,560,361	31,535,140	35,484,064	8,392,299	1,080,486
Interest revenue - Mmabatho	1,702,147	1,702,147	0	0	0	0	0	0
Interest revenue - Thohoyandou	46,901	46,901	0	0	0	0	0	0
Interest revenue - Bisho	470,915	0	0	470,915	0	0	0	0
Interest revenue - Umtata	769,388	0	0	769,388	0	0	0	0
Interest revenue - ABSA	7,574,159	3,176,605	1,513,263	1,717,420	451,050	525,356	190,465	0
	<b>423,230,762</b>	<b>183,992,958</b>	<b>115,060,860</b>	<b>46,518,084</b>	<b>31,986,190</b>	<b>36,009,420</b>	<b>8,582,764</b>	<b>1,080,486</b>

**4. Interest paid**

Interest paid to interest bearing beneficiaries	314,540,940	130,513,215	90,100,820	37,465,015	20,756,178	29,110,752	6,594,960	0
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Interest is calculated on a monthly basis at a rate per year as and when determined by the Minister of Finance. The interest is compounded annually at 31 March. Interest is paid for a period from a month after receipt up to five years after it has become claimable, unless it is legally claimed before such expiration.

	<b>314,540,940</b>	<b>130,513,215</b>	<b>90,100,820</b>	<b>37,465,015</b>	<b>20,756,178</b>	<b>29,110,752</b>	<b>6,594,960</b>	<b>0</b>
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# GUARDIAN'S FUND

## NOTES TO THE FINANCIAL STATEMENTS 31 March 2008

31/03/2008

### 5. Financial investments available-for-sale

#### PIC Investment

	Total R	Pretoria R	Pietermaritzburg R	Grahamstown R	Cape Town R	Bloemfontein R	Kimberley R	Other R
Opening balance as originally stated	4,014,348,936	1,714,191,657	1,108,361,125	428,458,246	320,198,922	349,783,499	83,258,923	10,096,564
Cost	4,012,609,724	1,713,515,085	1,107,876,299	428,306,291	320,065,925	349,487,645	83,261,915	10,096,564
Unrealised profit/ (losses)	1,739,212	676,572	484,826	151,955	132,997	295,854	-2,992	0
Investment income received during financial year	412,585,200	179,067,305	113,547,597	43,560,361	31,535,140	35,484,064	8,392,299	998,434
Additions during the year	303,600,000	140,000,000	105,000,000	35,000,000	5,000,000	15,000,000	3,600,000	0
Disposals during the year	-60,200,000	-20,000,000	-10,000,000	-5,000,000	-7,500,000	-15,000,000	-2,700,000	0
Unrealised profit/ (losses)	-1,390,664	-457,620	-367,830	-164,489	-143,096	-241,270	-16,359	0
Management expenses	-1,245,969	-542,322	-340,553	-131,875	-95,969	-106,993	-25,235	-3,022
<b>Closing balance</b>	<b>4,667,697,503</b>	<b>2,012,259,020</b>	<b>1,316,200,339</b>	<b>501,722,243</b>	<b>348,994,997</b>	<b>384,919,300</b>	<b>92,509,628</b>	<b>11,091,976</b>
Fair value at acquisition date	4,667,348,955	2,012,040,068	1,316,083,343	501,734,777	349,005,096	384,864,716	92,528,979	11,091,976
Unrealised profit/ (losses)	348,548	218,952	116,996	-12,534	-10,099	54,584	-19,351	0

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.

Unrealised profit/(losses) is the difference between "All-in market values" and the "Clean book value" plus "Market value interest". A provision against available-for-sale reserve was made for these unrealised profit/ (losses).

PIC Investments	4,667,697,503	2,012,259,020	1,316,200,339	501,722,243	348,994,997	384,919,300	92,509,628	11,091,976
Money Market 0 - 3 months	1,055,973,982	525,099,900	223,286,426	124,232,082	64,345,893	92,286,182	21,685,400	5,038,099
Money Market 3 - 6 months	119,858,291	61,912,605	41,955,891	10,671,918	0	0	5,317,877	0
Money Market 6 - 9 months	71,717,399	15,616,008	31,474,169	9,257,126	0	10,362,082	5,008,014	0
Money Market 9 - 12 months	3,330,024,957	1,396,652,955	988,429,556	348,122,613	274,616,766	272,687,237	49,515,830	0
Trading Cash	90,122,874	12,977,552	31,054,297	9,438,504	10,032,338	9,583,799	10,982,507	6,053,877

31/03/2008	Total	Pretoria	Pietermaritzburg	Grahamstown	Cape Town	Bloemfontein	Kimberley	Other
	R	R	R	R	R	R	R	R
<b>6. Cash and cash equivalents</b>								
ABSA bank account	20,979,558	5,171,998	7,601,119	2,811,573	2,204,815	2,514,890	675,163	0
PIC Main account	895,303	0	0	0	0	0	0	895,303
	<b>21,874,861</b>	<b>5,171,998</b>	<b>7,601,119</b>	<b>2,811,573</b>	<b>2,204,815</b>	<b>2,514,890</b>	<b>675,163</b>	<b>895,303</b>
<b>For the purposes of the cash flow statement:</b>								
Cash & cash equivalents	21,874,861	5,171,998	7,601,119	2,811,573	2,204,815	2,514,890	675,163	895,303
Bank overdraft	0	0	0	0	0	0	0	0
<b>Cash &amp; cash equivalents at 1 April</b>	<b>21,874,861</b>	<b>5,171,998</b>	<b>7,601,119</b>	<b>2,811,573</b>	<b>2,204,815</b>	<b>2,514,890</b>	<b>675,163</b>	<b>895,303</b>
The carrying amount of Cash and cash equivalents approximates their fair value due to their short-term maturity.								
<b>7. Other receivables</b>								
TBVC shortfall								
- Mmabatho	21,727,410	21,727,410	0	0	0	0	0	0
- Thohoyandou	598,673	598,673	0	0	0	0	0	0
- Bisho	6,011,095	0	0	6,011,095	0	0	0	0
- Umtata	9,821,008	0	0	9,821,008	0	0	0	0
A process is currently underway to determine the amount that will be off-set against the TBVC losses, possibly by National Treasury and how much will have to be absorbed by the Department of Justice own Vote Account to ensure that the Guardians' Fund beneficiaries are not prejudiced.								
Unreconciled variance - Before 1 April 2005	6,548,364	0	0	5,732,847	0	571,971	243,546	0
This amounts relate to the difference between the money on investment and amount attributable to beneficiaries as at 1 April 2005. A special reconciliation effort examining manual records dating back three to four years is in progress. Corrective entries will be effected.								
	<b>44,706,550</b>	<b>22,326,083</b>	<b>0</b>	<b>21,564,950</b>	<b>0</b>	<b>571,971</b>	<b>243,546</b>	<b>0</b>



# GUARDIAN'S FUND

## NOTES TO THE FINANCIAL STATEMENTS 31 March 2008

31/03/2008

### 8. Beneficiary liability

#### Due to Beneficiaries

	Total R	Pretoria R	Pietermaritzburg R	Grahamstown R	Cape Town R	Bloemfontein R	Kimberley R	Other R
Opening balance as at 1 April 2007	4,002,049,068	1,719,401,390	1,070,056,455	455,541,279	313,180,738	358,703,716	85,165,490	0
Monies received during financial year	767,368,974	338,239,143	180,877,286	101,313,949	55,588,714	70,233,122	21,116,760	0
Payments to Beneficiaries	-559,003,910	-246,622,250	-69,770,820	-78,319,650	-62,724,566	-79,604,514	-21,962,110	0
Transfer to SARS 30 year	-967,355	-571,829	-206,682	-33,016	-140,233	-6,019	-9,576	0
5% Commission payable to SARS	-17,577	-798	-89	-164	-15,174	-1,212	-140	0
Interest paid to beneficiaries	314,540,940	130,513,215	90,100,820	37,465,015	20,756,178	29,110,752	6,594,960	0
<b>Closing balance</b>	<b>4,523,970,140</b>	<b>1,940,958,871</b>	<b>1,271,056,970</b>	<b>515,967,413</b>	<b>326,645,657</b>	<b>378,435,845</b>	<b>90,905,384</b>	<b>0</b>

#### Beneficiary Liability

Interest Bearing Beneficiary monies	4,111,905,619	1,714,923,974	1,202,507,474	484,839,901	259,009,457	364,032,653	86,592,160	0
Non-Interest Bearing Beneficiary Monies (No Commission)	250,617,898	126,871,840	48,660,943	21,046,281	41,942,819	8,556,072	3,539,943	0
Non-Interest Bearing Beneficiary Monies (Commission)	160,781,539	116,334,169	7,807,148	8,590,446	23,866,838	3,259,368	923,570	0
Unallocated Beneficiary Monies (Suspense account)	10,842,572	2,442,633	4,748,607	271,553	1,706,051	1,673,728	0	0
Beneficiary monies - Allocation account (refer to note 17)	-10,177,488	-19,613,745	7,332,798	1,219,232	120,492	914,024	-150,289	0
<b>4,523,970,140</b>	<b>1,940,958,871</b>	<b>1,271,056,970</b>	<b>515,967,413</b>	<b>326,645,657</b>	<b>378,435,845</b>	<b>90,905,384</b>	<b>0</b>	

#### Beneficiary liability represented by:

ABSA	20,979,558	5,171,998	7,601,119	2,811,573	2,204,815	2,514,890	675,163	0
PIC Investment	4,502,990,582	1,935,786,873	1,263,455,851	513,155,840	324,440,842	375,920,955	90,230,221	0
<b>4,523,970,140</b>	<b>1,940,958,871</b>	<b>1,271,056,970</b>	<b>515,967,413</b>	<b>326,645,657</b>	<b>378,435,845</b>	<b>90,905,384</b>	<b>0</b>	

31/03/2008	Total	Pretoria	Pietermaritzburg	Grahamstown	Cape Town	Bloemfontein	Kimberley	Other
	R	R	R	R	R	R	R	R
<b>9. Trade and other payables</b>								
<b>SARS payable</b>	<b>199,890,731</b>	<b>98,579,278</b>	<b>52,627,492</b>	<b>10,143,887</b>	<b>24,564,254</b>	<b>9,515,732</b>	<b>2,542,303</b>	<b>1,917,785</b>
SARS payable previous financial years	25,032,534	546,425	14,206,763	0	10,279,346	0	0	0
Surplus investment income	167,139,149	91,698,711	37,785,700	9,947,780	13,888,299	9,382,671	2,518,203	1,917,785
5% commission	747,277	511,789	10,700	21,533	185,206	12,804	5,245	0
30 year - Beneficiary monies	6,971,771	5,822,353	624,329	174,574	211,403	120,257	18,855	0
<b>10. Available-for-sale reserve</b>								
Opening balance as at 1 April	1,739,215	676,573	484,826	151,955	132,997	295,855	-2,991	0
Unrealised profit/ (losses)	348,549	218,952	116,996	-12,534	-10,099	54,584	-19,350	0
Transfers to/ (from) reserves	-1,739,215	-676,573	-484,826	-151,955	-132,997	-295,855	2,991	0
Revaluation increase/(decrease) on investments	0	0	0	0	0	0	0	0
<b>Balance at the end of the year</b>	<b>348,549</b>	<b>218,952</b>	<b>116,996</b>	<b>-12,534</b>	<b>-10,099</b>	<b>54,584</b>	<b>-19,350</b>	<b>0</b>
<b>11. Monies in Trust reserve</b>								
Opening balance as at 1 April	10,069,494	0	0	0	0	0	0	10,069,494
Transfers to/ (from) reserves	0	0	0	0	0	0	0	0
Revaluation increase/(decrease) on investments	0	0	0	0	0	0	0	0
<b>Balance at the end of the year</b>	<b>10,069,494</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>10,069,494</b>
<b>12. Accumulated surplus/(deficit)</b>								
Opening balance as at 1 April	0	0	0	0	0	0	0	0
Surplus/(Deficit) for the year	107,443,610	52,937,421	24,619,487	8,921,194	11,134,043	6,791,676	1,962,569	1,077,220
SARS distribution - Surplus investment income	-107,443,610	-52,937,421	-24,619,487	-8,921,194	-11,134,043	-6,791,676	-1,962,569	-1,077,220
Transfers to/ (from) reserves	0	0	0	0	0	0	0	0
Revaluation increase/(decrease) on investments	0	0	0	0	0	0	0	0
<b>Balance at the end of the year</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

# GUARDIAN'S FUND

## NOTES TO THE FINANCIAL STATEMENTS 31 March 2008

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### 13. Management Fees

Management Fees - PIC Investment

Total	Pretoria	Pietermaritzburg	Grahamstown	Cape Town	Bloemfontein	Kimberley	Other
R	R	R	R	R	R	R	R
1,246,212	542,322	340,553	131,875	95,969	106,992	25,235	3,266
<b>1,246,212</b>	<b>542,322</b>	<b>340,553</b>	<b>131,875</b>	<b>95,969</b>	<b>106,992</b>	<b>25,235</b>	<b>3,266</b>

### 14. Related party transactions

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

### 15. Cash generated from/ (utilized in) operations

Surplus/(deficit) before interest and SARS

SARS paid

(Investment income received)

Interest paid

#### Non-cash movements/working capital changes

Unrealised loss (PIC)

Increase/(Decrease) in payables

(Increase)/Decrease in other current assets

(Increase)/Decrease in investment due to revaluation

#### Net cash flows from operating activities

81,808	0	0	0	0	0	0	81,808
7,574,159	3,176,605	1,513,263	1,717,420	451,050	525,356	190,465	0
-423,230,762	-183,992,958	-115,060,860	-46,518,084	-31,986,190	-36,009,420	-8,582,764	-1,080,486
314,540,940	130,513,215	90,100,820	37,465,015	20,756,178	29,110,752	6,594,960	0
<b>-101,033,855</b>	<b>-50,303,138</b>	<b>-23,446,777</b>	<b>-7,335,649</b>	<b>-10,778,962</b>	<b>-6,373,312</b>	<b>-1,797,339</b>	<b>-998,678</b>
0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0
<b>-101,033,855</b>	<b>-50,303,138</b>	<b>-23,446,777</b>	<b>-7,335,649</b>	<b>-10,778,962</b>	<b>-6,373,312</b>	<b>-1,797,339</b>	<b>-998,678</b>

31/03/2008	Total	Pretoria	Pietermaritzburg	Grahamstown	Cape Town	Bloemfontein	Kimberley	Other
	R	R	R	R	R	R	R	R
<b>16. Disallowance account (Fraud and losses)</b>								
Total fraud cases indentified	4,124,750	0	3,387,559	737,191	0	0	0	0
Finalised cases - Investigation finalised	0	0	0	0	0	0	0	0
<b>Cases still under investigation</b>	<b>4,124,750</b>	<b>0</b>	<b>3,387,559</b>	<b>737,191</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>17. Beneficiary monies - Allocation account</b>	-10,177,488	-19,613,745	7,332,798	1,219,232	120,492	914,024	-150,289	0
The net transactions totaling R10 million originate from the period of migration of balances and transactions from the manual environment to the system.								

This difference comprise of entries that are currently allocated on an on-going basis and have been reduced from the prior year balance of R17 million to R10 million.

# GUARDIAN'S FUND

## NOTES TO THE FINANCIAL STATEMENTS 31 March 2008

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### 3. Investment revenue

	Total	Pretoria	Pietermaritzburg	Grahamstown	Cape Town	Bloemfontein	Kimberley	Other
	R	R	R	R	R	R	R	R
Interest revenue - PIC	263,624,125	112,768,085	74,014,834	26,893,047	21,081,601	22,619,206	5,404,099	843,253
Discounts received - PIC	0	0	0	0	0	0	0	0
- Available-for-sale investments								
Interest revenue - Mmabatho	1,275,017	1,275,017	0	0	0	0	0	0
Interest revenue - Thohoyandou	35,132	35,132	0	0	0	0	0	0
Interest revenue - Bisho	352,746	0	0	352,746	0	0	0	0
Interest revenue - Umtata	576,320	0	0	576,320	0	0	0	0
Interest revenue - ABSA	7,218,824	1,896,992	1,581,555	1,125,129	924,152	1,480,423	210,573	0
	<b>273,082,164</b>	<b>115,975,226</b>	<b>75,596,389</b>	<b>28,947,242</b>	<b>22,005,753</b>	<b>24,099,629</b>	<b>5,614,672</b>	<b>843,253</b>

### 4. Interest paid

Interest paid to interest bearing beneficiaries	206,949,983	81,093,668	61,085,143	24,579,938	15,242,370	20,246,180	4,702,684	0
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Interest is calculated on a monthly basis at a rate per year as and when determined by the Minister of Finance. The interest is compounded annually at 31 March. Interest is paid for a period from a month after receipt up to five years after it has become claimable, unless it is legally claimed before such expiration.

	<b>206,949,983</b>	<b>81,093,668</b>	<b>61,085,143</b>	<b>24,579,938</b>	<b>15,242,370</b>	<b>20,246,180</b>	<b>4,702,684</b>	<b>0</b>
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31/03/2007	Restated							
	Total	Pretoria	Pietermaritzburg	Grahamstown	Cape Town	Bloemfontein	Kimberley	Other
	R	R	R	R	R	R	R	R
<b>5. Financial investments available-for-sale</b>								
<b>PIC Investment</b>								
Opening balance as originally stated	3,339,673,938	1,417,485,048	955,025,834	337,665,658	271,409,372	282,047,087	66,042,522	9,998,417
Cost	3,341,058,885	1,418,078,899	955,419,381	337,838,856	271,543,975	282,122,905	66,056,452	9,998,417
Unrealised profit/ (losses)	-1,384,947	-593,851	-393,547	-173,198	-134,603	-75,818	-13,930	0
Investment income received during financial year	263,558,856	112,768,085	74,014,834	26,893,047	21,081,601	22,619,206	5,404,099	777,984
Additions during the year	413,000,000	184,000,000	80,000,000	64,000,000	28,000,000	45,000,000	12,000,000	0
Disposals during the year	0	0	0	0	0	0	0	0
Unrealised profit/ (losses)	3,124,159	1,270,422	878,373	325,153	267,600	371,672	10,939	0
SARS distribution (net surplus investment income)	-4,013,238	-900,012	-1,287,150	-322,138	-478,949	-169,187	-178,483	-677,319
Management expenses	-994,779	-431,886	-270,766	-103,474	-80,702	-85,279	-20,154	-2,518
<b>Closing balance</b>	<b>4,014,348,936</b>	<b>1,714,191,657</b>	<b>1,108,361,125</b>	<b>428,458,246</b>	<b>320,198,922</b>	<b>349,783,499</b>	<b>83,258,923</b>	<b>10,096,564</b>
Fair value at acquisition date	4,012,609,724	1,713,515,085	1,107,876,299	428,306,291	320,065,925	349,487,645	83,261,915	10,096,564
Unrealised profit/ (losses)	1,739,212	676,572	484,826	151,955	132,997	295,854	-2,992	0

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.

Unrealised profit/(losses) is the difference between "All-in market values" and the "Clean book value" plus "Market value interest". A provision against available-for-sale reserve was made for these unrealised profit/ (losses).

PIC Investments	4,014,348,936	1,714,191,657	1,108,361,125	428,458,246	320,198,922	349,783,499	83,258,923	10,096,564
Money Market 0 - 3 months	429,624,703	180,159,048	201,348,215	16,045,788	5,344,658	21,382,336	5,344,658	0
Money Market 3 - 6 months	292,145,667	217,735,184	0	37,215,229	5,328,933	21,262,094	10,604,227	0
Money Market 6 - 9 months	5,313,335	0	0	0	5,313,335	0	0	0
Money Market 9 - 12 months	2,607,522,028	987,662,004	879,210,197	267,105,625	236,817,701	186,410,951	45,284,153	5,031,397
Money Market 1 - 3 years	549,218,417	295,099,026	0	81,305,058	50,677,747	111,920,668	10,215,918	0
Trading Cash	130,524,786	33,536,395	27,802,713	26,786,546	16,716,548	8,807,450	11,809,967	5,065,167

# GUARDIAN'S FUND

## NOTES TO THE FINANCIAL STATEMENTS 31 March 2008

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### 6. Cash and cash equivalents

ABSA bank account

PIC Main account

ABSA overdraft bank account

#### Disclosed as:

Current assets

Current liabilities

**Total cash and cash equivalents**

	Total	Pretoria	Pietermaritzburg	Grahamstown	Cape Town	Bloemfontein	Kimberley	Other
	R	R	R	R	R	R	R	R
ABSA bank account	64,519,843	33,555,105	0	9,817,276	6,840,667	11,886,283	2,420,512	0
PIC Main account	813,495	0	0	0	0	0	0	813,495
	65,333,338	33,555,105	0	9,817,276	6,840,667	11,886,283	2,420,512	813,495
ABSA overdraft bank account	-8,505,347	0	-8,505,347	0	0	0	0	0
	56,827,991	33,555,105	-8,505,347	9,817,276	6,840,667	11,886,283	2,420,512	813,495
Current assets	65,333,338	33,555,105	0	9,817,276	6,840,667	11,886,283	2,420,512	813,495
Current liabilities	-8,505,347	0	-8,505,347	0	0	0	0	0
<b>Total cash and cash equivalents</b>	<b>56,827,991</b>	<b>33,555,105</b>	<b>-8,505,347</b>	<b>9,817,276</b>	<b>6,840,667</b>	<b>11,886,283</b>	<b>2,420,512</b>	<b>813,495</b>

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



Restated

31/03/2007	Total	Pretoria	Pietermaritzburg	Grahamstown	Cape Town	Bloemfontein	Kimberley	Other
	R	R	R	R	R	R	R	R
<b>7. Other receivables</b>								
TBVC shortfall								
- Mmabatho	20,025,263	20,025,263	0	0	0	0	0	0
- Thohoyandou	551,773	551,773	0	0	0	0	0	0
- Bisho	5,540,179	0	0	5,540,179	0	0	0	0
- Umtata	9,051,620	0	0	9,051,620	0	0	0	0
A process is currently underway to determine the amount that will be off-set against the TBVC losses, possibly by National Treasury and how much will have to be absorbed by the Department of Justice own Vote Account to ensure that the Guardians' Fund beneficiaries are not prejudiced.								
Unreconciled variance - Before 1 April 2005	6,548,364	0	0	5,732,847	0	571,971	243,546	0
This amounts relate to the difference between the money on investment and amount attributable to beneficiaries as at 1 April 2005.								
A special reconciliation effort examining manual records dating back three to four years is in progress. Corrective entries will be effected and during the last financial year this variance has been reduced from R59,812,171 to R5,548,364.								
	<b>41,717,199</b>	<b>20,577,036</b>	<b>0</b>	<b>20,324,646</b>	<b>0</b>	<b>571,971</b>	<b>243,546</b>	<b>0</b>

# GUARDIAN'S FUND

## NOTES TO THE FINANCIAL STATEMENTS 31 March 2008

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### 8. Beneficiary liability

#### Due to Beneficiaries

	Total	Pretoria	Pietermaritzburg	Grahamstown	Cape Town	Bloemfontein	Kimberley	Other
	R	R	R	R	R	R	R	R
Opening balance as at 1 April 2006	3,362,202,269	1,435,753,118	924,521,536	363,862,572	274,690,218	294,888,720	68,486,105	0
Monies received during financial year	853,808,942	362,133,482	206,011,010	121,054,569	61,236,901	79,510,086	23,862,894	0
Payments to Beneficiaries	-420,321,299	-159,187,673	-121,499,456	-53,922,999	-37,914,878	-35,922,610	-11,873,683	0
Transfer to SARS 30 year	-445,128	-264,933	-56,379	-32,801	-61,131	-17,776	-12,108	0
5% Commission payable to SARS	-145,699	-126,272	-5,399	0	-12,742	-884	-402	0
Interest paid to beneficiaries	206,949,983	81,093,668	61,085,143	24,579,938	15,242,370	20,246,180	4,702,684	0
Closing balance	<b>4,002,049,068</b>	<b>1,719,401,390</b>	<b>1,070,056,455</b>	<b>455,541,279</b>	<b>313,180,738</b>	<b>358,703,716</b>	<b>85,165,490</b>	<b>0</b>

#### Beneficiary Liability

Interest Bearing Beneficiary monies	3,640,255,656	1,506,109,169	1,024,315,128	427,830,953	253,277,841	347,290,304	81,432,261	0
Non-Interest Bearing Beneficiary Monies (No Commission)	225,337,620	112,494,420	39,169,397	18,525,611	43,314,442	8,696,237	3,137,513	0
Non-Interest Bearing Beneficiary Monies (Commission)	148,177,621	110,417,566	7,614,038	8,399,403	18,494,433	2,554,074	698,107	0
Unallocated Beneficiary Monies (Suspense account)	5,475,684	5,014,590	0	0	3,984	457,110	0	0
Beneficiary monies - Allocation account (refer to note 17)	-17,197,513	-14,634,355	-1,042,108	785,312	-1,909,962	-294,009	-102,391	0
	<b>4,002,049,068</b>	<b>1,719,401,390</b>	<b>1,070,056,455</b>	<b>455,541,279</b>	<b>313,180,738</b>	<b>358,703,716</b>	<b>85,165,490</b>	<b>0</b>

#### Beneficiary liability represented by:

ABSA	645,19,843	33,555,105	0	9,817,276	6,840,667	11,886,283	2,420,512	0
PIC Investment	3,937,529,225	1,685,846,285	1,070,056,455	445,724,003	306,340,071	346,817,433	82,744,978	0
	<b>4,002,049,068</b>	<b>1,719,401,390</b>	<b>1,070,056,455</b>	<b>455,541,279</b>	<b>313,180,738</b>	<b>358,703,716</b>	<b>85,165,490</b>	<b>0</b>

31/03/2007	Restated							
	Total R	Pretoria R	Pietermaritzburg R	Grahamstown R	Cape Town R	Bloemfontein R	Kimberley R	Other R
<b>9. Trade and other payables</b>								
<b>SARS payable</b>	<b>99,036,349</b>	<b>48,245,835</b>	<b>29,314,497</b>	<b>2,906,934</b>	<b>13,725,854</b>	<b>3,242,182</b>	<b>760,482</b>	<b>840,565</b>
SARS payable previous financial years	25,032,534	546,425	14,206,763	0	10,279,346	0	0	0
Surplus investment income	67,269,700	41,937,896	14,679,476	2,744,007	3,205,307	3,116,351	746,098	840,565
5% commission	729,699	510,991	10,611	21,369	170,031	11,592	5,105	0
30 year - Beneficiary monies	6,004,416	5,250,523	417,647	141,558	71,170	114,239	9,279	0
<b>10. Available-for-sale reserve</b>								
Opening balance as at 1 April	-1,384,946	-593,850	-393,547	-173,198	-134,603	-75,818	-13,930	0
Unrealised profit/ (losses)	1,739,215	676,573	484,826	151,955	132,997	295,855	-2,991	0
Transfers to/ (from) reserves	1,384,946	593,850	393,547	173,198	134,603	75,818	13,930	0
Revaluation increase/(decrease) on investments	0	0	0	0	0	0	0	0
<b>Balance at the end of the year</b>	<b>1,739,215</b>	<b>676,573</b>	<b>484,826</b>	<b>151,955</b>	<b>132,997</b>	<b>295,855</b>	<b>-2,991</b>	<b>0</b>
<b>11. Monies in Trust reserve</b>								
Opening balance as at 1 April	10,069,494	0	0	0	0	0	0	10,069,494
Transfers to/ (from) reserves	0	0	0	0	0	0	0	0
Revaluation increase/(decrease) on investments	0	0	0	0	0	0	0	0
<b>Balance at the end of the year</b>	<b>10,069,494</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>10,069,494</b>
<b>12. Accumulated surplus/(deficit)</b>								
Opening balance as at 1 April	0	0	0	0	0	0	0	0
Surplus/(Deficit) for the year	65,137,232	34,449,672	14,240,480	4,263,830	6,682,681	3,768,170	891,834	840,565
SARS distribution - Surplus investment income	-65,137,232	-34,449,672	-14,240,480	-4,263,830	-6,682,681	-3,768,170	-891,834	-840,565
Transfers to/ (from) reserves	0	0	0	0	0	0	0	0
Revaluation increase/(decrease) on investments	0	0	0	0	0	0	0	0
<b>Balance at the end of the year</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

# GUARDIAN'S FUND

## NOTES TO THE FINANCIAL STATEMENTS 31 March 2008

31/03/2007	Restated							
	Total	Pretoria	Pietermaritzburg	Grahamstown	Cape Town	Bloemfontein	Kimberley	Other
	R	R	R	R	R	R	R	R
<b>13. Management Fees</b>								
Management Fees - PIC Investment	994,949	431,886	270,766	103,474	80,702	85,279	20,154	2,688
	<b>994,949</b>	<b>431,886</b>	<b>270,766</b>	<b>103,474</b>	<b>80,702</b>	<b>85,279</b>	<b>20,154</b>	<b>2,688</b>
<b>14. Related party transactions</b>								
All administration costs for the Guardian's Fund are paid for by the Department of Justice and Constitutional Development.								
<b>15. Cash generated from/ (utilized in) operations</b>								
Surplus/(deficit) before interest and SARS	11,745	0	0	0	0	0	0	11,745
SARS paid	11,232,062	2,797,004	2,868,705	1,447,267	1,403,101	1,649,610	389,056	677,319
(Investment income received)	-273,082,164	-115,975,226	-75,596,389	-28,947,242	-22,005,753	-24,099,629	-5,614,672	-843,253
Interest paid	206,949,983	81,093,668	61,085,143	24,579,938	15,242,370	20,246,180	4,702,684	0
	<b>-54,888,374</b>	<b>-32,084,554</b>	<b>-11,642,541</b>	<b>-2,920,037</b>	<b>-5,360,282</b>	<b>-2,203,839</b>	<b>-522,932</b>	<b>-154,189</b>
<b>Non-cash movements/working capital changes</b>	0	0	0	0	0	0	0	0
Unrealised loss (PIC)	0	0	0	0	0	0	0	0
Increase/(Decrease) in payables	0	0	0	0	0	0	0	0
(Increase)/Decrease in other current assets	0	0	0	0	0	0	0	0
(Increase)/Decrease in investment due to revaluation	0	0	0	0	0	0	0	0
<b>Net cash flows from operating activities</b>	<b>-54,888,374</b>	<b>-32,084,554</b>	<b>-11,642,541</b>	<b>-2,920,037</b>	<b>-5,360,282</b>	<b>-2,203,839</b>	<b>-522,932</b>	<b>-154,189</b>

31/03/2007	Restated							
	Total R	Pretoria R	Pietermaritzburg R	Grahamstown R	Cape Town R	Bloemfontein R	Kimberley R	Other R
<b>16. Disallowance account (Fraud and losses)</b>								
Total fraud cases indentified	9,973,594	5,344,663	3,585,643	795,679	0	247,609	0	0
Finalised cases - Investigation finalised	-4,317,456	-4,069,847	0	0	0	-247,609	0	0
<b>Cases still under investigation</b>	<b>5,656,138</b>	<b>1,274,816</b>	<b>3,585,643</b>	<b>795,679</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

**Post balance sheet**

An amount of R9,855,742-91 was misappropriated by ABSA bank employees from various Guardian's Fund bank accounts. The funds plus interest losses were subsequently recovered from ABSA.

<b>17. Beneficiary monies - Allocation account</b>	-17,197,513	-14,634,355	-1,042,108	785,312	-1,909,962	-294,009	-102,391	0
The net transactions totaling R17 million originate from the period of migration of balances and transactions from the manual environment to the system.								
This difference comprise of entries that are currently allocated on an on-going basis and have been reduced from the prior year balance of R49 million to R17 million.								

# GUARDIAN'S FUND

## NOTES TO THE FINANCIAL STATEMENTS 31 March 2008

31/03/2007

### 18. Restatement of comparatives

The financial statements for 31 March 2007 were restated due to more accurate financial information becoming available and as historical issues are addressed.

#### 18.1 Statement of Financial Position

##### ASSETS

Financial investments available-for-sale (PIC investments)

Cash and cash equivalents

Other receivables

**Total assets**

##### LIABILITIES

**Total liabilities**

Beneficiary Liability

Cash and cash equivalents

Other payables

##### CAPITAL AND RESERVES

**Total net assets**

Accumulated surplus/(deficit)

Available-for-sale reserve

MIT reserve

**Total net assets and liabilities**

	As restated in 2008	Adjustment	As disclosed in 2007
	R	R	R
	4,014,348,936	5,000,000	4,009,348,936
	65,333,338	-4,596,900	69,930,238
	41,717,199	-54,059,486	95,776,685
<b>Total assets</b>	<b>4,121,399,473</b>	<b>-53,656,386</b>	<b>4,175,055,859</b>
	<b>4,109,590,764</b>	<b>-53,656,386</b>	<b>4,163,247,150</b>
	4,002,049,068	-41,166,530	4,043,215,598
	8,505,347	8,505,347	0
	99,036,349	-20,995,203	120,031,552
	<b>11,808,709</b>	<b>0</b>	<b>11,808,709</b>
	0	0	0
	1,739,215	0	1,739,215
	10,069,494	0	10,069,494
<b>Total net assets and liabilities</b>	<b>4,121,399,473</b>	<b>-53,656,386</b>	<b>4,175,055,859</b>



18.2 Statement of Performance

Revenue

Investment revenue

Less: Expenditure

Management fees

Interest paid to beneficiaries

Other operating income/ (expenses)

Surplus/(deficit) for the year

As restated in 2008	Adjustment	As disclosed in 2007
R	R	R
273,082,164	-15,000,000	288,082,164
207,944,932	-10,509,596	218,454,528
994,949	0	994,949
206,949,983	-10,509,596	217,459,579
65,137,232	-4,490,404	69,627,636
0		0
<b>65,137,232</b>	<b>-4,490,404</b>	<b>69,627,636</b>







MONIES IN TRUST KEPT IN THE  
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2007/08

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