



Monies in trust kept in the Guardian's Fund

Annual Report

2010/11



the doj&cd

Department:
Justice and Constitutional Development
REPUBLIC OF SOUTH AFRICA

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Monies in trust kept in the Guardian's Fund

PART 1

Report of the accounting officer



Introduction

The Guardian's Fund is a statutory trust established in terms of Chapter V of the Administration of Estates Act, 1965 (Act No 66 of 1965). The fund consists of all monies received by the Master of the High Court under the Administration of Estates Act or any other law, or pursuant to an order of court or any money accepted by the Master in trust for any known or unknown person. Whenever any money is received or accepted by the Master, he or she must open an account in the books of the Guardian's Fund 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 Guardian's Fund is therefore to protect and manage monies of persons deemed to be legally incapable or lacking the capacity to manage their own affairs, as well as undetermined, unknown or absent heirs and untraceable persons. The Guardian's Fund is held under management of the Master of the High Court of South Africa.

Some of the functions of the Guardian's Fund, performed with the prescripts of the said Act, are, *inter alia*, to do the following:

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

The Guardian's Fund has representation in six masters' offices: Pretoria, Cape Town, Pietermaritzburg, Grahamstown, Bloemfontein and Kimberley.

Core service delivery environment

The operational functionality of the Guardian's Fund System (GFS) has been improved and stricter control processes are being enforced. The development of the GFS has progressed to the stage where it entails one unified electronic application that can process and control all beneficiary information. In the Guardian's Fund service delivery arena, the GFS roll-out programme has resulted in the implementation of an electronic platform for operation. The management and administration of the Guardian's Fund is automated in all six masters' offices where services of the Guardian's Fund are offered. The computerisation of the administration of the fund has facilitated greater accuracy in reporting on its activities.

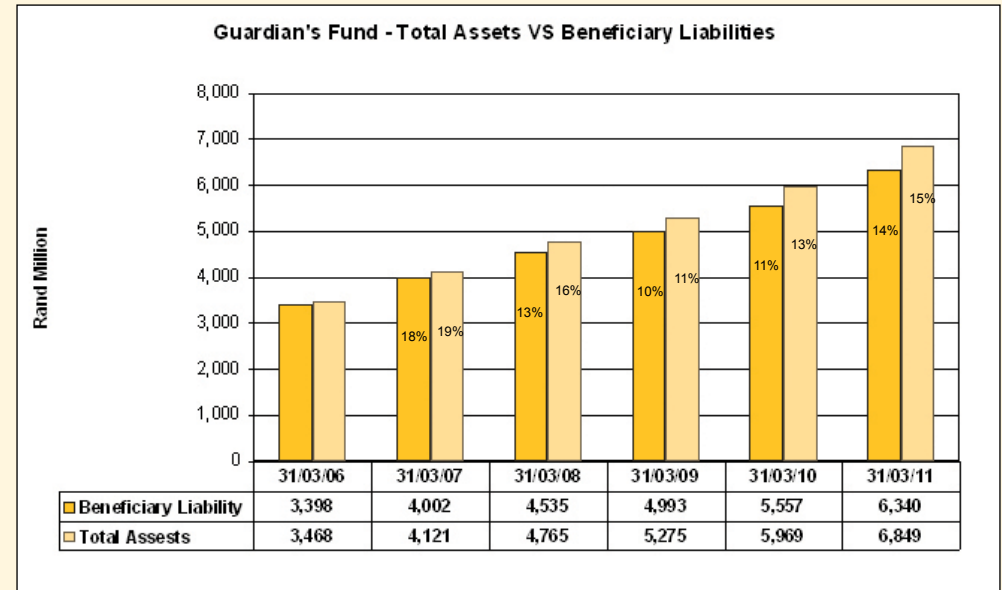
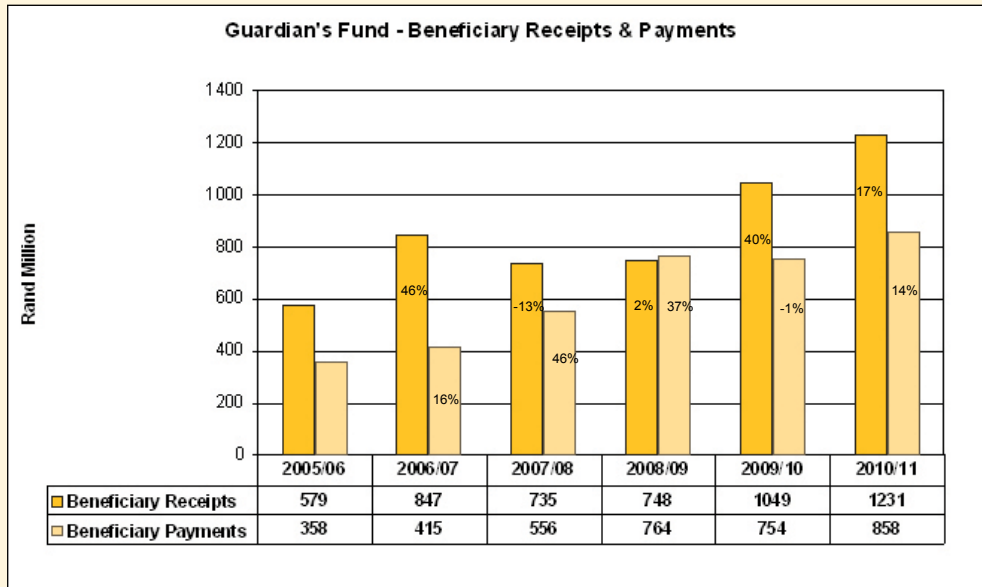
The GFS has reached the extent of its possible development. Significant development work is still required to upgrade and integrate the current fund into a full financial platform. This should be achieved with the minimum impact on the current operation of the fund. The integration to the financial system will deliver functionality to further support the department in managing the financial affairs of the Guardian's Fund and improve service delivery to beneficiaries. The full financial integration of the Guardian's Fund is to be included with the department's overall system objectives. The department is considering several all-encompassing options, which include, among others, the Integrated Case Management System (ICMS) financials.

The Guardian's Fund has implemented the Absa bi-online system to effect electronic payments to Guardian's Fund beneficiaries. The Absa system has been implemented at the following offices: Grahamstown, Kimberley, Cape Town and Bloemfontein. The new electronic payment process has improved service delivery at these offices by reducing payment turnaround times, as well as effecting an increase in the number of payments made to beneficiaries.

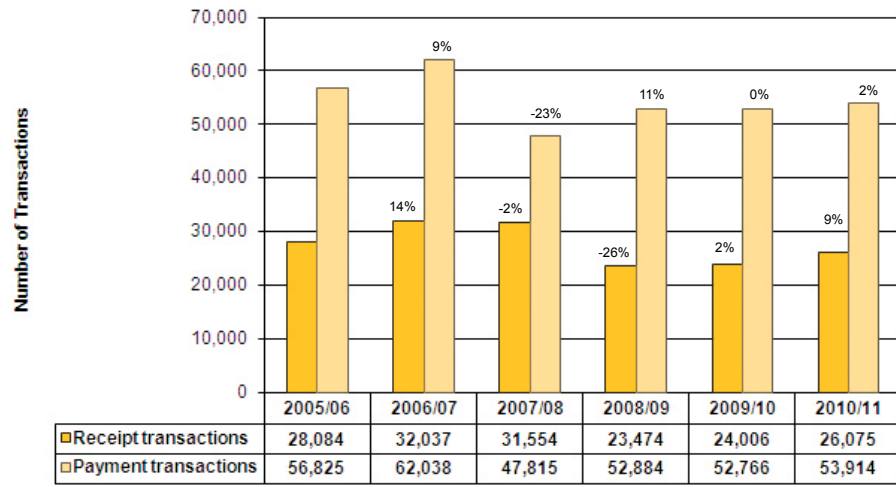
The Pretoria and Pietermaritzburg Guardian's Fund offices will also implement the Absa system in the new financial year.

Growth of beneficiary liability

As has been disclosed in more detail in the financials on pages 18 to 51, it is obvious that the fund continues to show positive growth in the volume of transactions handled, as well as in the total funds under its management.



Guardian's Fund - Transaction Volumes (Receipts & Payments)



Financial management and other reporting issues

Investment management

The Office of the Chief Financial Officer, with assistance from the Office of the Chief Master, is responsible for the formulation and supervision of the mandate given to the investment manager (PIC).

With a balance sheet of over R6 billion in investable assets and growing, the stewardship of the Guardian's Fund's assets is a challenging and complex endeavour. I would like to take this opportunity to extend my sincere gratitude to our expert advisors and also to colleagues at National Treasury who have ensured that the department is able to discharge its obligations and match the expectations in safeguarding the department's assets and growing its investments.

The Guardian's Fund generated more than R468 million in investment income in the 2010/11 financial year.

Management of the interest rate payable to beneficiaries

In light of the current global economic challenges, it has become more imperative to keep a finger on the pulse of developments in the investment arena. To this end, we have resolved to perform more regular reviews on the interest rates for the benefit of beneficiaries.

The fund continually reassesses investment returns, after which the department adjusts the rates payable to beneficiaries accordingly. Rates in operation are adjusted, should the fund lag behind and be placed in a situation where there is a mismatch between income receivable and distribution via interest to beneficiaries.

Acknowledgement

I extend my appreciation towards various stakeholders for their loyal support and valuable contributions.

Approval

The annual statements, as set out on pages 18 to 51, have been approved by the accounting officer.



Ms N Sindane
Accounting Officer
Department of Justice and Constitutional Development
Date: 31 May 2011

Monies in trust kept in the Guardian's Fund

PART 2

Report of the Audit Committee



We are pleased to present our report for the financial year ended 31 March 2011.

AUDIT COMMITTEE

The Audit Committee consists of the members listed below and is required to meet at least four times per annum in accordance with its approved terms of reference. Eight meetings were held during the current year. These included a special meeting held to address the audit concerns and qualification matters in the department.

Names of members	Number of meetings attended	Status
Mr Motsamai Karedi (Chairperson)	8	Reappointed 15 December 2009
Mr Cedric Boltman	8	Reappointed 15 December 2009
Ms Bajabulile Luthuli	7	Appointed 15 December 2009
Ms Matshego Ramagaga	4	Appointed 15 December 2009
Ms Zodwa Manase	3	Appointed 15 December 2009
Mr Wilson Ramabulana	7	Appointed 15 December 2009

AUDIT COMMITTEE RESPONSIBILITY

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

THE EFFECTIVENESS OF INTERNAL CONTROL

No significant control weaknesses and risks were reported to the Audit Committee and we are satisfied that key controls remained in place throughout the year. Where deficiencies in internal controls were identified, management has demonstrated commitment in addressing them.

Management was also able to obtain approval for the Guardian's Fund accounting system from National Treasury. This will improve financial reporting and oversight provided by the Audit Committee.

INTERNAL AUDIT

The Internal Audit Unit of the Department of Justice and Constitutional Development is also responsible for auditing the Guardian's Fund. The unit has discharged its responsibilities in accordance with the Internal Audit Plan.

AUDITOR-GENERAL OF SOUTH AFRICA

We met with the Auditor-General of South Africa to ensure that there are no unresolved issues.

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

Although there are areas of improvement, as highlighted by the Department of Justice and Constitutional Development, we are satisfied with the content and quality of monthly and quarterly reports prepared and issued by the accounting officer during the year under review. However, we have noted the Auditor-General's concerns related to the department's reporting on performance information in terms of the required auditing standards.

Management has undertaken to effect the recommended improvements and the Audit Committee will continuously monitor progress in that regard.

Evaluation of financial statements

We have done the following:

- Reviewed and discussed the audited annual financial statements to be included in the annual report with the Auditor-General of South Africa and the accounting officer.
- Reviewed the Auditor-General of South Africa's management letter and management's response to it.
- Reviewed the department's compliance with legal and regulatory provisions.
- Reviewed significant adjustments resulting from the audit.

We concur and accept the conclusions of the Auditor-General of South Africa's report on the annual financial statements and are of the opinion that the audited annual financial statements should be accepted, read together with the report of the Auditor-General of South Africa.



M Karedi
Chairperson of the Audit Committee
Date: 8 August 2011

Monies in trust kept in the Guardian's Fund

PART 3

Report of the Auditor-General to Parliament



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 2011, the statement of comprehensive income, the statement of changes in equity and the cash flow statement for the year then ended, as well as a summary of significant accounting policies and other explanatory information, and the accounting officer's report, as set out in the annual report.

ACCOUNTING OFFICER'S RESPONSIBILITY

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

AUDITOR-GENERAL'S RESPONSIBILITY

3. As required by section 188 of the Constitution of the Republic of South Africa, 1996 (Act No 108 of 1996), section 4 of the Public Audit Act of South Africa, 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 International Standards on Auditing and General Notice 1111 of 2010, in *Government Gazette* 33872 of 15 December 2010. Those standards require that I comply with

ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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 judgment, 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.
6. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

OPINION

7. In my opinion, the financial statements present fairly, in all material respects, the financial position of the Guardian's Fund as at 31 March 2011, and its financial performance and cash flows for the year then ended in accordance with the SA Statements of GAAP.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

8. In accordance with the PAA and in terms of General Notice 1111 of 2010, in *Government Gazette* 33872 of 15 December 2010, I include below my findings on the annual performance report as set out on pages 18 to 51 and material non-compliance with laws and regulations applicable to the Guardian's Fund.

Predetermined objectives

9. The performance information relating to the Guardian's Fund is reported in the annual report of the Department of Justice and Constitutional Development, Programme 3: State Legal Services.

Compliance with laws and regulations

10. There are no findings concerning material non-compliance with laws and regulations applicable to the Guardian's Fund.

INTERNAL CONTROL

11. In accordance with the PAA and in terms of General Notice 1111 of 2010, in *Government Gazette* 33872 of 15 December 2010, I considered internal

control relevant to my audit, but not for the purpose of expressing an opinion on the effectiveness of internal control. There are no significant deficiencies in internal control that resulted in a qualification of the auditor's opinion on the financial statements and material non-compliance with laws and regulations.

Auditor-General

**Pretoria
31 July 2011**



AUDITOR GENERAL
SOUTH AFRICA

Monies in trust kept in the Guardian's Fund

PART 4

Annual financial statements



STATEMENT OF COMPREHENSIVE INCOME
for the year ended 31 March 2011

	Notes	Total 2011	Total 2010
		R	R
Revenue			
Investment revenue	3	468 418 994	472 535 202
Less: Expenditure			
Management fees	13	1 823 656	1 587 037
Increase/(decrease) provision for bad debts		51 407 410	2 070 283
		415 187 928	468 877 882
Other operating expenses/(income)		0	0
Surplus/(deficit) for the year before distribution to beneficiaries		415 187 928	468 877 882
Distribution to beneficiaries – interest paid on beneficiary monies	4	389 427 626	347 243 144
Surplus/(deficit) for the year		25 760 302	121 634 738

STATEMENT OF FINANCIAL POSITION
as at 31 March 2011

	Notes	Total 2011	Total 2010
		R	R
ASSETS			
Other receivables	7	0	41 306 936
Financial investments available-for-sale	5	6 834 984 459	5 955 918 183
Cash and cash equivalents	6	53 134 496	73 023 855
Total assets		6 888 118 955	6 070 248 974
LIABILITIES			
Beneficiary liability	8	6 339 826 724	5 547 383 604
Other payables	9	4 120 870	0
Total liabilities		6 343 947 594	5 547 383 604
CAPITAL AND RESERVES			
Accumulated surplus/(deficit)	12	534 101 867	508 341 565
Accumulated other comprehensive income	10	0	4 454 311
Monies in trust reserve	11	10 069 494	10 069 494
Total net assets		544 171 361	522 865 370
Total net assets and liabilities		6 888 118 955	6 070 248 974

STATEMENT OF CHANGES IN EQUITY
for the year ended 31 March 2011

Notes	Accumulated surplus/ (deficit)	MIT reserve	Accumulated other comprehensive income	Total equity
Balance as at 1 April 2010	508 341 565	10 069 494	4 454 312	522 865 371
Surplus/(deficit) for the year	25 760 302	0	0	25 760 302
Unrealised profit/(loss) for the year	0	0	-4 454 312	-4 454 312
Balance as at 31 March 2011	534 101 867	10 069 494	0	544 171 361
For the year ending 31 March 2010				
Balance as at 1 April 2009	377 868 980	10 069 494	3 872 905	391 811 379
Less: Prior period errors	-770 965			-770 965
Plus: Restatement	9 608 812			9 608 812
Restated opening balance as at 1 April 2009	386 706 827	10 069 494	3 872 905	400 649 226
Prior year surplus before restatement:	119 102 867			119 102 867
Restated adjustment	2 531 870			2 531 870
Unrealised profit/(loss) for the year	0	0	581 406	581 406
Balance as at 31 March 2010	508 341 565	10 069 494	4 454 311	522 865 370

CASH FLOW STATEMENT
for the year ended 31 March 2011

	Notes	2011	2010
		R	R
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash receipts on behalf of beneficiaries		-466 928 479	-472 535 202
Cash paid to beneficiaries and creditors		393 483 641	351 553 379
Cash generated from/(utilised in) operations	15	-73 444 838	-120 981 823
Investment income received		467 789 945	472 535 201
Interest paid to beneficiaries		-389 427 626	-347 243 143
SARS payments		-4 056 014	-4 240 513
Net cash inflows/(outflows) from operating activities		861 466	69 723
CASH FLOWS FROM INVESTMENT ACTIVITIES			
Net cash flows from investment activities		-425 400 000	-304 800 000
Net investments of beneficiary monies in PIC		-425 400 000	-304 800 000
CASH FLOWS FROM FINANCING ACTIVITIES			
Net cash flow financing activities		404 649 177	317 249 912
Increase/(decrease) in beneficiary liability		404 649 177	317 249 912
Net increase/(decrease) in cash and cash equivalents		-19 889 357	12 519 635
Cash and cash equivalents at the beginning of the year		73 023 855	60 504 220
Cash and cash equivalents at the end of the year	6	53 134 498	73 023 855

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2011

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

Statement of compliance

The financial statements of the Guardian's Fund have been prepared in accordance with South African Statements of GAAP, as required by the Public Finance Management Act, 1999 (Act No 1 of 1999) (PFMA), and as applicable to a going concern.

2.2 Summary of significant accounting policies

2.2.1 Financial instruments

(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 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 that 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 market accounts and other debit instruments.

After initial measurement, available-for-sale financial investments are subsequently measured at fair value. Unrealised gains and losses are recognised directly in equity in the "*accumulated other comprehensive income*". When the security is disposed of, the cumulative gain or loss previously recognised in equity is

recognised in the statement of comprehensive income in “*other operating income*” or “*other operating expenses*”. Interest earned while holding available-for-sale financial investments is reported as interest income using the effective interest rate. Dividends earned while holding available-for-sale financial investments are recognised in the statement of comprehensive income 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 “*accumulated other comprehensive income*”.

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 when 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.

2.2.2 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 and it is probable that future economic

benefits will flow to the entity and specific criteria in terms of the Estates Act, 1965 (Act No 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

(i) Initial recognition

The financial liability is initially recognised at historical cost at the date of receipt of the monies due to the beneficiary.

(ii) Subsequent recognition

After initial recognition, the liability is measured at value of the amount owing to the beneficiaries of the fund, after taking into account the provisions of the Estates Act, 1965 (Act No 66 of 1965).

(iii) Derecognition

The financial liability is derecognised when the obligation of the Guardian’s Fund to the beneficiary has been extinguished.

NOTES TO THE FINANCIAL STATEMENTS
31 March 2011

3.

Total	Pretoria	Pietermaritz- burg	Grahamstown	Cape Town	Bloemfontein	Kimberley	National office
R	R	R	R	R	R	R	R

Investment revenue – 31 March 2011

Available-for-sale investment:

Interest revenue – PIC	-459 939 617	-210 032 523	-117 452 331	-51 708 891	-33 747 415	-38 012 527	-8 985 930	0
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Cash and cash equivalents:

Interest revenue – PIC	-866 092	0	0	0	0	0	0	-866 092
Interest revenue – Absa	-4 056 014	-624 423	-1 646 709	-545 057	-301 435	-738 705	-199 685	0

Other debtors:

Interest revenue – Mmabatho	-2 024 665	-2 024 665	0	0	0	0	0	0
Interest revenue – Thohoyandou	-55 787	-55 787	0	0	0	0	0	0
Interest revenue – Bisho	-560 715	0	0	-560 715	0	0	0	0
Interest revenue – Umtata	-916 104	0	0	-916 104	0	0	0	0
	-468 418 994	-212 737 398	-119 099 041	-53 730 767	-34 048 850	-38 751 232	-9 185 615	-866 092

3. cont.

Investment revenue – 31 March 2010

Available-for-sale investment:

	Total	Pretoria	Pietermaritz- burg	Grahamstown	Cape Town	Bloemfontein	Kimberley	National office
	R	R	R	R	R	R	R	R
Interest revenue – PIC	-464 949 360	-208 242 342	-123 675 467	-50 593 612	-34 811 072	-37 739 197	-9 019 752	-867 918

Cash and cash equivalents:

Interest revenue – PIC	-69 723	0	0	0	0	0	0	-69 723
Interest revenue – Absa	-4 240 513	-813 337	-1 507 077	-474 366	-438 524	-766 005	-241 204	0

Other debtors:

Interest revenue – Mmabatho	-1 854 089	-1 854 089	0	0	0	0	0	0
Interest revenue – Thohoyandou	-51 087	-51 087	0	0	0	0	0	0
Interest revenue – Bisho	-520 321	0	0	-520 321	0	0	0	0
Interest revenue – Umtata	-850 108	0	0	-850 108	0	0	0	0
	-472 535 201	-210 960 855	-125 182 544	-52 438 407	-35 249 596	-38 505 202	-9 260 956	-937 641

4.

Interest paid – 31 March 2011

Interest paid to interest-bearing beneficiaries:

Interest is calculated at the gazetted rate and capitalised at monthend.

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.

	Total	Pretoria	Pietermaritzburg	Grahamstown	Cape Town	Bloemfontein	Kimberley	National office
	R	R	R	R	R	R	R	R
Interest paid to interest-bearing beneficiaries:	389 427 626	165 227 548	105 842 051	49 055 240	22 694 251	37 575 049	9 033 487	0
Interest is calculated at the gazetted rate and capitalised at monthend.								
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.								
	389 427 626	165 227 548	105 842 051	49 055 240	22 694 251	37 575 049	9 033 487	0

Interest paid – 31 March 2010

Interest paid to interest-bearing beneficiaries:

Interest is calculated at the gazetted rate and capitalised at monthend.

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.

Interest paid to interest-bearing beneficiaries:	347 243 144	146 885 604	97 164 687	42 123 297	21 395 875	32 026 332	7 647 349	0
Interest is calculated at the gazetted rate and capitalised at monthend.								
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.								
	347 243 144	146 885 604	97 164 687	42 123 297	21 395 875	32 026 332	7 647 349	0

5.

Financial investments available-for-sale – 31 March 2011

PIC investment

	Total	Pretoria	Pietermaritzburg	Grahamstown	Cape Town	Bloemfontein	Kimberley	National office
	R	R	R	R	R	R	R	R
Opening balance as originally stated	5 955 918 182	2 681 307 736	1 556 401 129	659 162 692	446 151 922	493 367 266	119 527 437	0
Fair value at acquisition date	5 951 463 871	2 679 146 233	1 555 692 164	658 335 903	445 823 561	493 091 189	119 374 821	0
Unrealised profit/(loss)	4 454 311	2 161 503	708 965	826 789	328 361	276 077	152 616	0
Investment income received during financial year	459 939 618	210 032 524	117 452 331	51 708 891	33 747 415	38 012 527	8 985 930	0
Additions during the year	480 400 000	265 000 000	75 000 000	62 000 000	9 000 000	51 400 000	18 000 000	0
Disposals during the year	-55 000 000	-20 000 000	-35 000 000	0	0	0	0	0
Realised profit	-4 454 311	-2 161 503	-708 965	-826 789	-328 361	-276 077	-152 616	0
Management expenses	-1 819 029	-827 745	-464 528	-204 736	-133 369	-151 456	-37 195	0
Closing balance	6 834 984 458	3 133 351 011	1 712 679 967	771 840 059	488 437 606	582 352 259	146 323 556	0
Fair value at acquisition date	6 834 984 459	3 133 351 011	1 712 679 967	771 840 059	488 437 606	582 352 260	146 323 556	0
Unrealised profit/(loss)	0	0	0	0	0	0	0	0

In terms of section 87 of the Administration of Estates Act, 1965 (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/(loss) is the difference between "all-in market values" and the "clean book value" plus "market value interest".

5. cont.

A provision against “accumulated other comprehensive income” was made for this unrealised profit/(loss). The carrying amount of financial investments available-for-sale approximates their fair value.

	Total	Pretoria	Pietermaritzburg	Grahamstown	Cape Town	Bloemfontein	Kimberley	National office
	R	R	R	R	R	R	R	R
PIC investments	6 834 984 459	3 133 351 011	1 712 679 967	771 840 059	488 437 606	582 352 260	146 323 556	0
Money market: 0–3 months	1 109 039 148	472 844 732	267 435 695	165 694 005	62 135 190	120 334 512	20 595 014	0
Money market: 3–6 months	1 592 848 145	791 195 701	424 936 107	100 356 158	165 789 524	90 130 607	20 440 048	0
Money market: 6–9 months	476 034 246	227 244 692	112 609 048	30 642 986	30 705 534	54 695 141	20 136 844	0
Money market: 9–12 months	3 383 137 983	1 558 785 158	858 593 478	428 213 515	213 860 921	264 246 481	59 438 430	0
Monies earmarked for investments	273 924 938	83 280 727	49 105 639	46 933 395	15 946 438	52 945 518	25 713 220	0

5. cont.

Financial investments available-for-sale –**31 March 2010**

PIC investment

Opening balance as originally stated

Fair value at acquisition date

Unrealised profit/(loss)

Investment income received during financial year

Additions during the year

Disposals during the year

Unrealised profit/(loss)

Management expenses

Closing balance

Fair value at acquisition date

Unrealised profit/(loss)

In terms of section 87 of the Administration of Estates Act, 1965 (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/(loss) is the difference between "all-in market values" and the "clean book value" plus "market value interest".

	Total	Pretoria	Pietermaritzburg	Grahamstown	Cape Town	Bloemfontein	Kimberley	National office
	R	R	R	R	R	R	R	R
Opening balance as originally stated	5 188 038 422	2 278 174 064	1 438 530 483	559 241 966	395 394 375	414 206 176	102 491 358	0
Fair value at acquisition date	5 184 165 517	2 276 611 967	1 437 436 879	558 917 047	395 032 117	413 781 254	102 386 253	0
Unrealised profit/(loss)	3 872 905	1 562 097	1 093 604	324 919	362 258	424 922	105 105	0
Investment income received during financial year	464 081 442	208 242 342	123 675 467	50 593 612	34 811 072	37 739 197	9 019 752	0
Additions during the year	381 200 000	195 000 000	50 000 000	57 000 000	29 500 000	41 700 000	8 000 000	0
Disposals during the year	-76 400 000	0	-55 000 000	-8 000 000	-13 400 000	0	0	0
Unrealised profit/(loss)	581 406	599 406	-384 639	501 870	-33 897	-148 845	47 511	0
Management expenses	-1 583 088	-708 076	-420 182	-174 756	-119 628	-129 262	-31 184	0
Closing balance	5 955 918 182	2 681 307 736	1 556 401 129	659 162 692	446 151 922	493 367 266	119 527 437	0
Fair value at acquisition date	5 951 463 871	2 679 146 233	1 555 692 164	658 335 903	445 823 561	493 091 189	119 374 821	0
Unrealised profit/(loss)	4 454 311	2 161 503	708 965	826 789	328 361	276 077	152 616	0

5. cont.

A provision against “accumulated other comprehensive income” was made for this unrealised profit/(loss). The carrying amount of financial investments available-for-sale approximates their fair value.

	Total	Pretoria	Pietermaritzburg	Grahamstown	Cape Town	Bloemfontein	Kimberley	National office
	R	R	R	R	R	R	R	R
PIC investments	5 955 918 182	2 681 307 736	1 556 401 129	659 162 692	446 151 922	493 367 266	119 527 437	0
Money market: 0–3 months	865 497 726	362 565 097	236 671 764	128 129 094	26 800 308	95 691 014	15 640 449	0
Money market: 3–6 months	609 259 440	304 977 525	185 323 520	35 777 631	25 650 691	41 933 413	15 596 660	0
Money market: 6–9 months	337 033 084	131 459 823	97 160 111	25 875 294	25 896 095	41 030 717	15 611 044	0
Money market: 9–12 months	3 883 163 295	1 831 582 537	986 682 470	432 950 594	322 883 794	259 055 023	50 008 877	0
Monies earmarked for investments	260 964 637	50 722 754	50 563 264	36 430 079	44 921 034	55 657 099	22 670 407	0

6.

**Cash and cash equivalents –
31 March 2011**

	Total	Pretoria	Pietermaritzburg	Grahamstown	Cape Town	Bloemfontein	Kimberley	National office
	R	R	R	R	R	R	R	R
Absa bank account	37 967 208	-27 985 134	37 575 485	8 072 754	9 425 474	7 009 647	3 868 982	0
PIC main account	1 205 639	0	0	0	0	0	0	1 205 639
PIC reserve account	13 961 649							13 961 649
	53 134 496	-27 985 134	37 575 485	8 072 754	9 425 474	7 009 647	3 868 982	15 167 288

**For the purposes of the cash flow
statement:**

Disclosed as:

Cash and cash equivalents	53 134 496	-27 985 134	37 575 485	8 072 754	9 425 474	7 009 647	3 868 982	15 167 288
Bank overdraft	0	0	0	0	0	0	0	0
Total cash and cash equivalents	53 134 496	-27 985 134	37 575 485	8 072 754	9 425 474	7 009 647	3 868 982	15 167 288

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

6. cont.

	Total	Pretoria	Pietermaritzburg	Grahamstown	Cape Town	Bloemfontein	Kimberley	National office
	R	R	R	R	R	R	R	R
Cash and cash equivalents – 31 March 2010								
Absa bank account	58 718 033	8 528 352	22 244 390	10 102 050	5 931 862	9 260 878	2 650 501	0
PIC main account	1 068 276	0	0	0	0	0	0	1 068 276
PIC reserve account	13 237 546							13 237 546
	73 023 855	8 528 352	22 244 390	10 102 050	5 931 862	9 260 878	2 650 501	14 305 822

**For the purposes of the cash flow
statement:**

Disclosed as:

Cash and cash equivalents	73 023 855	8 528 352	22 244 390	10 102 050	5 931 862	9 260 878	2 650 501	14 305 822
Bank overdraft	0	0	0	0	0	0	0	0
Total cash and cash equivalents	73 023 855	8 528 352	22 244 390	10 102 050	5 931 862	9 260 878	2 650 501	14 305 822

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

	Total	Pretoria	Pietermaritzburg	Grahamstown	Cape Town	Bloemfontein	Kimberley	National office
	R	R	R	R	R	R	R	R
7.								
Other receivables – 31 March 2011								
7.1 TBVC shortfall	49 379 253	28 879 211	0	20 500 042	0	0	0	0
- Mmabatho	28 104 816	28 104 816	0	0	0	0	0	0
- Thohoyandou	774 395	774 395	0	0	0	0	0	0
- Bisho	7 783 407	0	0	7 783 407	0	0	0	0
- Umtata	12 716 635	0	0	12 716 635	0	0	0	0
7.2								
Unreconciled variance – Prior to 1 April 2005								
These amounts relate to the difference between the money invested and amounts 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.	6 691 365	0	0	5 630 874	0	604 176	456 316	0
7.3								
SARS debtor – see Note 9	47 850 141	14 569 958	10 795 043	6 477 010	9 775 530	5 006 838	1 225 762	0
Balance as at 31 March 2011	47 521 691	14 530 414	10 661 018	6 431 590	9 747 371	4 940 579	1 210 718	0
Accrual for March 2011 Interest	328 449	39 543	134 025	45 420	28 159	66 259	15 044	

7. cont.

These amounts relate to the interest received on the current accounts of the Guardian's Fund regional office being swept and paid over to the state. These monies are Guardian's Fund monies and need to be recouped over to the Guardian's Fund.

The Guardian's Fund has provided (see below) to be conservative, however every effort will be made to recoup and reverse the provision.

7.4

	Total	Pretoria	Pietermaritzburg	Grahamstown	Cape Town	Bloemfontein	Kimberley	National office
	R	R	R	R	R	R	R	R
Provision for bad debt	-103 920 759	-43 449 169	-10 795 043	-32 607 926	-9 775 530	-5 611 014	-1 682 078	0
TBVC losses as at 31 March 2011	-49 379 253	-28 879 211	0	-20 500 042	0	0	0	0
Opening balance as at 1 April 2010	-45 821 983	-26 798 759	0	-19 023 224	0	0	0	0
Increase in provision	-3 557 270	-2 080 452		-1 476 818				
Unreconciled variances	-6 691 365	0	0	-5 630 874	0	-604 176	-456 316	0
Opening balance as at 1 April 2010	-6 691 366			-5 630 874		-604 176	-456 316	
Restated adjustment to provision – 31 March 2005		0	0	0	0	0	0	0

7. cont.

	Total	Pretoria	Pietermaritzburg	Grahamstown	Cape Town	Bloemfontein	Kimberley	National office
	R	R	R	R	R	R	R	R
SARS debtor	-47 850 141	-14 569 958	-10 795 043	-6 477 010	-9 775 530	-5 006 838	-1 225 762	0
Opening balance as at 1 April 2010	0	0	0	0	0	0	0	0
Increase in provision	-47 850 141	-14 569 958	-10 795 043	-6 477 010	-9 775 530	-5 006 838	-1 225 762	0
	0	0	0	0	0	0	0	0

Other receivables – 31 March 2010**TBVC shortfall**

	45 821 983	26 798 759	0	19 023 224	0	0	0	0
- Mmabatho	26 080 151	26 080 151	0	0	0	0	0	0
- Thohoyandou	718 608	718 608	0	0	0	0	0	0
- Bisho	7 222 692	0	0	7 222 692	0	0	0	0
- Umtata	11 800 532	0	0	11 800 532	0	0	0	0

Unreconciled variance – Prior to 1 April 2005

These amounts relate to the difference between the money invested and amounts attributable to beneficiaries as at 1 April 2005.	6 691 366	0	0	5 630 874	0	604 176	456 316	0
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A special reconciliation effort examining manual records dating back three to four years is in progress. Corrective entries will be effected.

	Total	Pretoria	Pietermaritzburg	Grahamstown	Cape Town	Bloemfontein	Kimberley	National office
	R	R	R	R	R	R	R	R
7. cont.								
SARS debtor – see Note 9	41 306 935	9 794 665	11 933 443	5 893 719	8 935 427	3 797 949	951 732	0
Provision for bad debt	-52 513 349	-26 798 759	0	-24 654 098	0	-604 176	-456 316	0
TBVC losses as at 31 March 2010	-45 821 983	-26 798 759	0	-19 023 224	0	0	0	0
Opening balance as at 1 April 2009	-42 546 378	-24 893 583		-17 652 795				
Provision	-3 275 605	-1 905 176		-1 370 429				
Unreconciled variances as at 31 March 2010	-6 691 366	0	0	-5 630 874	0	-604 176	-456 316	0
Opening balance as at 1 April 2009.	-6 996 757			-5 726 214		-834 906	-435 637	
Provision due to change in liability – 31 March 2005	-899 931			-585 319		-292 347	-22 265	
Restated adjustment to provision – 31 March 2005 – see Note 18.1	1 205 323			680 658		523 078	1 587	
	41 306 935	9 794 665	11 933 443	5 893 719	8 935 427	3 797 949	951 732	0

8.

Beneficiary liability – 31 March 2011**Due to beneficiaries**

	Total	Pretoria	Pietermaritzburg	Grahamstown	Cape Town	Bloemfontein	Kimberley	National office
	R	R	R	R	R	R	R	R
Opening balance as at 1 April 2010	5 547 383 603	2 396 403 726	1 480 253 622	665 741 510	403 411 121	483 838 453	117 735 171	0
Monies received during financial year	1 269 109 335	572 851 346	314 421 797	163 184 992	69 363 938	111 683 371	37 603 891	0
Payments to beneficiaries	-864 460 158	-364 364 832	-259 090 702	-103 214 287	-56 870 326	-62 534 600	-18 385 411	0
Transfer to SARS 30 year	-1 536 757	-741 882	-527 634	-24 082	-216 305	-11 744	-15 109	0
5% commission payable to SARS	-96 925	-56 564	-297	-285	-39 779	0	0	0
Interest paid to beneficiaries	389 427 626	165 227 548	105 842 051	49 055 240	22 694 251	37 575 049	9 033 487	0
Closing balance	6 339 826 726	2 769 319 342	1 640 898 837	774 743 088	438 342 900	570 550 529	145 972 029	0

Beneficiary liability

Interest-bearing beneficiary monies	5 657 646 012	2 417 090 348	1 522 755 118	715 199 871	318 151 727	546 111 129	138 337 820	0
Non-interest-bearing beneficiary monies (no commission)	470 334 894	223 632 008	102 738 026	49 444 217	70 531 800	18 007 548	5 981 295	0
Non-interest-bearing beneficiary monies (commission)	199 372 137	126 983 612	13 263 667	7 403 183	46 853 070	3 633 403	1 235 202	0
Unallocated beneficiary Monies (suspense account)	14 636 671	862 666	5 105 801	3 403 423	1 209 243	3 966 814	88 724	0
Beneficiary monies – allocation account - see Note 17	-2 162 990	750 709	-2 963 775	-707 607	1 597 060	-1 168 366	328 989	0
	6 339 826 725	2 769 319 342	1 640 898 837	774 743 088	438 342 900	570 550 529	145 972 029	0

	Total	Pretoria	Pietermaritzburg	Grahamstown	Cape Town	Bloemfontein	Kimberley	National office
8. cont.	R	R	R	R	R	R	R	R
Beneficiary liability – 31 March 2010								
Due to beneficiaries								
Opening balance as at 1 April 2009	4 880 793 971	2 057 444 467	1 378 660 574	568 156 906	361 541 400	412 830 103	102 160 521	0
Monies received during financial year	1 076 036 087	475 297 385	241 629 191	152 711 784	78 681 360	99 368 955	28 347 412	0
Payments to beneficiaries	-758 437 541	-283 837 811	-237 422 696	-97 772 708	-58 493 785	-60 467 280	-20 443 261	0
Transfer to SARS 30 year 5% commission payable to SARS	1 688 022 59 921	580 825 33 256	220 817 1 049	521 468 764	262 013 24 258	80 091 252	22 808 342	0
Interest paid to beneficiaries	347 243 144	146 885 604	97 164 687	42 123 297	21 395 875	32 026 332	7 647 349	0
Closing balance	5 547 383 604	2 396 403 726	1 480 253 622	665 741 511	403 411 121	483 838 453	117 735 171	0
Beneficiary liability								
Interest-bearing beneficiary monies	4 930 641 620	2 066 784 207	1 373 239 087	613 019 027	298 005 000	467 761 277	111 833 022	0
Non-interest-bearing beneficiary monies (no commission)	429 390 265	212 337 219	88 380 491	44 252 256	65 692 236	13 744 150	4 983 913	0
Non-interest-bearing beneficiary monies (commission)	183 747 022	121 547 277	11 093 641	7 297 995	39 439 757	3 380 642	987 710	0
Unallocated beneficiary monies (suspense account)	17 842 050	1 498 572	11 702 877	1 193 540	125 411	3 274 175	47 475	0
Beneficiary monies - allocation account - see Note 17	-14 237 353	-5 763 549	-4 162 474	-21 307	148 717	-4 321 791	-116 949	0
	5 547 383 604	2 396 403 726	1 480 253 622	665 741 511	403 411 121	483 838 453	117 735 171	0

9.

Trade and other payables – 31 March 2011**SARS payable**

	Total	Pretoria	Pietermaritzburg	Grahamstown	Cape Town	Bloemfontein	Kimberley	National office
	R	R	R	R	R	R	R	R
Opening balance - Monies due to SARS from previous years	2 487 189	4 150 870	-278 5111	38 235	538 668	47 0183	74 345	0
5% commission	96 925	56 564	297	285	39 779	0	0	0
30 year – beneficiary monies	1 536 757	741 882	527 634	24 082	216 305	11 744	15 109	0
	4 120 871	4 949 316	-2 257 180	62 602	794 752	481 927	89 454	0

Trade and other payables – 31 March 2010**SARS payable**

5% commission	50 104	23 000	1 049	784	24 500	429	342	0
30 year – beneficiary monies	1 616 659	510 883	222 212	521 667	259 726	80 091	22 080	0
	1 666 763	533 883	223 261	522 451	284 226	80 520	22 422	0
Less: SARS liability paid during financial year	-1 666 763	-533 883	-223 261	-522 451	-284 226	-80 520	-22 422	0
	0	0	0	0	0	0	0	0

Previously surplus investment income was allocated as a SARS liability. As there is no legislation that prescribes this practice, it was capitalised as accumulated surplus.

10.

Accumulated other comprehensive income**– 31 March 2011**

	Total	Pretoria	Pietermaritzburg	Grahamstown	Cape Town	Bloemfontein	Kimberley	National office
	R	R	R	R	R	R	R	R
Opening balance as at 1 April 2010	-4 454 311	-2 161 503	-708 965	-826 789	-328 361	-276 077	-152 616	0
Unrealised profit/(loss) for the year	4 454 311	2 161 503	708 965	826 789	328 361	276 077	152 616	0
Revaluation increase/(decrease) on investments	0	0	0	0	0	0	0	0
Balance at the end of the year	0	0	0	0	0	0	0	0

Accumulated other comprehensive income**– 31 March 2010**

Opening balance as at 1 April	0	0	0	0	0	0	0	0
Unrealised profit/(loss) for the year	4 454 311	2 161 503	708 965	826 789	328 361	276 077	152 616	0
Revaluation increase/(decrease) on investments	0	0	0	0	0	0	0	0
Balance at the end of the year	4 454 311	2 161 503	708 965	826 789	328 361	276 077	152 616	0

11.

Monies in trust reserve – 31 March 2011

	Total	Pretoria	Pietermaritzburg	Grahamstown	Cape Town	Bloemfontein	Kimberley	National office
	R	R	R	R	R	R	R	R
Opening balance as at 1 April 2010	-10 069 494	0	0	0	0	0	0	-10 069 494
Transfers to/(from) reserves								
Revaluation increase/(decrease) on investments								
Balance at the end of the year	-10 069 494	0	0	0	0	0	0	-10 069 494

Monies in trust reserve – 31 March 2010

Opening balance as at 1 April	10 069 494	0	0	0	0	0	0	10 069 494
Transfers to/(from) reserves								
Revaluation increase/(decrease) on investments								
Balance at the end of the year	10 069 494	0	0	0	0	0	0	10 069 494

	Total	Pretoria	Pietermaritzburg	Grahamstown	Cape Town	Bloemfontein	Kimberley	National office
	R	R	R	R	R	R	R	R
12. Accumulated surplus/(deficit) – 31 March 2011								
Opening balance as at 1 April 2010	-508 341 565	-301 065 524	-109 616 375	-8 590 162	-57 279 729	-22 311 563	-5 241 884	-4 236 328
Surplus/(deficit) for the year	-25 760 302	-30 031 695	-1 997 419	3 483 038	-1 445 701	3 982 111	1 110 829	-861 465
Balance at the end of year	-534 101 868	-331 097 219	-111 613 794	-5 107 124	-58 725 430	-18 329 452	-4 131 055	-5 097 793
Accumulated surplus/(deficit) – 31 March 2010								
Opening balance as at 1 April	-386 706 825	-239 603 525	-82 018 700	860 423	-43 545 635	-15 438 878	-3 657 874	-3 302 636
Surplus/(deficit) for the year	-121 634 740	-61 461 999	-27 597 675	-9 450 585	-13 734 094	-6 872 685	-1 584 010	-933 692
Balance at the end of year	-508 341 565	-301 065 524	-109 616 375	-8 590 162	-57 279 729	-22 311 563	-5 241 884	-4 236 328

13.

Management fees – 31 March 2011

	Total	Pretoria	Pietermaritzburg	Grahamstown	Cape Town	Bloemfontein	Kimberley	National office
	R	R	R	R	R	R	R	R
Investment management fees – PIC investment	1 823 656	827 745	464 528	204 736	133 369	151 456	37 195	4 627
	1 823 656	827 745	464 528	204 736	133 369	151 456	37 195	4 627

Fees are payable to PIC for managing the Guardian's Fund investments in terms of the investment management agreement.

Management fees – 31 March 2010

Investment management fees – PIC investment	1 587 037	708 076	420 182	174 756	119 628	129 262	31 184	3 949
	1 587 037	708 076	420 182	174 756	119 628	129 262	31 184	3 949

Fees are payable to PIC for managing the Guardian's Fund investments in terms of the investment management agreement.

Total	Pretoria	Pietermaritzburg	Grahamstown	Cape Town	Bloemfontein	Kimberley	National office
R	R	R	R	R	R	R	R

14.

**Related-party transactions –
31 March 2011**

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.

Name of related party:

The Public Investment Corporation Limited

Relationship:

In terms of section 87 of the Administration of Estates Act, 1965 (Act No 66 of 1965), beneficiary monies received in the Guardian's Fund should be invested with the PIC. Details of transaction values as stated in notes 3, 5, 13.

15.

Cash generated from/(utilised in) operations**– 31 March 2011**

	Total	Pretoria	Pietermaritzburg	Grahamstown	Cape Town	Bloemfontein	Kimberley	National office
	R	R	R	R	R	R	R	R
Surplus/(deficit) before interest	0	0	0	0	0	0	0	0
Plus: SARS paid	3 972 974	624 423	1 646 709	462 017	301 435	738 705	199 685	0
Less: Investment income received	-466 845 440	-212 112 975	-119 099 041	-53 647 727	-34 048 850	-38 751 232	-9 185 615	0
Plus: Interest paid	389 427 626	165 227 548	105 842 051	49 055 240	22 694 251	37 575 049	9 033 487	0
Net cash flows from operating activities	-73 444 841	-46 261 005	-11 610 281	-4 130 470	-11 053 164	-437 478	47 557	0

Cash generated from/(utilised in) operations**– 31 March 2010**

Surplus/(deficit) before interest	69 723	0	0	0	0	0	0	69 723
Plus: SARS paid	4 240 513	813 337	1 507 077	474 366	438 524	766 005	241 204	0
Less: Investment income received	-472 535 201	-210 960 855	-125 182 544	-52 438 407	-35 249 596	-38 505 202	-9 260 956	-937 641
Plus: Interest paid	347 243 144	146 885 604	97 164 687	42 123 297	21 395 875	32 026 332	7 647 349	0
Net cash flows from operating activities	-120 981 821	-63 261 914	-26 510 780	-9 840 744	-13 415 197	-5 712 865	-1 372 403	-867 918

16.

Disallowance account (fraud and losses) –**31 March 2011**

	Total	Pretoria	Pietermaritzburg	Grahamstown	Cape Town	Bloemfontein	Kimberley	National office
	R	R	R	R	R	R	R	R
Opening balance	4 041 008	3 748 557	227 451	65 000	0	0	0	0
New cases registered	2 032 304	1 571 000	350 662	0	110 642	0	0	0
Losses	1 556 715	1 469 129	0	0	10 353	58 159	19 073	0
Finalised cases - Investigation finalised	-753 303	-753 303	0	0	0	0	0	0
Cases still under investigation	6 876 724	6 035 383	578 113	65 000	120 996	58 159	19 073	0

Disallowance account (fraud and losses) –**31 March 2010**

Total fraud cases under investigation	4 722 406	3 748 557	908 849	65 000	0	0	0	0
Finalised cases - Investigation finalised	-681 398	0	-681 398	0	0	0	0	0
Cases still under investigation	4 041 008	3 748 557	227 451	65 000	0	0	0	0

	Total	Pretoria	Pietermaritzburg	Grahamstown	Cape Town	Bloemfontein	Kimberley	National office
	R	R	R	R	R	R	R	R
17. Beneficiary monies – Allocation account – 31 March 2011	-2 162 991	750 709	-2 963 776	-707 607	1 597 060	-1 168 366	328 989	0
The net transactions totalling R2.1 million originate from the period of migration of balances and transactions from the manual environment to the system. This difference comprises entries that are currently allocated on an ongoing basis.								
Beneficiary monies – Allocation account – 31 March 2010	-14 237 353	-5 763 549	-4 162 474	-21 307	148 717	-4 321 791	-116 949	0
The net transactions totalling R14.2 million originate from the period of migration of balances and transactions from the manual environment to the system. This difference comprises entries that are currently allocated on an ongoing basis.								

2010/03/31

	As disclosed in 2010	As restated in 2011	Prior period errors for the financial years ending 31 March 2010	Pre-prior period errors for the financial years ending 31 March 2006 to 31 March 2009	Pre-prior period errors for the financial years before 31 March 2005	Nature of restatement
	R	R	R	R	R	
18. Restatement of comparatives						
The financial statements for 31 March 2010 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)	5 969 155 728	5 969 155 730	0	0	0	
Cash and cash equivalents	59 437 675	59 786 309	348 634	0	0	Cashbook restated – PMB.
Other receivables – SARS debtor	39 610 052	41 306 936	-80 450	352 250	1 425 085	SARS debtor restated.
- Unreconciled variances	7 896 687	6 691 366				
Beneficiary liability			0	0	-1 160 185	Primarily due to more accurate beneficiary information available.
Transfer to SARS 30 years			0	0	-45 138	Primarily due to more accurate beneficiary information available.
- Provision for bad debts	-7 896 687	-6 691 366	1 205 321	0	0	Provision for bad debts decreased due to decrease in unreconciled variance.
Total assets	6 068 203 455	6 070 248 975	1 473 505	352 250	219 762	

	As disclosed in 2010	As restated in 2011	Prior period errors for the financial years ending 31 March 2010	Pre-prior period errors for the financial years ending 31 March 2006 to 31 March 2009	Pre-prior period errors for the financial years before 31 March 2005	Nature of restatement
	R	R	R	R	R	
18. cont.						
LIABILITIES						
Total liabilities	5 556 707 803	5 547 383 603	-1 058 365	1 123 216	-9 389 050	
Beneficiary liability	5 556 707 803	5 547 383 603				
- Opening balance as at 1 April 2005			0	0	-9 389 050	Finalisation of automation and verification process in Pretoria resulting in more accurate beneficiary liability information.
- Restatement of:						
Interest paid			-1 326 548	770 967	0	Primarily due to reduction of interest payable due to restatement of beneficiary liability at 1 April 2005.
Beneficiary liability			1 338 126	744 949	0	Primarily due to resolving of allocation account.
Transfers to SARS 30 year			408 860	-906 204	0	Primarily due to more accurate beneficiary information available.
Net allocation account adjustment			-1 478 803	513 504	0	Primarily due to resolving of allocation account.

	As disclosed in 2010	As restated in 2011	Prior period errors for the financial years ending 31 March 2010	Pre-prior period errors for the financial years ending 31 March 2006 to 31 March 2009	Pre-prior period errors for the financial years before 31 March 2005	Nature of restatement
	R	R	R	R	R	
18. cont.						
CAPITAL AND RESERVES						
Total liabilities	5 556 707 803	5 547 383 603	-1 058 365	1 123 216	-9 389 050	
Total net assets	511 495 652	522 865 370	2 531 870	-770 965	9 608 812	
Accumulated surplus/(deficit) – restatement of SARS	496 971 847	508 341 565	0	0	9 608 812	Restatement of SARS liability as at 31 March 2005.
- Provision for bad debt			1 205 322	0	0	Provision for bad debts decreased due to more accurate data.
- Interest paid			1 326 548	-770 965	0	Interest adjustments payable to beneficiaries due to changes in beneficiary liability through more accurate data.
- Interest received (Absa)			0	0	0	
Accumulated other comprehensive income	4 454 311	4 454 311	0	0	0	
MIT reserve	10 069 494	10 069 494	0	0	0	
Total net assets and liabilities	6 068 203 455	6 070 248 973	1 473 505	352 251	219 762	

18.2 Statement of performance

Revenue

Investment revenue

472 535 201

472 535 202

0

0

0

Less: Expenditure

353 432 334

350 900 464

-2 531 870

0

0

Management fees

1 587 037

1 587 037

0

0

0

Provision for doubtful debts

3 275 605

2 070 283

-1 205 322

0

0

Interest paid to beneficiaries

348 569 692

347 243 144

-1 326 548

0

0

Provision for bad debts decreased.
Reduction in interest payable to beneficiaries due to reduction of beneficiary liability at 31 March 2010.

Surplus/(deficit) for the year

119 102 867

121 634 738

2 531 870

0

0

	As disclosed in 2010	As restated in 2011	Prior period errors for the financial years ending 31 March 2010	Pre-prior period errors for the financial years ending 31 March 2006 to 31 March 2009	Pre-prior period errors for the financial years before 31 March 2005	Nature of restatement
	R	R	R	R	R	
Revenue						
Investment revenue	472 535 201	472 535 202	0	0	0	
Less: Expenditure	353 432 334	350 900 464	-2 531 870	0	0	
Management fees	1 587 037	1 587 037	0	0	0	
Provision for doubtful debts	3 275 605	2 070 283	-1 205 322	0	0	Provision for bad debts decreased.
Interest paid to beneficiaries	348 569 692	347 243 144	-1 326 548	0	0	Reduction in interest payable to beneficiaries due to reduction of beneficiary liability at 31 March 2010.
Surplus/(deficit) for the year	119 102 867	121 634 738	2 531 870	0	0	

Monies in trust kept in the Guardian's Fund

PART 5

Risk management statement



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 ultimate responsibility for investment risk management oversight lies with the PIC and not with the Guardian's Fund.

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. 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 a sensitivity analysis. This 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.

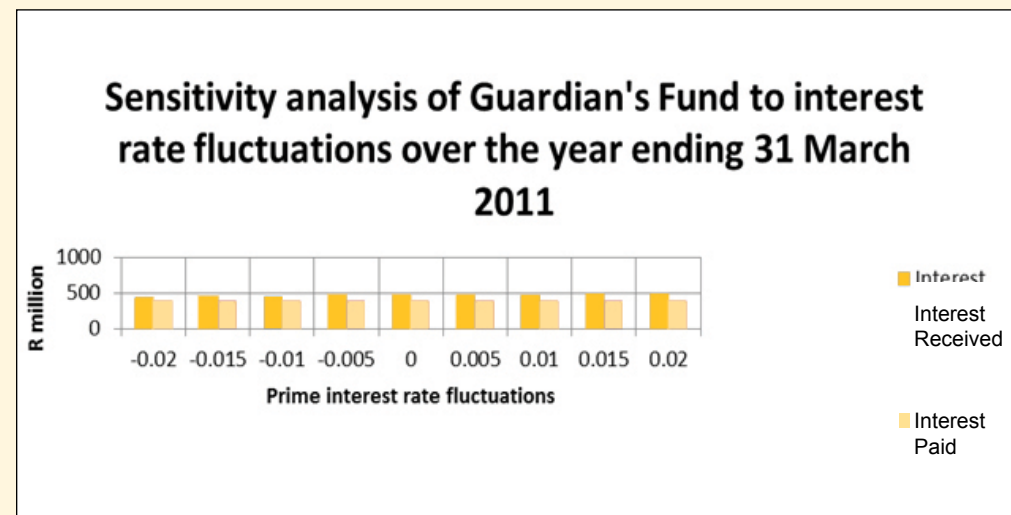
Interest rate risk

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 is exposed 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. These investment mandates prescribe how PIC should manage the assets, in line with the Guardian's Fund's liquidity needs and liability profile.

Interest rate risk sensitivity analysis

The following sensitivity analysis is based on financial instruments' exposure to interest rates at the statement of financial position date. The basis points' increase or decrease, as detailed in the following table, was determined by management and represent management's assessment of a reasonable

change in interest rates. The positive number indicates an increase in net surplus, while a negative number indicates a decrease in net surplus. There is no change in the methods and assumptions used in preparing the sensitivity analysis from one year to the next. In the graph, the zero interest rate represents the base, as disclosed in the audited financial statements.



The sensitivity analysis above shows that even with a 2% change (both ways) in the interest rate, the Guardian's Fund would have had sufficient interest investment income to cover the interest paid to fund beneficiaries at the gazetted rate of interest.

Credit risk

The 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's 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.

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.

Liquidity risk

Liquidity risk is the potential that there will not be adequate liquid assets available to meet the needs 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 need and its liability profile. Currently, the Guardian's Fund's liquid assets holding is R5.9 million.

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