

The Department of Justice and Constitutional Development

2014/2015

Annual Report

GUARDIAN'S FUND



the doj & cd

Department:
Justice and Constitutional Development
REPUBLIC OF SOUTH AFRICA



the doj & cd

Department:
Justice and Constitutional Development
REPUBLIC OF SOUTH AFRICA

The Annual Report for 2014/2015



Contents

GUARDIAN'S FUND

Annual Report - 2014/2015

1. Report of the Accounting Officer	6
2. Report of the Audit Committee	11
3. Report of the Auditor General to Parliament	14
4. Statement of Financial Performance for the year ended 31 March 2015	17
5. Statement of Financial Position as at 31 March 2015	17
6. Statement of changes in Net Assets for the year ended 31 March 2015	18
7. Cash flow statement for the year ended 31 March 2015	18
8. Accounting Policies	19
9. Notes to the financial statements for the year ended 31 March 2015	22
10. Risk Management Statement	40

General Information

1. Department General Information

Physical Address: 316 Thabo Sehume street
c/o Thabo Sehume and Francis Baard streets
Pretoria

Postal Address: Private Bag X81
Pretoria
0001

Telephone Number/s: Switchboard: +27 (0)12 406 4600
Reception: +27 (0)12 406 4696

Email Address: webmaster@justice.gov.za

Website Address: www.justice.gov.za



Report of the Accounting Officer



REPORT OF THE ACCOUNTING OFFICER ON THE ACTIVITIES OF THE GUARDIAN'S FUND FOR THE YEAR ENDED 31 MARCH 2015.



INTRODUCTION

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

The purpose of the GF is therefore to protect and manage monies of persons deemed to be legally incapable or lacking the capacity to manage their own affairs as well as

undetermined, unknown or absent heirs and untraceable persons.

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

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

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

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

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

CORE SERVICE DELIVERY ENVIRONMENT

The Guardian's Fund System (GFS) operational functionality has been improved, as well as stricter control processes being enforced. The GFS development has progressed to the stage where it is 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 operations. The management and administration of the GF is automated in all 6 Masters' offices where GF services are offered. The computerisation of the administration of the GF has facilitated greater accuracy in reporting on the activities of the Fund.

The Guardian's Fund is in the process of performing a systems analysis, with a view of implementing a new integrated electronic administrative system coupled with a full financial system. This new system enhancement path will enhance functionality to further support

the Department in managing the financial affairs in the GF and improve service delivery to beneficiaries.

Although the GF has representation in 6 masters' offices, an additional 52 points of service throughout the country was established, to assist with the GF customer interaction, and making services available at many extra places.

All Guardians' Fund Offices have been utilising the ABSA Bi-Online Electronic payment system during the 2014/15 Financial Year. The GF is pleased to report that 99% of payment transactions were made via the electronic platform. This electronic payments system has greatly improved the service delivery at these offices in reducing the payment turnaround times as well as ensuring that beneficiaries do not have to travel to the Guardians' Fund Offices to collect their cheques.

FRAUD PREVENTION AND DETECTION

Our Honourable President had issued a proclamation in 2012/13, so that Special Investigations Unit may investigate

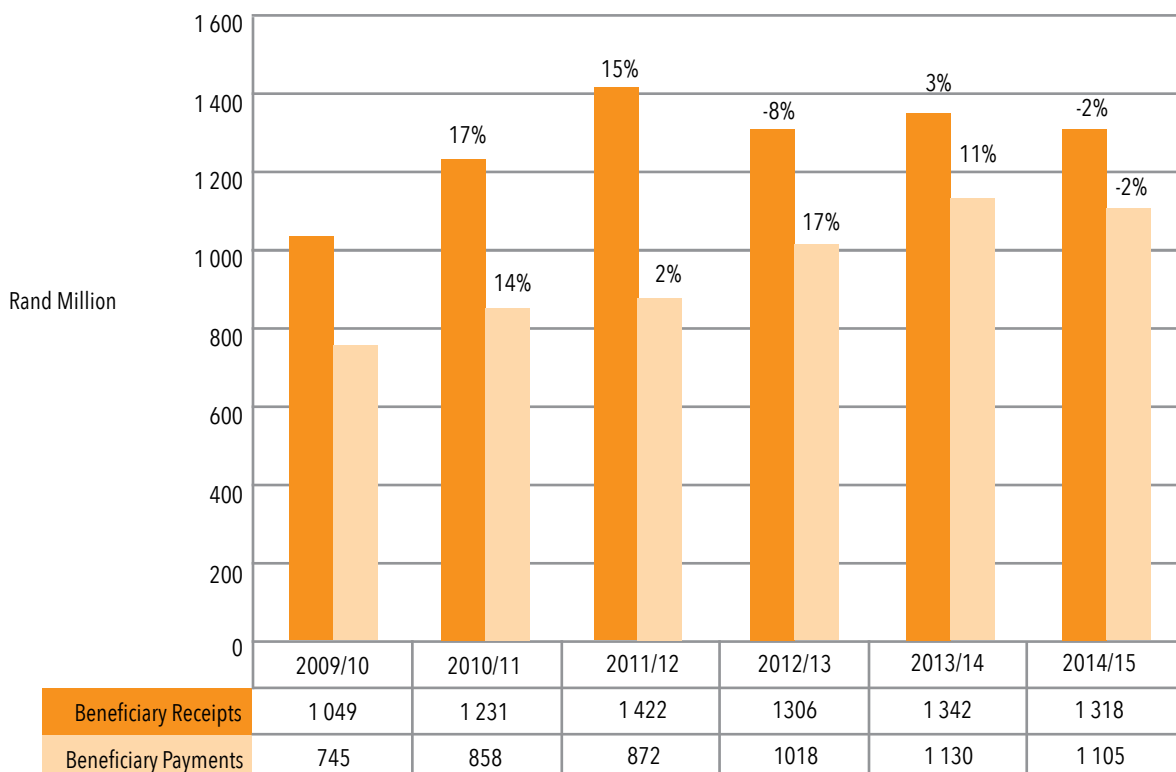
the loss of funds and the management of the Guardians' Fund in Pretoria and Pietermaritzburg. Due to the nature and complexity of the investigation this process is at an ongoing stage and a preliminary report has been issued. Further reports will be submitted to the National Prosecuting Authority (NPA) and the President as prescribed by law.

The GF, however does have a fraud preventative strategy as well as a fully functional and capacitated Forensic Directorate to ensure that all fraud and loss matters, as well as maladministration are addressed.

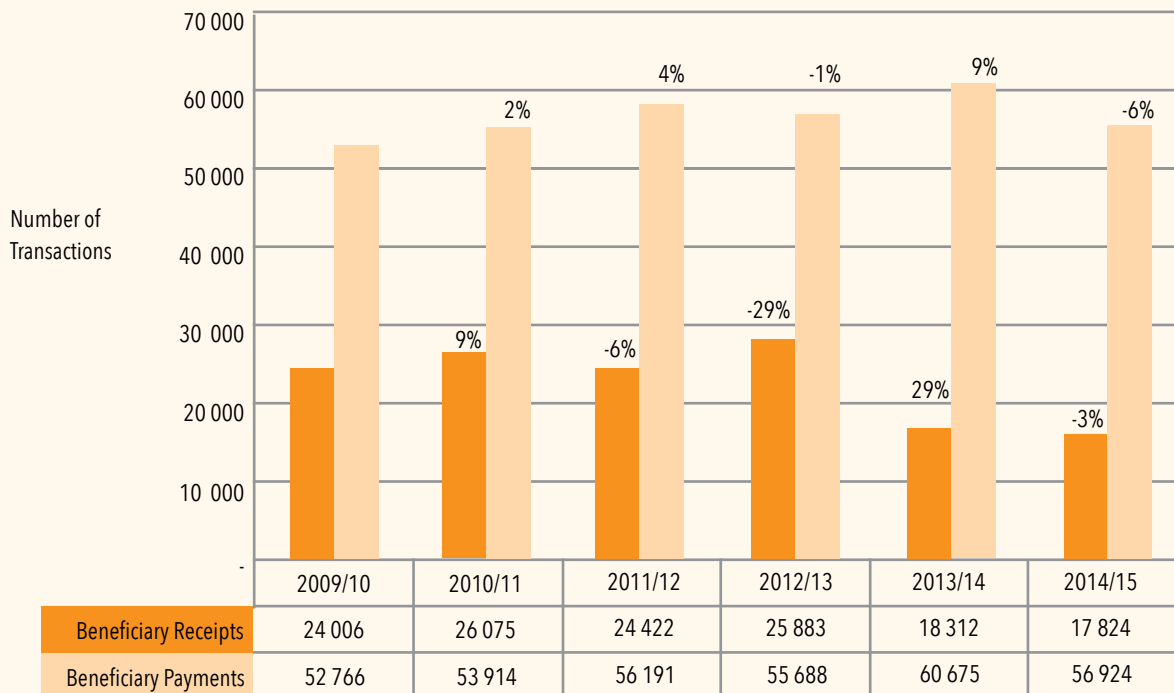
GROWTH OF BENEFICIARY LIABILITY

As has been disclosed in more detail in the financials on pages 17 to 41, 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 management.

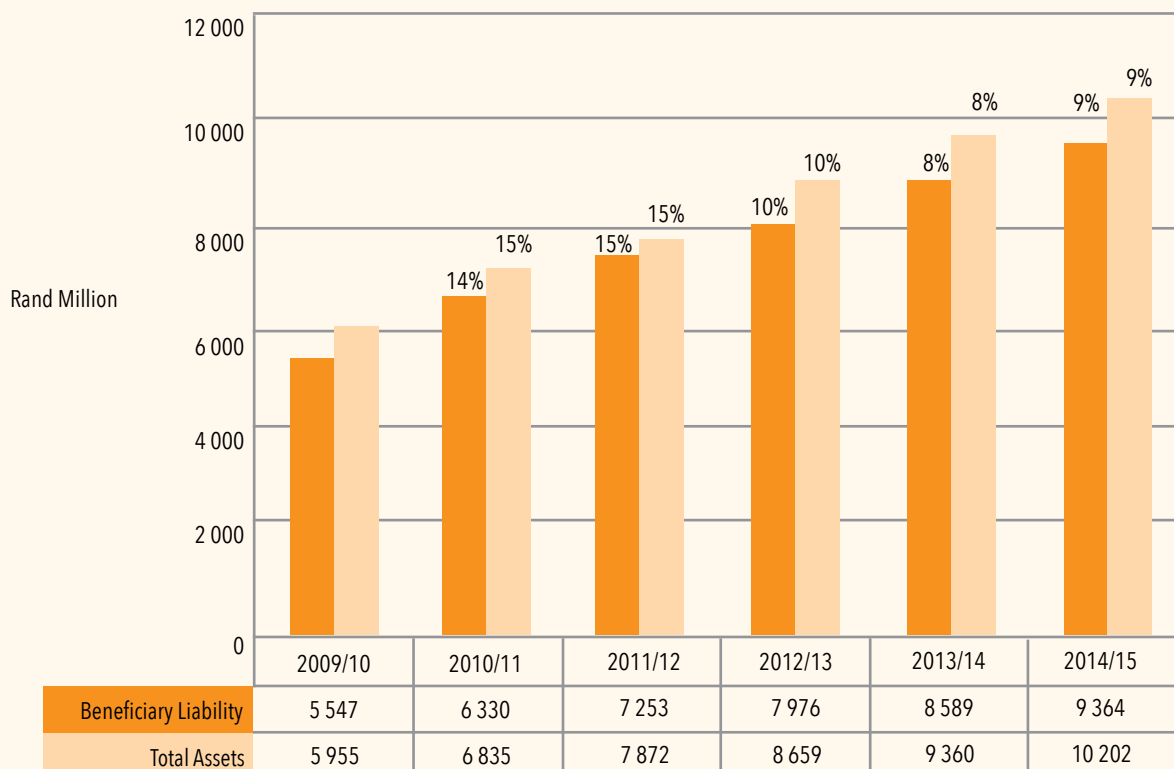
GUARDIAN'S FUND - BENEFICIARY RECEIPTS & PAYMENTS



GUARDIAN'S FUND - TRANSACTION VOLUMES (RECEIPTS & PAYMENTS)



GUARDIAN'S FUND - TOTAL ASSETS VS BENEFICIARY LIABILITIES



FINANCIAL MANAGEMENT AND OTHER REPORTING ISSUES

INVESTMENT MANAGEMENT

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

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

The GF generated more than R 641 million in investment income in the 2014/15 financial year.

MANAGEMENT OF THE THE INTEREST RATE PAYABLE TO OUR 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 and to this end we have resolved to do more regular reviews on the interest rates for the benefit of beneficiaries.

Investment returns are continually re-assessed by the Fund, where after the rates payable to beneficiaries are adjusted by the Department 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.

The GF is also pleased to report that in the 2014/15 year, the GF was able to pass an additional 25 basis points interest to the beneficiaries, to bring the rate of interest to 7.25% per annum.

ACKNOWLEDGEMENT

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

APPROVAL

The annual financial statements as set out on pages 17 to 41 have been approved by the Accounting Officer.



Ms N SINDANE
ACCOUNTING OFFICER
DEPARTMENT OF JUSTICE AND CONSTITUTIONAL
DEVELOPMENT

30 July 2015



Report of the Audit Committee

Report of the Audit Committee on the Guardian's Fund

We are pleased to present our report for the financial year ended 31 March 2015.

1.1 AUDIT COMMITTEE MEMBERS AND ATTENDANCE

The Audit Committee consisted of the members listed below and is required to meet at least four times per annum as per its approved terms of reference. During the current year 5 meetings and three were held and one member resigned as indicated below.

NAME OF MEMBERS	NUMBER OF MEETINGS ATTENDED	STATUS
Mr. Motsamai Karedi (Chairperson)	5	Reappointed – 09 January 2013
Mr. Cedric Boltman	5	Reappointed – 09 January 2013
Ms. Besky Ngunjiri	5	Appointed – 28 February 2012
Mr. Wilson Ramabulana	5	Reappointed – 09 January 2013
Ms. Livhuwani Vuma	5	Resigned – 31 March 2015
Mr. Andy Sello	5	Appointed – 09 January 2013

1.2 AUDIT COMMITTEE RESPONSIBILITY

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

1.3 THE EFFECTIVENESS OF INTERNAL CONTROL

The Audit Committee is satisfied that key controls remained in place throughout the year under review and where shortcomings in the internal controls were identified; management implemented an audit action plan which was validated by Internal Audit and reviewed by the Audit Committee on ongoing basis.

1.4 INTERNAL AUDIT

The Internal Audit unit has discharged its responsibilities as per the internal audit plan.

1.5 REPORTS

1.5.1 QUALITY OF IN-YEAR MANAGEMENT AND MONTHLY / QUARTERLY REPORT

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

1.5.2 EVALUATION OF FINANCIAL STATEMENTS

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

1.6 AUDITOR-GENERAL'S REPORT

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

A handwritten signature in black ink, appearing to read 'M Karedi', is written over a horizontal dashed line.

Mr M Karedi

Chairperson of the Audit Committee

30 July 2015



**Report of the
Auditor-General
to Parliament**

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

INTRODUCTION

I have audited the financial statements of Guardian's Fund set out on pages 17 to 41, which comprise the statement of financial position as at 31 March 2015, the statement of financial performance, statement of changes in net assets, and cash flow statement for the year then ended, as well as the notes, comprising a summary of significant accounting policies and other explanatory information.

ACCOUNTING OFFICER'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The accounting officer is responsible for the preparation and fair presentation of these financial statements in accordance with South African Standards of Generally Recognised Accounting Practice (SA Standards of GRAP) and the requirements of the General Notice issued in terms of the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) (PAA), and for such internal control as the accounting officer determines is necessary to enable the preparation financial statements that are free from material misstatement, whether due to fraud or error.

AUDITOR-GENERAL'S RESPONSIBILITY

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

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. 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.

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

OPINION

In my opinion, the financial statements present fairly, in all material respects, the financial position of the Guardian's Fund as at 31 March 2015 and its financial performance and cash flows for the year then ended, in accordance with SA Standards of GRAP and the requirements of the General Notice issued in terms of the PAA.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In accordance with the PAA and the General Notice issued in terms thereof, I have a responsibility to report findings on the reported performance information against predetermined objectives, non-compliance with legislation and internal control. The objective of my tests was to identify reportable findings as described under each subheading but not to gather evidence to express assurance on these matters. Accordingly, I do not express an opinion or conclusion on these matters.

PREDETERMINED OBJECTIVES

I did not audit performance against predetermined objectives, as the fund is not required to prepare a report on its performance against predetermined objectives. The fund does not fall within the ambit of the PFMA and the

entity-specific legislation does not require reporting on performance against predetermined objectives.

COMPLIANCE WITH LEGISLATION

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

INTERNAL CONTROL

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

OTHER REPORTS

INVESTIGATIONS

The Special Investigation Unit (SIU) performed an investigation on the Guardian's Fund offices of KwaZulu-Natal and Gauteng in terms of a presidential proclamation. These matters related to , amongst others:

- unlawful appropriation or
- expenditure of public money or
- property and intentional or
- negligent loss of public money or
- damage to public property;

which took place between 1 January 2001 and 21 September 2012 or before and after these dates which is related to matters in that time period or that relate to persons involved in those offices. The investigation was in the final stages at the reporting date.

Auditor-General

Pretoria

30 July 2015



AUDITOR - GENERAL
SOUTH AFRICA

Auditing to build public confidence



Annual Financial Statements

GUARDIAN'S FUND

STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 31 MARCH 2015

	Notes	2015 R	2014 R
Revenue			
Investment revenue	3	641 996 706	492 625 475
Less: Expenditure			
Management fees	11	2 730 735	2 528 983
Losses: Financial Instruments	16	4 734 855	0
Surplus/(deficit) for the year before distribution to beneficiaries		634 531 116	490 096 492
Distribution to beneficiaries - Interest paid on beneficiary monies	4	566 212 818	400 789 363
Surplus/(deficit) for the year		68 318 298	89 307 129

STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2015

	Notes	2015 R	2014 R
ASSETS			
		10 202 290 560	9 359 908 203
Other receivables	7	255 528	339 930
Financial instruments	5	9 905 675 063	9 078 951 797
Cash and cash equivalents	6	296 359 969	280 616 476
Total assets		10 202 290 560	9 359 908 203
LIABILITIES			
Total liabilities		9 363 500 164	8 589 436 105
Beneficiary liability	8	9 356 324 207	8 582 559 690
Other payables	9	7 175 957	6 876 415
Total liabilities		9 363 500 164	8 589 436 105
CAPITAL AND RESERVES			
		838 790 396	770 472 098
Accumulated surplus/(deficit)	10	838 790 396	770 472 098
Total net assets		838 790 396	770 472 098
Total net assets and liabilities		10 202 290 560	9 359 908 203

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

	Accumulated Surplus (Deficit)	Total Equity
Balance as at 1 April 2014	770 472 098	770 472 098
Surplus/(deficit) for the year	68 318 298	68 318 298
Balance as at 31 March 2015	838 790 396	838 790 396

STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 31 MARCH 2014

	Accumulated Surplus (Deficit)	Total Equity
Balance as at 1 April 2013	683 435 552	683 435 552
Less: Restatement - Note 17.1	-2 270 583	-2 270 583
Restated Opening Balance as at 1 April 2013	681 164 969	681 164 969
Prior year surplus before restatement:	89 689 156	89 689 156
Restated adjustment - Note 17.1	382 027	382 027
Balance as at 31 March 2014	770 472 098	770 472 098

CASHFLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2015

	Notes	2015 R	2014 R
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash receipts on behalf of beneficiaries		-640 747 752	-491 450 727
Cash paid to beneficiaries and creditors		571 786 030	402 256 424
Cash generated from / (utilised in) operations	13	-68 961 722	-89 194 303
Investment income received		641 741 177	492 285 545
Interest paid to beneficiaries		-566 212 818	-400 789 363
Creditor payments		-5 578 369	-1 471 934
Net cash inflows/(outflows) from operating activities		988 269	829 945
CASH FLOWS FROM INVESTING ACTIVITIES			
Net cash flows from investing activities		-196 830 176	-194 178 470
Net investments of beneficiary monies in PIC		-196 830 176	-194 178 470
CASH FLOWS FROM FINANCING ACTIVITIES			
Net cash flow financing activities		211 585 401	213 577 223
Increase/(decrease) in beneficiary liability		211 585 401	213 577 223
Net increase/(decrease) in cash and cash equivalents		15 743 494	20 228 698
Cash and cash equivalents at the beginning of the year		280 616 476	260 387 778
Cash and cash equivalents at end of the year	6	296 359 969	280 616 476

ACCOUNTING POLICIES FOR THE YEAR ENDED 31 MARCH 2015

1. GENERAL INFORMATION

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

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

The Guardian's Fund is held under management of the Masters of the High Court of South Africa.

2. PRINCIPAL ACCOUNTING POLICIES

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

2.1 BASIS OF PREPARATION

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

Statement of compliance

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

2.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.2.1 FINANCIAL INSTRUMENTS

Financial instruments at Fair Value

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

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

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

(i) Date of recognition

Purchases or sales of financial assets that require delivery of assets within the time frame generally established by regulations or convention in the

marketplace are recognised on the date that the Guardian's Fund commits to purchase or sell the asset.

(ii) Initial recognition of financial instruments

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

(iii) Subsequent Measurement

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

(iv) Derecognition

The financial instrument is derecognised when the contractual agreement in respect of the financial assets is terminated.

2.2.2 CASH AND CASH EQUIVALENTS

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

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

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

2.2.3 REVENUE RECOGNITION

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

INTEREST INCOME

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

2.2.4 FINANCIAL LIABILITY

This includes Beneficiary Liability and Other Payables

(i) Initial Recognition

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

(ii) Subsequent Recognition

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

(iii) Derecognition

The financial liability is derecognised, when the obligation of the Guardians Fund to the external parties has been extinguished.

2.2.5 RELATED PARTY DISCLOSURE

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

The integration of the Guardian's Fund sections in the Office of the Chief Master, creates a complex environment in which to estimate the values of the related party (The Department of Justice and Constitutional Development).

Other Related Party transactions are disclosed in terms of the requirements of the standards as in Note 12.

2.2.6 FRAUD AND LOSSES

(i) Initial Recognition

Fraud is defined as the unlawful and intentional making of a misrepresentation resulting in actual or potential prejudice to the Fund while losses result from any other cause that may not be intentional. Fraud and losses are administered in line with Section 12 of the Treasury Regulations and are disclosed in note 16 on the financial statements as and when they are discovered and reported by the relevant GF Offices to the Departments forensic directorate for investigation, and they are not disclosed on the face of the balance sheet.

(ii) Subsequent Recognition and de-recognition

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

2.2.7 ALLOCATION ACCOUNT

(i) Initial Recognition

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

(ii) Subsequent Recognition

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

(iii) De-recognition

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

2.2.8 OTHER RECEIVABLES

(i) Initial Recognition

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

(ii) Subsequent Recognition

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

(iii) De-recognition

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

2.2.9 INTEREST PAID TO BENEFICIARIES

(i) Initial Recognition

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

(ii) Subsequent Recognition

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2015

	Total R	Pretoria R	Pietermaritzburg R	Grahamstown R	Cape Town R	Bloemfontein R	Kimberley R	Nat-Off Inv R
3. Investment revenue - 31/03/2015								
Interest revenue - PIC	-638 271 391	-297 130 957	-149 240 974	-78 126 192	-45 182 088	-52 150 129	-15 523 186	-917 865
Cash and cash equivalents:								
Interest revenue - PIC	-75 559	-	-	-	-	-	-	-75 559
Interest revenue - ABSA	-3 649 756	-1 160 398	-1 264 337	-402 279	-238 581	-477 417	-106 744	-
	-641 996 706	-298 291 355	-150 505 311	-78 528 471	-45 420 669	-52 627 546	-15 629 930	-993 424
3. Investment revenue - 31/03/2014								
Interest revenue - PIC	-489 571 873	-227 966 385	-116 297 475	-59 594 988	-33 439 210	-39 898 817	-11 540 180	-834 818
Cash and cash equivalents:								
Interest revenue - PIC	-3 053 601	-600 535	-1 225 901	-404 192	-301 316	-402 462	-119 195	-
Interest revenue - ABSA								
	-492 625 475	-228 566 920	-117 523 377	-59 999 180	-33 740 526	-40 301 279	-11 659 375	-834 818

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2015

	Total R	Pretoria R	Pietermaritzburg R	Grahamstown R	Cape Town R	Bloemfontein R	Kimberley R	Nat-Off Inv R
4. Interest paid - 31/03/2015								
Interest paid to interest bearing beneficiaries	566 212 818	251 248 813	139 067 512	77 203 628	29 750 019	52 851 164	16 091 683	-
Interest is calculated at the gazette rate and capitalised at month end.								
Interest is accrued from the next calendar month after receipt date up to five years after it has become claimable, unless it is legally claimed before such expiration								
	566 212 818	251 248 813	139 067 512	77 203 628	29 750 019	52 851 164	16 091 683	-
4. Interest paid - 31/03/2014								
Interest paid to interest bearing beneficiaries	400 789 363	176 863 472	100 771 262	54 687 097	20 557 651	37 049 466	10 860 415	-
Interest is calculated at the gazette rate and capitalised at month end.								
Interest is accrued from the next calendar month after receipt date up to five years after it has become claimable, unless it is legally claimed before such expiration								
	400 789 363	176 863 472	100 771 262	54 687 097	20 557 651	37 049 466	10 860 415	-

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2015

	Total R	Pretoria R	Pietermaritzburg R	Grahamstown R	Cape Town R	Bloemfontein R	Kimberley R	Nat-Off Inv R
5 Financial instruments - 31/03/2015								
PIC Investment								
Opening balance as at 1 April 2014	9 078 951 798	4 263 606 533	2 135 152 587	1 111 301 089	628 025 802	733 671 818	207 193 969	-
Investment income received during financial year	637 353 525	297 130 957	149 240 974	78 126 192	45 182 088	52 150 129	15 523 186	-
Losses	-4 734 855	-	-2 156 570	-1 078 285	-	-1 500 000	-	-
Additions during the year	298 500 001	200 000 000	50 000 000	24 000 000	10 000 000	3 500 000	11 000 000	-
Disposals during the year	-68 500 000	-10 000 000	-16 500 000	-18 000 000	-4 000 000	-18 000 000	-2 000 000	-
Trading Cash Movement	-33 169 827	-9 892 454	-23 000 646	-2 978 129	253 410	5 926 894	-3 478 901	-
Management expenses	-2 725 579	-1 264 094	-641 795	-336 418	-194 181	-221 416	-67 675	-
Closing balance as at 31 March 2015	9 905 675 063	4 739 580 942	2 292 094 550	1 191 034 447	679 267 119	775 527 425	228 170 579	-

In terms of section 87 of the Administration of Estates Act,

No. 66 of 1965, beneficiary monies received in the Guardian's Fund should be invested with the PIC. All monies except for those required for immediate disbursements are invested with the PIC.

The carrying amount of financial investments approximates their fair value.

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2015

	Total R	Pretoria R	Pietermaritzburg R	Grahamstown R	Cape Town R	Bloemfontein R	Kimberley R	Nat-Off Inv R
5 Financial instruments - 31/03/2014								
PIC Investment								
Opening balance as at 1 April 2013	8 398 559 778	3 943 841 781	2 022 288 399	1 009 713 101	558 277 241	683 012 327	181 426 929	-
Investment income received during financial year	488 737 053	227 966 384	116 297 475	59 594 988	33 439 210	39 898 817	11 540 180	-
Interest from ABSA for March 2013	242 138	70 878	80 798	34 624	25 218	23 497	7 125	-
Additions during the year	235 000 000	90 000 000	-	46 000 000	44 500 000	39 000 000	15 500 000	-
Disposals during the year	-23 000 000	-10 000 000	-	-	-	-10 000 000	-3 000 000	-
Trading Cash Movement	-18 063 061	12 898 183	-2 914 252	-3 731 168	-8 041 633	-18 054 589	1 780 398	-
Management expenses	-2 524 110	-1 170 692	-599 832	-310 456	-174 234	-208 234	-60 662	-
Closing balance as at 31 March 2014	9 078 951 797	4 263 606 533	2 135 152 587	1 111 301 088	628 025 802	733 671 818	207 193 969	-

In terms of section 87 of the Administration of Estates Act,

No. 66 of 1965, beneficiary monies received in the Guardian's Fund should be invested with the PIC. All monies except for those required for immediate disbursements are invested with the PIC.

The carrying amount of financial investments approximates their fair value.

PIC Investments	9 078 951 797	4 263 606 533	2 135 152 587	1 111 301 088	628 025 802	733 671 818	207 193 969	-
Money Market 0 - 3 months	1 205 137 022	494 404 600	306 303 306	135 326 839	61 938 245	150 180 129	56 983 903	-
Money Market 3 - 6 months	1 193 191 252	699 535 992	239 862 388	116 666 079	97 004 934	34 914 700	5 207 158	-
Money Market 6 - 9 months	1 134 870 769	469 727 093	240 783 125	206 077 745	58 655 075	119 725 478	39 902 255	-
Money Market 9 - 12 months	5 545 752 755	2 599 938 848	1 348 203 767	653 230 425	410 427 548	428 851 511	105 100 655	-

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2015

	Total R	Pretoria R	Pietermaritzburg R	Grahamstown R	Cape Town R	Bloemfontein R	Kimberley R	Nat-Off Inv R
6. Cash and cash equivalents - 31/03/2015								
ABSA bank account	73 070 436	20 951 072	16 956 667	15 647 455	7 138 550	11 078 209	1 298 483	-
PIC main and reserve accounts	18 605 377	-	-	-	-	-	-	18 605 377
Trading Cash - PIC	204 684 157	36 744 325	51 907 071	34 963 295	31 063 172	25 928 487	24 077 806	-
	296 359 969	57 695 397	68 863 738	50 610 750	38 201 722	37 006 696	25 376 289	18 605 377
For the purposes of the cash flow statement:								
Disclosed as:								
Cash and Cash Equivalents	73 070 436	20 951 072	16 956 667	15 647 455	7 138 550	11 078 209	1 298 483	-
PIC main and reserve accounts	18 605 377	-	-	-	-	-	-	18 605 377
Trading Cash - PIC	204 684 157	36 744 325	51 907 071	34 963 295	31 063 172	25 928 487	24 077 806	-
Total cash and cash equivalents	296 359 969	57 695 397	68 863 738	50 610 750	38 201 722	37 006 696	25 376 289	18 605 377

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2015

	Total R	Pretoria R	Pietermaritzburg R	Grahamstown R	Cape Town R	Bloemfontein R	Kimberley R	Nat-Off Inv R
6. Cash and cash equivalents - 31/03/2014								
ABSA bank account	91 485 038	18 762 808	43 693 442	5 684 103	6 753 134	11 353 523	5 238 028	-
PIC main and reserve accounts	17 617 109	-	-	-	-	-	-	17 617 109
Trading Cash - PIC	171 514 329	26 851 871	28 906 425	31 985 165	31 316 582	31 855 381	20 598 905	-
	280 616 476	45 614 679	72 599 867	37 669 268	38 069 716	43 208 904	25 836 933	17 617 109
For the purposes of the cash flow statement:								
Disclosed as:								
Cash and Cash Equivalents	91 485 038	18 762 808	43 693 442	5 684 103	6 753 134	11 353 523	5 238 028	-
PIC main and reserve accounts	17 617 109	-	-	-	-	-	-	17 617 109
Trading Cash - PIC	171 514 329	26 851 871	28 906 425	31 985 165	31 316 582	31 855 381	20 598 905	-
Total cash and cash equivalents	280 616 476	45 614 679	72 599 867	37 669 268	38 069 716	43 208 904	25 836 933	17 617 109

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2015

	Total R	Pretoria R	Pietermaritzburg R	Grahamstown R	Cape Town R	Bloemfontein R	Kimberley R	Nat-Off Inv R
7. Other receivables - 31/03/2015								
Abxa Interest receivable	255 528	90 349	63 682	43 804	19 814	32 350	5 530	-
These amounts relate to interest that is receivable from Abxa for the month of March 2014	255 528	90 349	63 682	43 804	19 814	32 350	5 530	-
7. Other receivables - 31/03/2014								
Abxa Interest receivable	339 930	71 615	150 661	29 931	29 529	44 580	13 614	-
These amounts relate to interest that is receivable from Abxa for the month of March 2013	339 930	71 615	150 661	29 931	29 529	44 580	13 614	-

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2015

	Total R	Pretoria R	Pietermaritzburg R	Grahamstown R	Cape Town R	Bloemfontein R	Kimberley R	Nat-Off Inv R
8. Beneficiary liability - 31/03/2015								
Opening balance as at 1 April 2014	8 582 559 688	3 839 767 623	2 057 859 162	1 131 066 938	570 822 057	755 686 305	227 357 603	-
Monies received during financial year	1 318 742 108	632 184 991	274 040 042	192 639 220	80 549 319	98 948 043	40 380 492	-
Payments to Beneficiaries	-1 105 317 653	-437 647 889	-267 662 031	-176 918 631	-73 661 398	-114 033 782	-35 393 923	-
Transfer to SARS 30 year	-5 848 525	-2 436 784	-966 841	-294 604	-1 235 091	-895 200	-20 006	-
5% Commission payable to SARS	-24 229	-17 607	-	-	-3 337	-3 285	-	-
Interest paid to beneficiaries	566 212 818	251 248 813	139 067 511	77 203 628	29 750 019	52 851 164	16 091 683	-
Closing balance as at 31 March 2015	9 356 324 207	4 283 099 148	2 202 337 845	1 223 696 552	606 221 568	792 553 245	248 415 851	-
Beneficiary Liability								
Interest Bearing Beneficiary monies	8 476 531 617	3 814 954 401	2 063 166 815	1 157 351 727	449 760 920	752 260 519	239 037 236	-
Non-Interest Bearing Beneficiary Monies (No Commission)	596 611 486	296 843 161	109 352 749	57 860 937	101 622 106	24 028 693	6 903 840	-
Non-Interest Bearing Beneficiary Monies (Commission)	245 733 842	158 658 861	19 794 352	7 815 178	53 196 079	5 042 732	1 226 640	-
Unallocated Beneficiary Monies (Suspense account)	31 182 605	13 186 186	5 925 445	564 625	965 035	10 141 498	399 816	-
Beneficiary monies - Allocation account (refer to note 15)	-492 871	-612 543	-41 127	52 675	-7 442	119 931	-4 365	-
Accrued Beneficiary Liability	6 757 528	69 083	4 139 610	51 410	684 871	959 872	852 684	-
Closing balance as at 31 March 2015	9 356 324 207	4 283 099 148	2 202 337 845	1 223 696 552	606 221 568	792 553 245	248 415 851	-

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2015

	Total R	Pretoria R	Pietermaritzburg R	Grahamstown R	Cape Town R	Bloemfontein R	Kimberley R	Nat-Off Inv R
8. Beneficiary liability - 31/03/2014								
Opening balance as at 1 April 2013	7 970 602 749	3 583 527 765	1 944 846 546	1 045 083 090	507 634 232	687 137 522	202 373 595	-
Monies received during financial year	1 342 658 190	568 713 666	297 637 801	192 006 646	103 300 144	133 866 875	47 133 059	-
Payments to Beneficiaries	-1 130 564 464	-487 912 463	-285 301 881	-160 647 938	-60 112 807	-103 627 852	-32 961 523	-
Transfer to SARS 30 year	-6 514 132	-3 449 848	-964 175	-759 928	-707 217	-584 334	-48 631	-
Prior year adjustments	6 058 506	2 096 755	951 759	681 041	264 800	2 063 942	208	-
5% Commission payable to SARS	-88 495	-40 654	-1 926	-2 313	-43 583	-17	-	-
Interest paid to beneficiaries	400 407 335	176 832 402	100 691 039	54 706 341	20 486 488	36 830 170	10 860 895	-
Closing balance as at 31 March 2014	8 582 559 690	3 839 767 623	2 057 859 163	1 131 066 938	570 822 057	755 686 305	227 357 603	-
Beneficiary Liability								
Interest-Bearing Beneficiary monies	7 768 484 287	3 413 375 441	1 932 137 843	1 068 132 084	414 043 813	721 853 820	218 941 286	-
Non-Interest Bearing Beneficiary Monies (No Commission)	564 009 275	269 020 778	102 377 251	55 201 360	105 034 540	25 184 791	7 190 554	-
Non-Interest Bearing Beneficiary Monies (Commission)	237 772 592	154 607 973	17 783 369	7 609 978	51 639 582	4 902 605	1 229 085	-
Unallocated Beneficiary Monies (Suspense account)	12 655 986	2 959 269	5 575 861	131 128	358 501	3 630 184	1 043	-
Beneficiary monies - Allocation account (refer to note 15)	-362 451	-195 838	-15 162	-7 612	-254 379	114 905	-4 365	-
Accrued Beneficiary Liability	-	-	-	-	-	-	-	-
Closing balance as at 31 March 2014	8 582 559 690	3 839 767 623	2 057 859 163	1 131 066 938	570 822 057	755 686 305	227 357 603	-

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2015

	Total R	Pretoria R	Pietermaritzburg R	Grahamstown R	Cape Town R	Bloemfontein R	Kimberley R	Nat-Off Inv R
9. Trade and other payables - 31/03/2015								
SARS payable								
Opening balance as at 1 April 2014	6 876 416	7 765 258	-2 595 938	158 305	1 541 622	-132 306	139 474	-
5% commission	24 228	17 607	-	-	3 337	3 285	-	-
30 year - Beneficiary monies	5 848 526	2 436 784	966 841	294 604	1 235 091	895 200	20 006	-
	12 749 170	10 219 649	-1 629 097	452 908	2 780 050	766 179	159 480	-
Less: SARS liability paid during financial year	-5 573 212	-3 490 502	-966 101	-145 644	-750 800	-179 221	-40 944	-
Closing balance as at 31 March 2015	7 175 957	6 729 147	-2 595 198	307 264	2 029 250	586 957	118 537	-
9. Trade and other payables - 31/03/2014								
SARS payable								
Opening balance as at 1 April 2013	5 152 004	5 439 672	-3 025 818	109 564	1 826 078	696 461	106 047	-
5% commission	88 494	40 654	1 926	2 313	43 583	17	-	-
30 year - Beneficiary monies	6 514 132	3 449 848	964 175	759 928	707 217	584 334	48 631	-
Prior year SARS adjustments	-3 411 154	-867 365	-536 222	-666 829	-	-1 340 738	-	-
	8 343 476	8 062 809	-2 595 938	204 975	2 576 879	-59 926	154 677	-
Less: SARS liability paid during financial year	-1 467 061	-297 550	-	-46 671	-1 035 257	-72 380	-15 203	-
Closing balance as at 31 March 2014	6 876 415	7 765 259	-2 595 938	158 304	1 541 622	-132 306	139 474	-

These payables relate to monies which has remained unclaimed for a period of thirty years as from the date upon which the beneficiaries became entitled to the said monies, as well as a 5% admin fee that is deducted from all insolvent or liquidated estates whereby creditor payment are needed to be made.

The said monies are forfeited to the state and payment is made from the Guardian's Fund to the National Revenue Fund via the Department of Justice Vote Account

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2015

	Total R	Pretoria R	Pietermaritzburg R	Grahamstown R	Cape Town R	Bloemfontein R	Kimberley R	Nat-Off Inv R
10. Accumulated surplus/(deficit) - 31/03/2015								
Opening balance as at 1 April 2014	-770 472 098	-461 759 945	-152 639 888	-17 775 044	-93 761 369	-21 371 304	-5 547 439	-17 617 109
Surplus for the year	-68 318 298	-45 778 448	-8 639 435	89 860	-15 476 469	1 945 034	529 428	-988 268
Balance as at 31 March 2015	-838 790 396	-507 538 393	-161 279 323	-17 685 184	-109 237 838	-19 426 270	-5 018 011	-18 605 377
10. Accumulated surplus/(deficit) - 31/03/2014								
Opening balance as at 1 April 2013	-681 164 969	-411 227 189	-136 487 605	-12 773 417	-80 752 728	-18 327 725	-4 809 142	-16 787 164
Surplus for the year	-89 307 129	-50 532 756	-16 152 283	-5 001 627	-13 008 641	-3 043 579	-738 298	-829 945
Balance as at 31 March 2014	-770 472 098	-461 759 945	-152 639 888	-17 775 044	-93 761 369	-21 371 304	-5 547 439	-17 617 109
11. Management Fees - 31/03/2015								
Investment Management Fees - PIC Investment Fees are payable to The Public Investment Corporation Limited for managing the Guardian's Fund investments in terms of the Investment management agreement.	2 730 735	1 264 094	641 795	336 418	194 181	221 416	67 675	5 156
	2 730 735	1 264 094	641 795	336 418	194 181	221 416	67 675	5 156
11. Management Fees - 31/03/2014								
Investment Management Fees - PIC Investment Fees are payable to The Public Investment Corporation Limited for managing the Guardian's Fund investments in terms of the Investment management agreement.	2 528 983	1 170 692	599 832	310 456	174 234	208 234	60 662	4 873
	2 528 983	1 170 692	599 832	310 456	174 234	208 234	60 662	4 873

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2015

	Total R
--	------------

12. Related party transactions - 31/03/2015

Name of related party:

Department of Justice and Constitutional Development.

Relationship:

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

Total administration costs (salaries) disclosed as:

68 865 076

Office of the Chief Master

62 931 490

Office of the CFO

5 933 586

Key personnel costs disclosed as:

13 229 526

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

2 790 513

Level 14 - Chief Director (3)

3 716 299

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

6 722 714

Name of related party:

The Public Investment Corporation Limited

Relationship:

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

Name of related party:

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

Relationship:

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2015

	Total R
--	------------

12. Related party transactions - 31/03/2014

Name of related party:

Department of Justice and Constitutional Development.

Relationship:

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

Total administration costs (salaries) disclosed as:

60 157 903

Office of the Chief Master

55 637 921

Office of the CFO

4 519 982

Key personnel costs disclosed as:

10 838 090

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

1 872 373

Level 14 - Chief Director (3)

3 039 586

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

5 926 131

Name of related party:

The Public Investment Corporation Limited

Relationship:

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

Name of related party:

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

Relationship:

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2015

	Total R	Pretoria R	Pietermaritzburg R	Grahamstown R	Cape Town R	Bloemfontein R	Kimberley R	Nat-Off Inv R
13. Cash generated from/(utilized in) operations - 31/03/2015								
Surplus/(deficit) before interest	-	-	-	-	-	-	-	-
Plus: SARS paid	5 573 212	3 490 501	966 100	145 645	750 801	179 222	40 944	-
Less: Investment income received	-640 747 752	-298 201 005	-150 441 630	-78 484 667	-45 400 855	-52 595 196	-15 624 400	-
Plus: Interest paid	566 212 818	251 248 812	139 067 512	77 203 628	29 750 019	52 851 164	16 091 683	-
Net cash flows from operating activities	-68 961 722	-43 461 692	-10 408 018	-1 135 394	-14 900 035	435 190	508 227	-
13. Cash generated from/(utilized in) operations - 31/03/2014								
Surplus/(deficit) before interest	-	-	-	-	-	-	-	-
Plus: SARS paid	1 467 060	297 550	-	46 671	1 035 257	72 380	15 203	-
Less: Investment income received	-491 450 727	-228 495 305	-117 372 716	-59 969 249	-33 710 997	-40 256 699	-11 645 761	-
Plus: Interest paid	400 789 363	176 863 472	100 771 262	54 687 097	20 557 651	37 049 466	10 860 415	-
Net cash flows from operating activities	-89 194 303	-51 365 352	-16 681 677	-5 216 236	-12 189 252	-3 354 149	-769 664	-

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2015

	Total R	Pretoria R	Pietermaritzburg R	Grahamstown R	Cape Town R	Bloemfontein R	Kimberley R	Nat-Off Inv R
14. Disallowance account (Fraud and losses) - 31/03/2015								
Opening Balance at 1 April 2014	7 190 899	3 567 793	1 963 825	76 993	221 923	1 339 766	20 599	-
Restatement movement	1 453 315	1 788 060	-	-	-	-334 745	-	-
Current year fraud cases	1 484 017	678 927	684 117	-	-	95 973	25 000	-
Current year losses	1 472 550	315 299	597 205	277 453	18 003	261 870	2 719	-
Finalised cases - Investigation finalised	-2 434 731	-	-2 433 459	-	-	-1 272	-	-
Cases still under investigation as at 31 March 2015	9 166 051	6 350 080	811 688	354 446	239 925	1 361 593	48 319	-
Post year-end refund from DoJCD Legal Liability	8 896 965	6 545 997	-	674 919	155 806	1 497 050	23 192	-
14. Disallowance account (Fraud and losses) - 31/03/2014								
Opening Balance at 1 April 2013	10 349 129	7 165 866	2 444 257	76 993	218 956	423 984	19 073	-
Restatement movement	-4 569 538	-3 598 073	-1 732 344	-	-	760 879	-	-
Current year fraud cases	1 308 800	-	1 077 498	-	-	231 303	-	-
Current year losses	179 379	-	174 414	-	2 967	472	1 526	-
Finalised cases - Investigation finalised	-76 871	-	-	-	-	-76 871	-	-
Cases still under investigation as at 31 March 2014	7 190 899	3 567 793	1 963 825	76 993	221 923	1 339 766	20 599	-

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2015

	Total R	Pretoria R	Pietermaritzburg R	Grahamstown R	Cape Town R	Bloemfontein R	Kimberley R	Nat-Off Inv R
15. Beneficiary monies - Allocation account - 31/03/2015								
Balance as at 31 March 2015	-492 871	-612 543	-41 127	52 675	-7 442	119 931	-4 365	-
The net transactions totalling R493 871 originate from current year differences between the Guardians Fund System and the cash book which will be corrected in the following year								
	-492 871	-612 543	-41 127	52 675	-7 442	119 931	-4 365	-
15. Beneficiary monies - Allocation account - 31/03/2014								
Balance as at 31 March 2014	-362 451	-195 838	-15 162	-7 612	-254 379	114 905	-4 365	-
	-362 451	-195 838	-15 162	-7 612	-254 379	114 905	-4 365	-
16 Losses: Financial Instruments								
Balance as at 31 March 2015	-4 734 855	-	-2 156 570	-1 078 285	-	-1 500 000	-	-
These losses relate to the economic situation with African Bank Limited, where the JSE Instruction was a 10% haircut on all instruments.								
Refer to Note 5 : Financial Instruments								
	-4 734 855	-	-2 156 570	-1 078 285	-	-1 500 000	-	-

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2015

2014/03/31	As disclosed in 2014 R	As restated in 2015 R	Prior period errors for the financial years ending 31 March 2014 R	Pre-prior period error for the financial year ending 31 March 2006 to 31 March 2013 R	Nature of restatement
17. Restatement of comparatives					
The financial statements for 31 March 2013 were restated due to more accurate financial information becoming available and as historical issues were addressed.	-	-	-	-	-
17.1 Restatement of Financial Position					
ASSETS					
Financial instruments	9 078 951 797	9 078 951 797	0	0	
Cash and cash equivalents	280 621 734	280 616 476	-5 258	0	Bank adjustments - cashbook restated
Other receivables - ABSA Interest	339 930	339 930		0	
Total assets	9 359 913 461	9 359 908 203	-5 258	0	
LIABILITIES					
Total liabilities	8 586 788 753	8 589 436 105	376 770	2 270 583	
Beneficiary Liability	8 576 501 183	8 582 559 690			
- Restatement of					
Interest and Capital adjustments			382 028	3 560 080	Prior Year adjustments due to RFS data changes submitted by GF Offices
SARS Adjustment			2 121 658	0	Reversal of 2014 SARS Transfers
Bank adjustments affect beneficiary liabilities			-5 258		Bank adjustments affecting liability
Other Payables	10 287 570	6 876 415	-2 121 658	-1 289 497	Reversal of previous years SARS Transfers

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2015

2014/03/31	As disclosed in 2014 R	As restated in 2015 R	Prior period errors for the financial years ending 31 March 2014 R	Pre-prior period error for the financial year ending 31 March 2006 to 31 March 2013 R	Nature of restatement
17.1 Restatement of Financial Position - Continues					
CAPITAL AND RESERVES					
Total liabilities	8 586 788 753	8 589 436 105	376 770	2 270 583	
Total net assets	773 124 708	770 472 098	-382 027	-2 270 583	
Accumulated surplus/(deficit)	773 124 708	770 472 098			
- Prior Year adjustments			-382 027		Prior Year adjustments due to RFS data changes submitted by GF Offices
- SARS adjustments					Reversal of previous years SARS Transfers
Total assets	9 359 913 461	9 359 908 203	-5 258	0	
17.2 Restatement of Performance Revenue					
Investment revenue	492 625 475	492 625 475	0	0	
Less: Expenditure	402 936 319	403 318 346	-382 027	0	
Management fees	2 528 983	2 528 983	0	0	
Interest paid to beneficiaries	400 407 336	400 789 363	-382 027		Increase in interest payable to beneficiaries due to decrease of beneficiary liability at 31 March 2013
Surplus/(deficit) for the year	89 689 156	89 307 129	382 027	0	

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2015

18. RISK MANAGEMENT

18.1 INTRODUCTION

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

18.2 MARKET RISK

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

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

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

The GF was exposed to market risk in relation to the economic position of African Bank Limited, which resulted in fair value losses (See Notes 16), however due to the GF managing Market and Concentration Risk, this did not have a significant impact on the GF, as displayed by the healthy profit gained in 2015 (See Statement of Financial Performance).

18.3 INTEREST RATE RISK

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

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

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

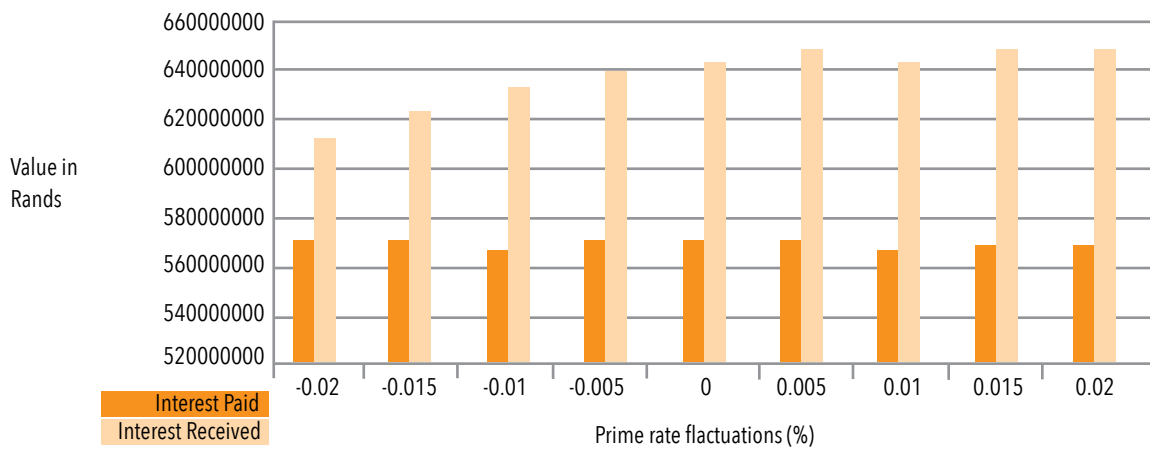
18.4 INTEREST RATE RISK SENSITIVITY ANALYSIS

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

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

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

Interest rate sensitivity analysis



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

18.5 CREDIT RISK

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

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

18.6 CONCENTRATION RISK

Concentration risk is the risk of losses arising due to poor diversification within funds, which can result in undesirable risk exposures.

The Guardian's Fund manages this risk through the PIC investment mandate, which dictates the level of concentration. Money market investments are spread across banks to reduce and diversify the client's concentration risk.

18.7 LIQUIDITY RISK

Liquidity risk is the potential that there will not be adequate liquid assets available to meet the obligations of the

Guardian's Fund when they fall due.

The Guardian's Fund manages this risk through the investment mandate that is signed with PIC. The mandate is in line with the Fund's liquidity needs and liability profile of the Fund. Currently, the Guardian's Fund liquid assets holding is R10.2 Billion

18.8 OPERATIONAL RISK

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

18.9 COMPLIANCE RISK

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



NOTES

A series of horizontal dotted lines for writing notes.



The Department of Justice and Constitutional Development

Annual Report

2014/2015

RP342/2015

ISBN: 978-0-621-44079-9

Tel: 012 315 1111

Private Bag X81, Pretoria, 0001

Momentum Centre, 329 Pretorius Street, Pretoria

www.justice.gov.za @DOJCD_ZA

 The Department of Justice and Constitutional Development (DOJ&CD)