

ANNUAL FINANCIAL STATEMENTS

NAME OF RETIREMENT FUND: Tourism, Hospitality and Catering (THACSA) Pension Fund

FINANCIAL SERVICES BOARD
REGISTRATION NUMBER: 12/8/20517

FOR THE PERIOD: 1 JANUARY 2015 to 31 DECEMBER 2015

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* Not subject to any engagement by an auditor

TOURISM, HOSPITALITY AND CATERING (THACSA) PENSION FUND

**SCHEDULE A
REGULATORY INFORMATION
FOR THE YEAR ENDED 31 DECEMBER 2015**

REGISTERED OFFICE OF THE FUND

Postal address: PO Box 836
Cape Town
8000

Physical address: 6 Mispel Road
Parc du Cap
Bellville
7535

FINANCIAL REPORTING PERIODS

Current year: 1 January 2015 to 31 December 2015
Prior year: 1 January 2014 to 31 December 2014

BOARD OF FUND

Full name	E-mail Address	Capacity*	Date appointed/reappointed
Andy Nold	Nold@newmarkhotels.com	E / C	1 January 2013
Crosby Boo!	westerncape@saccawwu.org.za	M / VC	1 January 2013
Selwyn Voley	Srv@newmarkhotels.com	E	1 January 2013
Renier Grosch	Renier@g3grp.co.za	E	1 January 2013
Hugh Von Zahn	Hvonzahn@mweb.co.za	E	12 April 2013
Susanne Faussner-Ringer	susanne.faussner@greenways.co.za	E	5 June 2013
Chris Godenir	gm@peninsula.co.za	I	1 January 2015
Chris Bosenberg	Bosie@global.co.za	I	1 January 2015
Washington Mtinkulu	westerncape@saccawwu.org.za	M	1 January 2013
Alfred Green	westerncape@saccawwu.org.za	M	1 January 2013
Nikiwe Kaptein-Lulabe	kbarnes@metropolitan.co.za	M	1 January 2013
Xoliswa Tamane	kbarnes@metropolitan.co.za	M	1 January 2013
Vincent Sotyifa	kbarnes@metropolitan.co.za	M	1 January 2013
Mary Mageqa	westerncape@saccawwu.org.za	M	2 October 2013
Holisma Nqoro	westerncape@saccawwu.org.za	A	6 February 2013
Michelle De Witt	mdewitt@horwarthntl.co.za	E	1 August 2015

- * - 'M' denotes member elected
- 'E' denotes employer appointed
- 'A' denotes alternate
- 'C' denotes chairperson
- 'I' denotes independent

Governance note: schedule of meetings* held by the Board of Fund in terms of the rules of the fund

Meeting date	Place of meeting	Quorum (yes/no)
18 February 2015	The Forum, V&A Waterfront	Yes
1 April 2015	The Forum, V&A Waterfront	Yes
3 June 2015	The Forum, V&A Waterfront	Yes
12 August 2015	The Forum, V&A Waterfront	Yes
7 October 2015	Atlantic Imbizo Conference & Function Studio, V&A Waterfront	Yes
25 November 2015	The Forum, V&A Waterfront	Yes

* Only meetings held by the Board of Fund and does not include meetings held by the sub-committees

FUND OFFICERS

Principal Officer					
Full name	Postal address	Physical address	Telephone number	E-mail address	Date appointed
Kevin L. Barnes	PO Box 836 Cape Town 8000	Momentum Retirement Administrators, 8th Floor, No 1 Adderley Street, Cape Town, 8001	(021) 421 0190	KBarnes@metropolitan.co.za	1 November 1998

TOURISM, HOSPITALITY AND CATERING (THACSA) PENSION FUND

**SCHEDULE A
REGULATORY INFORMATION (continued)
FOR THE YEAR ENDED 31 DECEMBER 2015**

Monitoring Person*

Full name	Postal address	Physical address	Telephone number	E-mail address	Date appointed
Kevin L. Barnes	PO Box 836 Cape Town 8000	Momentum Retirement Administrators, 8th Floor, No 1 Adderley Street, Cape Town, 8001	(021) 421 0190	KBarnes@metropolitan.co.za	1 November 1998

**(In terms of Section 13A of the Pension Funds Act)*

PROFESSIONAL SERVICE PROVIDERS

Actuary/Valuator

Full name	Postal address	Physical address	Telephone number	E-mail address
Sean Christian Neethling	PO Box 2212, Bellville, 7535	6 Mispel Road, Bellville, 7530	(021) 940 4008	sean.neethling@momentum.co.za

Auditor

Full name	Postal address	Physical address	Telephone number
PricewaterhouseCoopers Inc.	PO Box 2799 Cape Town 8000	No. 1 Waterhouse Place Century City Cape Town 7441	(021) 529 2000

Benefit Administrator

Full name	Postal address	Physical address	Telephone number	Date appointed	Registration number in terms of section 13B
Momentum Retirement Administrators (Pty) Ltd	PO Box 2212 Bellville 7535	6 Mispel Road Parc du Cap Bellville 7530	(021) 940 5911	1 October 2003	24/453

Investment Administrator

Full name	Postal address	Physical address	Telephone number	Date appointed	FAIS registration number
MMI Group Limited	PO Box 2212 Bellville 7553	6 Mispel Road Parc du Cap Bellville 7530	(021) 940 5911	13 January 2004	6406
Allan Gray Life Ltd	PO Box 51318 Cape Town 8002	1 Silo Square V&A Waterfront 8001	(021) 415 2300	27 November 2003	6663
Investec Asset Management (Pty) Ltd	PO Box 1655 Cape Town 8001	36 Hans Strijdom Avenue Foreshore Cape Town 8001	(021) 416 1818	28 January 2004	587
Regarding Capital Management (Pty) Ltd	PO Box 45040 Claremont 7735	7th Floor, Claremont Central 8 Vineyard Road Claremont 7700	(021) 657 3440	29 July 2005	18834
Prudential Investment Managers (South Africa) (Pty) Ltd	PO Box 23167 Claremont 7735	7th Floor, Protea Place 40 Dreyer Street Claremont 7708	(021) 670 2885	1 September 2005	45199

TOURISM, HOSPITALITY AND CATERING (THACSA) PENSION FUND

**SCHEDULE A
REGULATORY INFORMATION (continued)
FOR THE YEAR ENDED 31 DECEMBER 2015**

PROFESSIONAL SERVICE PROVIDERS (continued)

Investment Advisor

Full name	Postal address	Physical address	Telephone number	FAIS registration number
Towers Watson (Pty) Ltd	Private Bag X30 Rondebosch 7701	Great Westerford Building 2nd Floor, 240 Main Road Rondebosch, 7700	(021) 681 3700	2545

Risk Insurer

Full name	Postal address	Physical address	Telephone number	Date appointed	FSP approval no
MMI Group Limited	PO Box 2212 Bellville 7535	6 Mispel Road Parc du Cap Bellville 7530	(021) 940 5911	23 January 2012	6406

PARTICIPATING EMPLOYERS

The list of participating employers is available for inspection at the fund's registered office.

TOURISM, HOSPITALITY AND CATERING (THACSA) PENSION FUND

SCHEDULE B STATEMENT OF RESPONSIBILITY BY THE BOARD OF FUND FOR THE YEAR ENDED 31 DECEMBER 2015

Responsibilities

The Board of Fund hereby confirm to the best of their knowledge and belief that, during the year under review, in the execution of their duties they have complied with the duties imposed by Pension Funds Act legislation and the rules of the fund, including the following:

- ensured that proper registers, books and records of the operations of the fund were kept, inclusive of proper minutes of all resolutions passed by the Board of Fund;
- ensured that proper internal control systems were employed by or on behalf of the fund;
- ensured that adequate and appropriate information was communicated to the members of the fund, informing them of their rights, benefits and duties in terms of the rules of the fund;
- took all reasonable steps to ensure that contributions, where applicable, were paid timeously to the fund or reported where necessary, in accordance with section 13A and regulation 33 the Pension Funds Act in South Africa;
- obtained expert advice on matters where they lacked sufficient expertise;
- ensured that the rules and the operation and administration of the fund complied with the Pension Funds Act and all applicable legislation;
- ensured that fidelity cover was maintained and that this cover was deemed adequate and in compliance with the rules of the fund; and
- ensured that investments of the fund were implemented and maintained in accordance with the fund's investment strategy.

Approval of the annual financial statements

The annual financial statements of Tourism, Hospitality and Catering (THACSA) Pension Fund are the responsibility of the Board of Fund. The Board of Fund fulfils this responsibility by ensuring the implementation and maintenance of accounting systems and practices adequately supported by internal financial controls. These controls, which are implemented and executed by the fund and/or its benefit administrators, provide reasonable assurance that:

- the fund's assets are safeguarded;
- transactions are properly authorised and executed; and
- the financial records are reliable.

The annual financial statements set out on pages 9 to 25 have been prepared for regulatory purposes in accordance with the Regulatory Reporting Requirements for Retirement Funds in South Africa, the Rules of the fund and the Pension Funds Act. The Board of Fund is not aware of any instances of non-compliance during the financial year nor during the year up until the signature of these financial statements.

These annual financial statements have been reported on by the independent auditors, PricewaterhouseCoopers Inc., who was given unrestricted access to all financial records and related data, including minutes of all relevant meetings. The Board of Fund believes that all representations made to the independent auditors in the management representation letter during their audit were valid and appropriate. The report of the independent auditors is presented on page 7 to 8.

Instances of non-compliance

The following instances of non-compliance with acts, legislation, regulations and rules, including the provisions of laws and regulations that determine the reported amounts and disclosures in the annual financial statements came to our attention Board of Fund's approval of the financial statements:

The following instances of non-compliance with Acts, Legislation, Regulations and Rules, including the provisions of laws and regulations that determine the reported amounts and disclosures in the financial statements came to our attention and were rectified before the Board of Fund's approval of the financial statements:

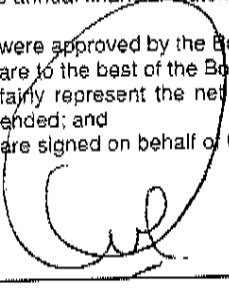
Nature and cause of non-compliance	Impact of non-compliance matter on the fund	Corrective course of action taken to resolve non-compliance matter
Section 14 not paid within 60 days.	The fund may be liable for any investment loss suffered by the members.	Banking details received late from transferee fund.

TOURISM, HOSPITALITY AND CATERING (THACSA) PENSION FUND

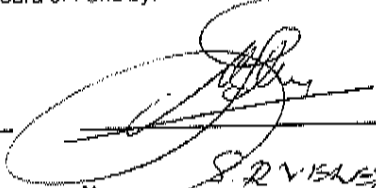
SCHEDULE B
STATEMENT OF RESPONSIBILITY BY THE BOARD OF FUND (continued)
FOR THE YEAR ENDED 31 DECEMBER 2015

These annual financial statements:

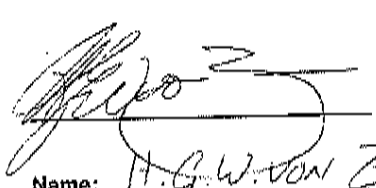
- were approved by the Board of Fund on 15 June 2016;
- are to the best of the Board members knowledge and belief confirmed to be complete and correct;
- fairly represent the net assets of the fund at 31 December 2015 as well as the results of its activities for the year then ended; and
- are signed on behalf of the Board of Fund by:



Name: A. Noor
15/6/16
Date



Name: S. R. VISARY
15/6/16
Date



Name: H.G.W. VON ZAHN
15/6/2016
Date

TOURISM, HOSPITALITY AND CATERING (THACSA) PENSION FUND

**SCHEDULE C
STATEMENT OF RESPONSIBILITY BY THE PRINCIPAL OFFICER
FOR THE YEAR ENDED 31 DECEMBER 2015**

I confirm that, to the best of my knowledge, for the year under review the Tourism, Hospitality and Catering (THACSA) Pension Fund has timeously submitted all regulatory and other returns, statements, documents and any other information as required in terms of the Pension Funds Act and to the best of my knowledge all applicable legislation.

A handwritten signature in black ink, appearing to read 'K. L. Barnes', is written over a horizontal line. The signature is stylized and includes a large, sweeping flourish that extends to the right.

**Kevin L. Barnes
PRINCIPAL OFFICER**

15 June 2016

**TOURISM, HOSPITALITY AND CATERING (THACSA) PENSION FUND
SCHEDULE D**

INDEPENDENT AUDITOR'S REPORT

**TO THE BOARD OF THE TOURISM, HOSPITALITY AND CATERING (THACSA)
PENSION FUND**

Report on the Financial Statements

We have audited the annual financial statements of the Tourism, Hospitality And Catering (Thacsa) Pension Fund (the "Fund") set out on pages 12 to 32, which comprise the statement of net assets and funds as at 31 December 2015 the statement of changes in net assets and funds for the year ended, and the notes to the financial statements which include the principal accounting policies and other explanatory information. The financial statements are prepared for the purpose of reporting to the Registrar of Pension Funds.

Board of Fund's Responsibility for the Financial Statements

The Board of Fund is responsible for the preparation of these financial statements in accordance with the Regulatory Reporting Requirements for Retirement Funds in South Africa. The Board of Fund is also responsible for compliance with the requirements of the Rules of the Fund and the Pension Funds Act of South Africa and for such internal control as the Board of Fund determines is necessary to enable the preparation of financial statements that are free from material misstatements, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we 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 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.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the annual financial statements of the Tourism, Hospitality And Catering (Thacsa) Pension Fund for the year ended 31 December 2015 have been prepared, in all material respects, in accordance with the Regulatory Reporting Requirements for Retirement Funds in South Africa.

Financial Reporting Framework

Without modifying our opinion, we draw attention to the principal accounting policies in which the applicable financial reporting framework is identified, as prescribed by the Registrar. Consequently, the financial statements and related auditor's report may not be suitable for another purpose.

Other Matters

The supplementary information contained in Schedule IA as set out on pages 38 to 39 to these annual financial statements, has been extracted from the Fund's underlying accounting records that were the subject of our engagement. We have compared the totals reflected in Schedule IA to the totals reflected in the underlying Fund's accounting records to determine whether such totals have been correctly extracted. However, we have not performed any additional procedures to substantiate the disclosures of the individual totals included in Schedule IA. We do not express an audit opinion on this schedule.

Report on Other Legal and Regulatory Requirements

The Statement of Responsibility by the Board of Fund describes instances of non-compliance with laws and regulations, including those that determine the reported amounts and disclosures in the financial statements that have come to the attention of the Board of Fund and the corrective action taken by the Board of Fund. Other than indicated in our Schedule I report on factual findings, there are no additional instances of non-compliance with the Pension Funds Act that came to our attention during the course of our audit of the financial statements.

PricewaterhouseCoopers Inc.
PricewaterhouseCoopers Inc.
Director: V. Wiese
Registered Auditor

Address: P O Box 2799, Cape Town, 8000

Date: 15 June 2016

TOURISM, HOSPITALITY AND CATERING (THACSA) PENSION FUND

**SCHEDULE E
REPORT OF THE BOARD OF FUND
FOR THE YEAR ENDED 31 DECEMBER 2015**

1. DESCRIPTION OF FUND

1.1. Type of fund

For the purposes of the prescribed financial statements, the fund is classified as a Pension Fund in terms of section 1 of the Income Tax Act, 1962. The fund is a defined contribution fund.

1.2. Benefits

1.2.1. The fund provides retirement, death and withdrawal benefits for members of the fund on their retirement through old age or ill-health, or upon termination of service for other reasons, as well as benefits for the dependants of deceased members.

1.2.2. Unclaimed benefits

Benefits will become unclaimed after 24 months from the date the member exits. The fund will keep records of all unpaid benefits for such period, as the board considers reasonable, but must not be less than the period prescribed by law. The member's benefit is retained in the fund and the relevant rate of return applied. The benefit, plus investment return, is to become payable to the member when claimed.

In respect of unclaimed benefits, the fund keeps record of all unclaimed benefits. Unclaimed withdrawal benefits remain in the Fund as required by PF Circular 126.

1.3. Contributions

1.3.1. The board recognises contributions for all known participating employers on the accrual basis. All arrear contributions may not be receivable subsequent to year end since employers could have terminated at/ before year end without notification to the board. Late payment interest in terms of Section 13A is collected.

During the period all contributions due were accrued for as receivable. The receivable included instances where member/s have stopped contributed, but did not formally exit the fund.

1.3.2 The member contribution rate towards retirement funding varies between 6%, 6.5%, 7%, 7.5% and 8% of pensionable salary.

The employer contribution rate towards costs and expenses varies between 6%, 7%, and 7.5% of pensionable salary.*

* The contribution includes contributions in respect of the unattached risk schemes.

1.4. Rule Amendments

1.4.1. Amendments

Rule amendment No.	Description and motivation	Date of board of resolution	Effective date	Date registered by the Financial Services Board
2	To allow members to have their individual choice in selecting investment portfolios.	01/04/2015	01/07/2015	13/07/2015

TOURISM, HOSPITALITY AND CATERING (THACSA) PENSION FUND

**SCHEDULE E
REPORT OF THE BOARD OF FUND (continued)
FOR THE YEAR ENDED 31 DECEMBER 2015**

1.5. The rules make provision for the following reserve accounts :

1.5.1. Dormant Member Contingency Reserve Account

This account may be less than the total theoretical accumulation of the Dormant Members Member's Shares. The quantum of a benefit paid from this account will therefore be determined by the Board of Fund in consultation with the Valuator.

This reserve shall be credited with amounts as determined by the Board of Fund in consultation with the Valuator, and interest (positive or negative) as declared by the Board of Fund in consultation with the Valuator. This reserve will be debited with a transfer to the Cost Account to cover any fund expense associated with Dormant members, any benefit payment made to Dormant members in terms of the fund's rules, and any amount that the Board of Fund, in consultation with the Valuator, requests to be transferred to any other fund account.

Cost Account

The Cost Account shall be credited with the remainder of the Employer's contribution after crediting the Net Employer's Contribution to each Member's Net Contributions account, and interest (positive or negative) as declared by the Board of Fund in consultation with the Valuator.

This account will be debited with the actual cost of the expenses defined in the definition of the Net Employer Contributions, the following fund's expenses (but not limited to) actuarial fees, fidelity cover, board of fund and principal officer expenses, legal and audit fees, Registrar fees, and any costs associated with Dormant members.

At each anniversary date the debit or credit balance in this account shall be offset against the balances in the various member contribution accounts.

2. INVESTMENTS

2.1 Investment strategy

The fund opted to invest in insurance policies and collective investment vehicles and therefore invested in a spread of portfolios with different risk and return profiles. The fund allows a maximum exposure of 75% to equities.

With effect from 1 July 2015 the fund has adopted a Life Stage investment strategy. The fund is split into two strategies, namely a "Growth Portfolio" and a "Capital Protection Portfolio". Members' fund credits and contributions are invested according to their current age. Members below the age of 50 are fully invested in the Growth Portfolio. From age of 50 to age 59 the members' fund credits and contributions are transferred to the Capital Protection Portfolio, at a rate of 10% per year in order that by age 59 the members' investments and contributions have been fully transferred to the Capital Protection Portfolio.

Prior to the implementation of the Life Stage investment strategy, the total fund's investment objective was a net investment return (after investment manager fees) that exceeded CPI inflation by 4.5% per annum over rolling three year periods. The performance objective was reduced from Inflation plus 5% per annum, following a review of the fund's Investment Policy Statement with effect from 1 July 2014. As a secondary objective, the fund is also invested in such a manner as to limit any potential loss over any rolling 12 month period.

2.2. Management of investments

The fair value of the fund's investments, administered by the investment administrators at the end of the year was:

	31 December 2015	31 December 2014
	R	R
Allan Gray Life Ltd (Global Balanced)	75,643,705	143,941,091
Investec Asset Management (Pty) Ltd	31,663,763	59,320,707
Momentum Group Ltd (Multi Manager Smooth Growth Fund - Global)	369,625,105	180,705,416
Prudential Inflation Plus Fund	88,705,026	80,314,206
RE:CM Holdings (Pty) (Balanced Fund)	-	72,852,438
Total value of investments managed	565,637,599	537,133,858

TOURISM, HOSPITALITY AND CATERING (THACSA) PENSION FUND

**SCHEDULE E
REPORT OF THE BOARD OF FUND (continued)
FOR THE YEAR ENDED 31 DECEMBER 2015**

3. MEMBERSHIP

	Active members	Dormant members	Deferred pensioners	Unclaimed benefits
Number at the beginning of year	4,348	44,891	-	2,560
Adjustments	(51)	(44,891)	8,456	36,325
Additions	1,105	-	-	225
Transfers out	(223)	-	-	-
Withdrawals	(533)	-	(278)	-
Retirements	(34)	-	-	n/a
Retrenchments	(64)	-	-	n/a
Deaths	(15)	-	-	n/a
Unclaimed benefits paid	n/a	n/a	n/a	(150)
Number at the end of the year	4,533	-	8,178	38,960
Number at end of year (South African citizen)	4,533	-	8,178	38,960

Of the 38 960 under Unclaimed benefits, 36 316 are in respect of Dormant members.

The adjustments relate to invalid members who were removed from the memberships statistics.

4. ACTUARIAL VALUATION

The 31 December 2014 valuation was submitted to the Financial Services Board on 7 December 2015. The next statutory valuation will be as at 31 December 2017 and is due for submission to the Financial Services Board by 31 December 2018.

5. HOUSING LOAN FACILITIES

The fund does not grant direct housing loans to members, but assist members in securing a housing loan by means of a surety arrangement administered by Standard Bank. As at 31 December 2015 the outstanding balance of housing loan guarantees granted amounted to R606.168 - 32 members (2014: R807,916 - 42 members).

The total facility approved is R2,000,000 and is renewable on 31 August 2016.

6. INVESTMENTS IN PARTICIPATING EMPLOYERS

The fund holds no direct investments in the participating employer.

7. FIDELITY COVER

Fidelity Cover to the maximum amount of R10 000 000 was in place for the year ended 31 December 2015. The fidelity cover is underwritten by Camarque Underwriting Managers (Pty) Ltd.

8. DORMANT MEMBERS

Unclaimed benefits and deferred pensioners prior to 01 October 2003 are classified as dormant members.

The Fund has released part of the dormant member liabilities in the past based on legal and actuarial advice and on the approval of the Financial Services Board. A contingency reserve has been established to meet the liabilities of the dormant members.

TOURISM, HOSPITALITY AND CATERING (THACSA) PENSION FUND

**SCHEDULE F
STATEMENT OF NET ASSETS AND FUNDS
AS AT 31 DECEMBER 2015**

	Note	31 December 2015 R	31 December 2014 R
ASSETS			
Non-current assets			
Investments	2	565,637,599	537,133,858
		7,901,844	7,658,183
Current assets			
Transfers receivable	5	897,210	-
Accounts receivable	4	3,648,931	321,455
Arrear contributions	10	1,839,311	1,421,805
Cash at bank		1,516,392	5,914,923
Total assets		573,539,443	544,792,041
FUNDS AND LIABILITIES			
Members' funds and surplus account		264,020,741	250,123,522
Members' individual accounts		257,444,237	248,788,456
Amounts to be allocated	16	6,576,504	1,335,066
Reserves			
Reserve accounts	15	254,670,398	240,673,364
Total funds and reserves		518,691,139	490,796,886
Non-current liabilities			
Unclaimed benefits	8	43,910,408	42,581,599
Current liabilities		10,937,896	11,413,556
Transfers payable	6	1,309,526	2,658,571
Benefits payable	7	7,195,017	6,209,533
Accounts payable	9	2,433,353	2,545,452
Total funds and liabilities		573,539,443	544,792,041

TOURISM, HOSPITALITY AND CATERING (THACSA) PENSION FUND

**SCHEDULE G
STATEMENT OF CHANGES IN NET ASSETS AND FUNDS
FOR THE YEAR ENDED 31 DECEMBER 2015**

	Note	Members' individual accounts & Amounts to be allocated		Reserve accounts Refer note 15		Current year 2015		Previous year 2014	
		R	R	R	R	R	R	R	R
Contributions received and accrued	10	28,263,506	5,048,103	33,311,609	30,300,366				
Reinsurance proceeds		5,018,731		5,018,731	2,382,396				
Net investment income	11	31,174,098	25,271,030	56,445,128	55,796,358				
Allocated to unclaimed benefits	8	(1,609,946)		(1,609,946)	(3,887,188)				
Other income	12				(206,589)				
Less:									
Re-insurance premiums			(3,225,590)	(3,225,590)	(3,297,099)				
Administration expenses	13		(5,503,993)	(5,503,993)	(4,826,461)				
Net income before transfers and benefits		62,846,389	21,589,550	84,435,939	76,261,783				
Transfers and benefits									
Transfer from other funds	5	(49,239,761)	(7,301,925)	(56,541,686)	(29,531,104)				
Transfer to other funds	6	989,918		989,918	992,099				
Benefits	7	(8,452,764)		(8,452,764)	(2,239,928)				
		(41,776,915)	(7,301,925)	(49,078,840)	(28,283,275)				
Net income after transfers and benefits		13,606,628	14,287,625	27,894,253	46,730,679				
Funds and reserves									
Balance at the beginning of the year	15	250,123,522	240,673,364	490,796,886	444,066,207				
Transfers between reserve accounts	15	290,591	(290,591)						
Balance at the end of the year		264,020,741	254,670,398	518,691,139	490,796,886				

TOURISM, HOSPITALITY AND CATERING (THACSA) PENSION FUND

SCHEDULE HA NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

1. PRINCIPAL ACCOUNTING POLICIES

The following are the principal accounting policies used by the fund. These policies have been applied consistently to all years presented, unless otherwise specifically stated.

1.1. PURPOSE AND BASIS OF PREPARATION OF ANNUAL FINANCIAL STATEMENTS

The annual financial statements are prepared in accordance with the Regulatory Reporting Requirements for Retirement Funds in South Africa, the rules of the fund and the provisions of the Pension Funds Act.

The annual financial statements are prepared on the historical cost and going concern bases, except where specifically indicated otherwise in the accounting policies below:

1.2. FINANCIAL INSTRUMENTS

Measurement

A financial instrument is any contract that gives rise to both a financial asset of one entity and a financial liability or equity instrument of any other entity. A financial asset or a financial liability is recognised when its contractual arrangements become binding and is derecognised when the contractual rights to the cash flows of the instrument expire or when such rights are transferred in a transaction in which substantially all risks and rewards of ownership of the instrument are transferred.

Financial instruments carried on the statement of net assets and funds, include cash and bank balances, investments, housing loans, receivables and accounts payable.

Financial instruments are recognised on acquisition using trade date accounting, which includes transaction costs. Upon initial recognition financial instruments are designated at fair value through the statement of changes in net assets and funds as the assets or liabilities are managed, evaluated and reported internally on a fair value basis and/or the designation eliminates or significantly reduces an accounting mismatch which would otherwise arise.

Subsequent to initial recognition, these instruments are measured as set out below.

1.2.1. Investments

Investments are classified at fair value through the statement of changes in net assets and funds and are measured at fair value.

Loans (other than housing loans) – loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determined payments that are not quoted in an active market other than those that the fund intends to sell in the short term or that is designated as at fair value through the statement of changes in net assets and funds. Loans and receivables are measured at fair value.

Insurance policies

Non - linked insurance policies

Non - linked insurance policies with insurers are valued on the basis of the policyholder's retrospective contribution to assets (i.e. accumulation at the actual investment return achieved on gross premiums.)

Linked or market-related policies

If the policy is unitised, the value is equal to the market value of the underlying units. Other linked or market-related policies are valued at the market value of the underlying assets for each policy, in line with the insurer's valuation practices.

Collective investment scheme

Investments in collective investment schemes are valued at fair value which is the quoted unit values, as derived by the collective investment scheme manager with reference to the rules of each particular collective investment scheme, multiplied by the number of units.

1.2.2. Housing loans

Housing loans are measured at fair value. Housing loans are derecognised when the right to receive cash flows from the member has expired or been transferred and the fund has also transferred substantially all risks and rewards of ownership.

1.2.3. Accounts receivable

Accounts receivable are financial assets measured initially at fair value and subsequently measured at amortised cost using the effective interest rate method, less any allowance for impairment.

TOURISM, HOSPITALITY AND CATERING (THACSA) PENSION FUND

SCHEDULE HA NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED 31 DECEMBER 2015

1.2.1. Investments (continued)

1.2.4. Cash and cash equivalents

Cash and equivalents comprise cash in hand, deposits held at call with banks, and other short-term highly liquid investments with original maturities of three months or less. Cash and cash equivalents are measured at fair value.

1.2.5. Accounts payable

Accounts payable are financial liabilities measured initially at fair value, net of transaction costs that are directly attributable to the liability and subsequently measured at amortised cost using the effective interest rate method.

1.3. RESERVES

Reserve accounts comprise particular amounts of designated income and expenses as set out in the rules of the fund and are recognised in the year in which such income and expenses accrue to the fund.

1.4. PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS

Provisions

Provisions are recognised when the fund has a present legal or constructive obligation as a result of past events, for which it is probable that an outflow of economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made. Where the effect of discounting to present value is material, provisions are adjusted to reflect the time value of money.

Contingent liabilities

A contingent liability is not recognised in the statement of net assets and funds, but disclosed in the notes to the financial statements, unless the possibility of an outflow of resources embodying economic benefits is remote.

Contingent assets

A contingent asset is not recognised in the statement of net assets and funds, but disclosed in the notes to the financial statements when an inflow of economic benefits is probable.

1.5. CONTRIBUTIONS

Contributions are measured at the fair value of the consideration received or receivable.

Contributions are accrued and recognised as income in accordance with the actuarial recommendations, and the rules of the retirement fund. Contributions received are apportioned between retirement funding and funding for risk and other expenses. The apportionment is governed by the rules of the fund and actuarial recommendations.

Voluntary contributions are recognised when they are received from annual payments or accrued where monthly recurring payments are made.

Any contributions outstanding at the end of the reporting year are recognised as a current asset – contribution receivable. Any contributions received in advance at the end of the reporting year are recognised as a current liability – accounts payable.

Contributions transferred from surplus accounts

Contributions transferred from surplus accounts include any contributions that are funded from the surplus accounts and relates to contribution holiday after surplus apportionment has been approved and the corresponding approval of the utilization of the employer and member surplus accounts.

Interest charged on late payment of contributions

Compound interest on late payments or unpaid amounts and values shall be calculated for the year from the first day of the month following the expiration for the year in respect of which the relevant amounts or values are payable or transferable until the date of receipt by the fund.

TOURISM, HOSPITALITY AND CATERING (THACSA) PENSION FUND

SCHEDULE HA NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED 31 DECEMBER 2015

1.6. FOREIGN CURRENCIES

Transactions in foreign currencies are accounted for at the ruling rate of exchange on the transaction date. Assets and liabilities in foreign currencies are converted at the ruling rate of exchange on the statements of net assets and funds date.

Gains and losses on conversion are dealt with in the statement of changes in net assets and funds.

Income and expenditure relating to foreign investments are converted to South African currency at appropriate weighted average exchange rates, for the period.

1.7. INVESTMENT INCOME

Investment income comprises of dividends, interest and adjustment to fair value.

Dividends

Dividend income is recognised in the statement of changes in net assets and funds when the right to receive payment is established – this is the last date to trade for equity securities. For financial assets designated at fair value through the statement of changes in net assets and funds, the dividend income forms part of the fair value adjustment.

Interest

Interest income in respect of financial assets held at amortised cost is accounted for in the statement of changes in net assets and funds using the effective interest rate method.

Collective investment schemes' distribution

Distribution from collective investment schemes are recognised when the right to receive payment is established.

Income from policies with insurance companies

Income from investment policies from insurance companies is included in the adjustment to the movement of the financial asset.

Adjustment to fair value

Gains or losses arising from changes in the fair value of financial assets at fair value through the statement of changes in net assets and funds are presented in the statement of changes in net assets and funds in the year in which they arise.

Expenses incurred in managing investments

Expenses in respect of the management of investments are recognised as the service is rendered.

1.8. BENEFITS

Benefits payable and pensions are measured in terms of the rules of the fund.

Benefit payments and monthly pension payments are recognised as an expense when they are due and payable in terms of the rules of the fund. Any benefits not paid at the end of the reporting year are recognised as a current liability – benefits payable / due.

Reinsurance proceeds

Reinsurance proceeds are measured at the fair value of the consideration received or receivable and are accrued and recognised as income at the same time as the recognition of the related claim.

1.9. TRANSFERS TO AND FROM THE FUND

Section 14 and 15B transfers to or from the fund are recognised on the date of approval of the scheme/arrangement of transfer of business by the Financial Services Board, as contained in the approval certificate from the Registrar.

Individual transfers (Section 13A(5) transfers) are recognised on the earlier of receipt of the written notice of transfer (Recognition of Transfer) or receipt of the actual transfer value.

All the above transfers are measured at the values as per the section 14 application or the value of the transfer at effective date of transfer adjusted for investment return or late payment interest as guided by the application.

TOURISM, HOSPITALITY AND CATERING (THACSA) PENSION FUND

SCHEDULE HA NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED 31 DECEMBER 2015

1.10. ADMINISTRATION EXPENSES

Expenses incurred in the administration of retirement funds are recognised in the statement of changes in net assets and funds in the reporting year to which they relate.

In the event that an expense has not been paid at the end of a reporting year the liability will be reflected in the accounts payable note. If the expense was paid in advance or overpayment occurred, the applicable amount will be disclosed under the accounts receivable note.

1.11. RELATED PARTIES

In considering each possible related-party relationship, attention is directed to the substance of the relationship and not merely the legal form.

If there have been transactions between related parties, the fund shall disclose the nature of the related party relationship as well as the following information for each related party relationship:

- the amount of the transactions;
- the amount of outstanding balances;
- their terms and conditions, including whether they are secured, and the nature of the consideration to be provided in the settlement;
- details of guarantees given or received;
- provisions for doubtful debts related to the amount of outstanding balances; and
- the expense recognised during the year in respect of bad or doubtful debts due from related parties.

1.12. ACCOUNTING POLICIES, CHANGING IN ACCOUNTING ESTIMATES AND ERRORS

The fund applies adjustments arising from changes in accounting policies and errors prospectively. The adjustment relating to a change in the accounting policy or error is therefore recognised in the current and future years affected by the change.

TOURISM, HOSPITALITY AND CATERING (THACSA) PENSION FUND

SCHEDULE HA
NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2015

2. INVESTMENTS

2.1. Investment summary

Note	Local R	Total current year R	Total previous year R	Fair value current year R	Categorised per IAS 39
Insurance policies	445,268,810	445,268,810	324,646,507	445,268,810	At fair value through statement of changes in net assets and funds
Collective investment schemes	120,368,789	120,368,789	212,487,351	120,368,789	At fair value through statement of changes in net assets and funds
Total	565,637,599	565,637,599	537,133,858	565,637,599	

Included in insurance policies are non-vested bonuses on non-linked insurance policies of R57 375 940 (2014: R45 836 700).

3. HOUSING LOAN FACILITIES

3.1. Housing loan guarantees

The fund does not grant direct housing loans to members, but assists members in securing a housing loan by means of a surety arrangement administered by Standard Bank.

As at 31 December 2015 the outstanding balance of housing loan guarantees granted amounted to R606,168 - 32 members (2014: R807,918 - 42 members). The total facility approved is R2,000,000 and is renewable on 31 August 2016.

4. ACCOUNTS RECEIVABLE

	31 December 2015 R	31 December 2014 R
Reinsurance proceeds receivable	570,139	-
Prepaid fidelity cover premium	-	8,750
Prepaid tracing fees	127,880	-
Late payment interest on contributions	250,006	234,360
Interest on bank account receivable	9,510	24,521
Cash-in-transit: Ring-fenced investment	2,658,990	-
PAYE receivable from the Receiver of Revenue	-	53,824
Refund due to the fund	32,406	-
Total	3,648,931	321,455

TOURISM, HOSPITALITY AND CATERING (THACSA) PENSION FUND

SCHEDULE HA

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2015

5. TRANSFERS FROM OTHER FUNDS

	Effective date	No. of members	Applied for not yet approved (contingent)	A	B	C	D	A+B+C-D
			R	At beginning of the year	Transfers approved	Return on Transfers	Assets transferred	At end of year
				R	R	R	R	R
Individual transfers in Prospective approvals in terms of section 14		5	-	-	989,918	-	(92,708)	897,210
Old Mutual Super Funds	01/06/2008	1	36,688	-	-	-	-	-
Hospitality & General Provident Fund	01/01/2010	15	186,492	-	-	-	-	-
Alexander Forbes Retirement Fund (PF)	01/08/2006	4	1,210,492	-	-	-	-	-
Hardres Williams, Gilbert & Associates Midas Umbrella Provident Plan	31/08/2012	61	2,031,157	-	-	-	-	-
Total		86	3,464,829	-	989,918	-	(92,708)	897,210
Transfers approved (B)					989,918			989,918
Return on transfers (C)								
Statement of changes in net assets and funds								989,918

TOURISM, HOSPITALITY AND CATERING (THACSA) PENSION FUND

SCHEDULE HA
 NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)
 FOR THE YEAR ENDED 31 DECEMBER 2015

6. TRANSFERS TO OTHER FUNDS

	Effective date	No. of members	Applied for not yet approved (contingent)	A		B	C	D	A+B+C-D
				At beginning of the year	R				
			R	R	R	R	R	R	R
In terms of section 14									
Hospitality & General Provident Fund (Palm Garden)	01/10/2008	5	-	341,923	-	-	-	-	341,923
Hospitality & General Provident Fund (Second Avenue)	01/04/2005	2	-	158,158	-	-	-	-	158,158
Hospitality & General Provident Fund (City Lodge)	31/08/2008	2	-	81,792	-	-	-	-	81,792
Alexander Forbes Retirement Fund	30/05/2010	1	-	102,776	33,345	-	-	(136,121)	-
Hospitality and General Provident Fund	31/10/2012	1	-	-	71,653	-	-	(71,653)	-
Hospitality and General Provident Fund	31/08/2004	5	-	-	1,120,118	-	-	(407,503)	712,615
Alexander Forbes Retirement Fund	30/09/2013	27	-	775,744	4,690	-	-	(780,434)	-
Nandos Employees Provident Fund	31/10/2013	23	-	113,799	2,771	-	-	(111,401)	5,169
ACN Umbrella Pension Fund	30/11/2013	1	-	305,706	17,527	-	-	(323,233)	-
Alexander Forbes Retirement Fund (Victoria Junction Hotel)	31/10/2014	12	-	778,673	18,075	-	-	(796,748)	-
Fundsatwork Umbrella Provident Fund	01/11/2014	53	-	-	714,907	-	-	(714,907)	-
- Nandos									
Agri-en Wynbedryf Altreefonds	30/04/2014	6	-	-	848,517	-	-	(848,517)	-
Discovery Retirement Annuity Fund	30/04/2015	30	-	-	1,551,943	-	-	(1,551,943)	-
Alexander Forbes Retirement Fund - The Waterclub Court Body Corporate	31/03/2012	121	-	-	4,039,993	-	-	(4,039,993)	-
Individual transfers out		2	-	-	29,225	-	-	(19,356)	9,869
Prospective approvals in terms of section 14		19	-	-	-	-	-	-	-
Alexander Forbes Retirement Fund (Victoria Junction Hotel)	30/06/2015	3	493,954	-	-	-	-	-	-
Fundsatwork Umbrella Provident Fund (Nandos Wonderpark)	01/11/2014	16	67,109	-	-	-	-	-	-
Total		310	561,063	2,658,371	8,452,764	-	-	(9,801,809)	1,309,526

Transfers approved (B)
 Return on transfers (C)

8,452,764

TOURISM, HOSPITALITY AND CATERING (THACSA) PENSION FUND
 SCHEDULE HA
 NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)
 FOR THE YEAR ENDED 31 DECEMBER 2015

8,452,764

Statement of changes in net assets and funds

7. BENEFIT PAYMENTS

7.1. Benefits - current members

	A		B		D		E		A+B+C-D-E	
	At beginning of year	Benefits for current period	Payments	Transferred to unclaimed benefits	At end of year					
	R	R	R	R	R					
Lump sums on retirements										
- Full benefit	867,283	9,156,122	(9,678,175)	(483)	344,747					
Lump sums before retirement										
- Death benefits	603,008	7,830,485	(3,216,270)	(341,536)	4,875,687					
- Withdrawal benefits	4,633,675	28,095,000	(30,246,423)	(980,354)	1,501,898					
- Retrenchment benefits	105,567	3,753,570	(3,384,229)	(2,223)	472,685					
Other		243,663	(243,663)							
Divorce court order payments										
Total	6,209,533	49,078,840	(46,768,760)	(1,324,596)	7,185,017					

49,078,840

49,078,840

Statement of changes in net assets and funds

Benefits for current year (B)
 Return allocated (C)

TOURISM, HOSPITALITY AND CATERING (THACSA) PENSION FUND

SCHEDULE HA
 NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)
 FOR THE YEAR ENDED 31 DECEMBER 2015

8. UNCLAIMED BENEFITS

	31 December 2015	31 December 2014
	R	R
Balance at the beginning of the year	42,581,599	33,296,723
Transferred from benefits payable	1,324,596	7,767,781
Adjustments *	(1,233,811)	(513,337)
Investment income allocated	2,843,756	4,400,525
Less:		
• Benefits paid	(1,605,732)	(2,370,093)
Balance at the end of the year	43,910,408	42,581,599

* The adjustments relate to unclaimed benefits that were found to have been settled in previous years.

9. ACCOUNTS PAYABLE

	31 December 2015	31 December 2014
	R	R
Provision for audit fees	243,350	231,762
Group life premiums due	582,738	767,387
South African Revenue Services - PAYE	140,344	101,818
PHI and Funeral premiums (unapproved schemes)	442,550	667,774
Unallocated deposits **	491,218	224,441
Collection fees due	-	15,501
Fidelity cover premiums due	6,250	-
Communication fees due	-	10,488
Administration fees due*	496,199	502,038
Consultancy fees due	30,704	24,243
Total	2,433,353	2,545,452

* Related party

** Of the R491 218 under unallocated deposits, R267 891 has been subsequently allocated.

10. CONTRIBUTIONS

	At beginning of the year	Towards retirement	Towards re-insurance and expenses	Contributions received	At end of the year
	R	R	R	R	R
Member contributions received and accrued	701,948	17,763,601	-	(17,548,962)	916,585
Employer contributions received and accrued	719,859	10,454,049	5,048,103	(15,299,285)	922,726
Additional voluntary contributions - members	-	46,856	-	(45,856)	-
Total	1,421,805	28,263,506	5,048,103	(32,894,103)	1,339,311
Towards retirement					28,263,506
Towards reinsurance and expenses					5,048,103
Statement of changes in net assets and funds					33,311,609

TOURISM, HOSPITALITY AND CATERING (THACSA) PENSION FUND

SCHEDULE HA
NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2015

11. NET INVESTMENT INCOME

	31 December 2015	31 December 2014
	R	R
Income from investments	31,092,720	27,978,881
- Interest	670,190	215,621
- Collective investment schemes distribution	4,148,588	5,767,703
- Income from insurance policies	26,273,942	21,995,557
Interest on late payment of contributions	15,646	31,638
Adjustment to fair value	28,239,992	30,518,109
	59,348,358	58,528,628
Less: Expenses incurred in managing investments	(2,903,230)	(2,732,270)
Total	56,445,128	55,796,358

12. OTHER INCOME

	31 December 2015	31 December 2014
	R	R
RE:CM fee refund correction	-	(206,589)
Total	-	(206,589)

13. ADMINISTRATION EXPENSES

	31 December 2015	31 December 2014
	R	R
Actuarial fees	164,958	155,154
Administration fees *	3,363,984	2,865,753
Audit fees - Audit services	247,055	234,924
Investment consultancy fees	513,744	336,666
Fidelity premium	15,000	15,000
Financial Services Board levies	218,839	192,982
Other Expenses	306,380	487,124
Bank charges	33,630	29,245
Sundry expenses	339	123,705
General fund expenses - payroll	1,350	23,694
Collection fee	50,364	30,109
Consultancy fees - Sash Consulting	208,137	183,037
Legal fees	12,560	975
Tracing fees	-	96,359
Board of fund expenses 13.1	282,222	186,559
Principal officer expenses - remuneration	391,811	352,299
Total	5,503,993	4,826,461

* The administration fee for 2014 was understated by R102 800 due to the over-provision in 2013.

13.1. Board of Fund Expenses

	31 December 2015	31 December 2014
	R	R
Remuneration	242,000	163,950
Travelling expenses	27,226	20,679
Venue hire / accommodation	12,996	1,580
Other expenses	-	350
Total	282,222	186,559