

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 2017 to 31 DECEMBER 2017

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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 2017**

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 2017 to 31 December 2017
Prior year: 1 January 2016 to 31 December 2016

BOARD OF FUND

Full name	E-mail Address	Capacity*	Date appointed/reappointed	Date resigned
Andy Nold	nold@newmarkhotels.com	E / C	1 January 2016	
Crosby Booï	booï@gmail.com	M / VC	1 January 2016	
Selwyn Veley	srv@newmarkhotels.com	E	1 January 2016	
Renier Grosch	renier@g3grp.co.za	E	1 January 2016	
Hugh Von Zahn	hvonzahn@mweb.co.za	E	1 January 2016	30 September 2017
Susanne Faussner-Ringer	susanne.faussner@greenways.co.za	E	1 January 2016	
Chris Godenir	gm@peninsula.co.za	E	1 January 2016	
Chris Bosenberg	bosie@global.co.za	I	29 November 2017	
Washington Mtinkulu	westerncape@saccawu.org.za	M	1 January 2016	
Alfred Green	westerncape@saccawu.org.za	M	1 January 2016	
Mary Mageqa	westerncape@saccawu.org.za	M	1 January 2016	
Holisma Nqoro	nqoroholomisa@gmail.com	A	1 January 2016	
Michelle De Witt	mdewitt@horwarthtl.co.za	E	1 January 2016	
Kolisang Thabata	bthabata@fedcrow.org.za	M	1 October 2016	
Enoch Hibana	enochhibana@gmail.com	M	1 October 2016	
Beauty Halam	feziwe.halam18@gmail.com	M	1 October 2016	

- * - '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)
13 February 2017	The Forum, V&A Waterfront	Yes
5 April 2017	The Forum, V&A Waterfront	Yes
7 June 2017	The Forum, V&A Waterfront	Yes
2 August 2017	The Forum, V&A Waterfront	Yes
4 October 2017	The Forum, V&A Waterfront	Yes
29 November 2017	The Forum, V&A Waterfront	Yes

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

TOURISM, HOSPITALITY AND CATERING (THACSA) PENSION FUND

**SCHEDULE A
REGULATORY INFORMATION (continued)
FOR THE YEAR ENDED 31 DECEMBER 2017**

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

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	Date appointed	Date resigned
Sean Christian Neethling	PO Box 2212 Bellville 7535	6 Mispel Road Parc du Cap Bellville 7530	(021) 940 4008	sean.neethling@mmiholdings.co.za		31 August 2017
Chanan Weiss	PO Box 12573 Mill Street 8010 South Africa	Suite E2 Westlake Square Westlake Cape Town	(021) 701 2277	chanan@archac.com	1 September 2017	

Auditor

Full name	Postal address	Physical address	Telephone number
PricewaterhouseCoopers Inc.	PO Box 2799 Cape Town 8000	5 Silo Square V&A Waterfront Cape Town 8002	(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, a division of MMI Group Limited	PO Box 2212 Bellville 7535	6 Mispel Road Parc du Cap Bellville 7530	(021) 940 5911	1 October 2003	24/90

TOURISM, HOSPITALITY AND CATERING (THACSA) PENSION FUND

**SCHEDULE A
REGULATORY INFORMATION (continued)
FOR THE YEAR ENDED 31 DECEMBER 2017**

PROFESSIONAL SERVICE PROVIDERS (continued)

Investment Administrator

Full name	Postal address	Physical address	Telephone number	Date appointed	Date resigned	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
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	1 November 2017	45199
Coronation Life Assurance Company Limited	PO Box 44684 Claremont South Africa 7735	Seventh Floor Montclare Place Cnr Campground & Main Roads Claremont Cape Town, 7708	(021) 680 2000	1 November 2017		548

Investment Advisor

Full name	Postal address	Physical address	Telephone number	FAIS registration number
Towers Watson (Pty) Ltd	Private Bag X30 Rondebosch 7701	Montclare Place Cnr Campground & Main Roads Claremont Cape Town, 7708	(021) 681 3700	2545

Risk Insurer

Full name	Postal address	Physical address	Telephone number	Date appointed	Date resigned	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	31 October 2017	6406
Sanlam Life Insurance Limited	PO Box 1 Sanlamhof 7532 South Africa	2 Strand Road Bellville Cape Town 7530	(021) 947 6025	1 November 2017		2579

Custodian and/or Nominee

Full name	Postal address	Physical address	Telephone number	FSP approval no
Standard Bank of South Africa Ltd	PO Box 61342 Marshalltown 2107	Thibault Square Cnr Lower Long and Hans Strydom Street Cape Town 8001	(086) 0109075	11287

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 2017

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 10 to 26 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 - 9.

TOURISM, HOSPITALITY AND CATERING (THACSA) PENSION FUND

**SCHEDULE B
STATEMENT OF RESPONSIBILITY BY THE BOARD OF FUND (continued)
FOR THE YEAR ENDED 31 DECEMBER 2017**

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 financial statements came to our attention and were addressed 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
The transfer from the Hardres Williams Gilbert & Associates Midas Umbrella Provident Plan was not received within 60 days of Registrar approval for section (14) transfers.	Members' money was allocated late to their investment portfolios.	The fund is dependent on the transferor fund to effect the transfer. The transferor fund included fund return until the date of transfer.
The transfer to FundsAtWork Umbrella Provident Fund - Ellerman House was not paid within 60 days of Registrar approval for section (14) transfers.	Members' money was allocated late to their investment portfolios.	The finalisation of the transfer was delayed due to a process change and corrective measures have been put in place to avoid reoccurrence in future.
No reconciliation and/or Form G's were prepared for the above two transfers, as the assets received and paid differed from those approved by the Registrar.	The Fund is in breach of Directive 6 as it does not satisfy the requirements.	The Form G for Hardres Williams was sent to the transferor fund for completion on 28 January 2018 and the administrator is constantly following up with them to finalise this. The Form G for Ellerman House cannot be completed as there are tax issues with 12 of the members. The administrator is in contact with these members and Employer to resolve the outstanding information.
In terms of Section 13A of the Pension Funds Act certain Participating Employers failed to submit their contributions and data according to the prescribed timelines. A list of affected participating Employers is available for inspection at the administrator.	The contributions are not invested timeously and although interest is charged, this could have a positive or negative impact on the potential investment return.	The Administrator sends out letters monthly to those participating employers that are in contravention of Section 13A of the Pension Funds Act. The Administrator follows up on unpaid interest on a monthly basis. A report of all participating employers that are contravening Section 13A is included in the Board Packs to make the Board and Principal Officer aware thereof. Where required the Administrator has also reported the Employers to the FSCA via the FSCA on-line system

These annual financial statements:

- were approved by the Board of Fund on 16 MAY 2018
- 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 2017 as well as the results of its activities for the year then ended; and
- are signed on behalf of the Board of Fund by:

Andy Nold
Chairperson

Date

25/5/18

Chris Bosenberg
Independent board member

Date

25/5/18

Crosby Booie
Vice chairperson

Date

04/06/18

TOURISM, HOSPITALITY AND CATERING (THACSA) PENSION FUND

**SCHEDULE C
STATEMENT OF RESPONSIBILITY BY THE PRINCIPAL OFFICER
FOR THE YEAR ENDED 31 DECEMBER 2017**

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, except for the following:

Specific instances of non-compliances	Remedial action taken
The transfer from the Hardres Williams Gilbert & Associates Midas Umbrella Provident Plan was not received within 60 days of Registrar approval for section (14) transfers.	The fund is dependent on the transferor fund to effect the transfer. The transferor fund included fund return until the date of transfer.
The transfer to FundsAtWork Umbrella Provident Fund - Ellerman House was not paid within 60 days of Registrar approval for section (14) transfers.	The finalisation of the transfer was delayed due to a process change and corrective measures have been put in place to avoid reoccurrence in future.
No reconciliation and/or Form G's were prepared for the above two transfers, as the assets received and paid differed from those approved by the Registrar.	The Form G for Hardres Williams was sent to the transferor fund for completion on 28 January 2018 and the administrator is constantly following up with them to finalise this. The Form G for Ellerman House cannot be completed as there are tax issues with 12 of the members. The administrator is in contact with these members and Employer to resolve the outstanding information.
In terms of Section 13A of the Pension Funds Act certain Participating Employers failed to submit their contributions and data according to the prescribed timelines.	The Administrator sends out letters monthly to those participating employers that are in contravention of Section 13A of the Pension Funds Act. The Administrator follows up on unpaid interest on a monthly basis. A report of all participating employers that are contravening Section 13A is included in the Board Packs to make the Board and Principal Officer aware thereof. Where required the Administrator has also reported the Employers to the FSCA via the FSCA on-line system.


Kevin L. Barnes
PRINCIPAL OFFICER

4/6/2018
Date



INDEPENDENT AUDITOR'S REPORT

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

Report on the financial statements

Our opinion

We have audited the annual financial statements of Tourism, Hospitality and Catering (THACSA) Pension Fund ("the Fund") set out on pages 13 to 26, which comprise the statement of net assets and funds as at 31 December 2017 and the statement of changes in net assets and funds for the year then ended, and notes to the financial statements, including a summary of significant accounting policies. The financial statements are prepared for the purpose of reporting to the Registrar of Pension Funds.

In our opinion, the financial statements of Tourism, Hospitality and Catering (THACSA) Pension Fund for the year ended 31 December 2017 are prepared, in all material respects, in accordance with Regulatory Reporting Requirements for Retirement Funds in South Africa.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report.

We are independent of the Fund in accordance with the *Independent Regulatory Board for Auditors Code of Professional Conduct for Registered Auditors (IRBA Code)* and other independence requirements applicable to performing audits of financial statements in South Africa. We have fulfilled our other ethical responsibilities in accordance with the IRBA Code and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Code is consistent with the International Ethics Standards Board for Accountants *Code of Ethics for Professional Accountants* (Parts A and B).

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

Emphasis of Matter – Financial reporting framework and restriction on use

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 information

The Board of Fund is responsible for the other information. The other information comprises the Annual Financial Statements in terms of section 15 of the Pension Funds Act no 24, 1956, but does not include the financial statements (schedule F, G and HA) and our auditor's report thereon (schedule D).

Our opinion on the financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

*PricewaterhouseCoopers Inc., 5 Silo Square, V&A Waterfront, Cape Town 8002, P O Box 2799, Cape Town 8000
T: +27 (21) 529 2000, F: +27 (21) 529 3300, www.pwc.co.za*

Chief Executive Officer: T D Shengo
Management Committee: S N Madikane, J S Masondo, P J Motibe, C Richardson, F Tonali, C Volcherik
The Company's principal place of business is at 4 Lisbon Lane, Waterfall City, Jnriskel View, where a list of directors' names is available for inspection.
Reg. no. 1995/012055/21, VAT reg. no. 4950174052



INDEPENDENT AUDITOR'S REPORT

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

Responsibilities of the Board of Fund for the Financial Statements

The Board of Fund is responsible for the preparation of the financial statements in accordance with the Regulatory Reporting Requirements for Retirement funds in 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 misstatement, whether due to fraud or error. 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.

In preparing the financial statements, the Board of Fund is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the Board of Fund either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

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

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Conclude on the appropriateness of the Board of Fund's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Fund.

We communicate with the Board of Fund regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



INDEPENDENT AUDITOR'S REPORT

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

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. There are no additional instances of non-compliance with laws and regulations that came to our attention during the course of our audit of the financial statements.

PricewaterhouseCoopers Inc.

PricewaterhouseCoopers Inc.
Director: P Liedeman
Registered Auditor

Address: 5 Silo Square, V&A Waterfront, Cape Town 8002

Date *04/06/2018*

TOURISM, HOSPITALITY AND CATERING (THACSA) PENSION FUND

SCHEDULE E REPORT OF THE BOARD OF FUND FOR THE YEAR ENDED 31 DECEMBER 2017

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 dependents 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

There were no rule amendments during the 2017 financial year.

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.

TOURISM, HOSPITALITY AND CATERING (THACSA) PENSION FUND

SCHEDULE E REPORT OF THE BOARD OF FUND (continued) FOR THE YEAR ENDED 31 DECEMBER 2017

1.5.2. 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.

With effect from 1 May 2016 the fund introduced individual member choice, which is available to all members, irrespective of age. Members have the option to switch to any of the three available options, namely the Growth Portfolio, the Capital Protection Portfolio and the Money Market Portfolio. Members are able to apportion their accumulated fund credits between the three investment options, and future contributions will be invested in the same proportion.

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 2017	31 December 2016
	R	R
Allan Gray Life Ltd	140 469 875	125 185 430
Investec Asset Management (Pty) Ltd	72 537 216	48 266 937
MMI Group Ltd	290 220 381	271 523 281
Coronation Life Assurance Company Ltd	144 465 344	-
Prudential Investment Managers (South Africa) Ltd	-	149 375 785
Standard Bank of South Africa Limited	1 023 372	-
Total value of investments managed	648 716 188	594 351 433

TOURISM, HOSPITALITY AND CATERING (THACSA) PENSION FUND

**SCHEDULE E
REPORT OF THE BOARD OF FUND (continued)
FOR THE YEAR ENDED 31 DECEMBER 2017**

3. MEMBERSHIP

	Active members	Deferred members	Unclaimed benefits
Number at the beginning of year	5 023	8 155	39 024
Adjustments	3	-	(39)
Additions	1 113	-	434
Transfers out	(174)	-	-
Withdrawals	(1 305)	(6)	-
Retirements	(35)	-	n/a
Retrenchments	(58)	-	n/a
Deaths	(14)	-	n/a
Unclaimed benefits paid	n/a	n/a	(43)
Number at the end of the year	4 553	8 149	39 376
Number at end of year (South African citizen)	4 553	8 149	39 376

Of the 39 376 under Unclaimed benefits, 36 292 are in respect of Dormant members.

The adjustments under Active members relate to members that were re-instated.

The adjustments under Unclaimed benefits relate to members incorrectly reported in the closing membership in the previous year.

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 2017 the outstanding balance of housing loan guarantees granted amounted to R374,574 - 23 members (2016: R533,844 - 38 members).

The total facility approved is R1,500,000 and is renewable on 31 July 2018.

6. INVESTMENTS IN PARTICIPATING EMPLOYERS

The fund holds no direct investments in the participating employers.

7. FIDELITY COVER

Fidelity Cover to the maximum amount of R10 000 000 was in place for the year ended 31 December 2017. The fidelity cover is underwritten by Camargue 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 2017

	Note	31 December 2017 R	31 December 2016 R
ASSETS			
Non-current assets			
Investments	2	648 716 168	594 351 433
Current assets			
Accounts receivable	4	991 767	4 912 063
Arrear contributions	10	2 311 634	1 926 034
Cash at bank		8 419 148	2 320 274
Total assets		660 438 737	603 509 804
FUNDS AND LIABILITIES			
Members' funds			
Members' individual accounts		285 767 953	269 947 981
Amounts to be allocated	16	12 456 171	4 377 346
Reserves			
Reserve accounts	15	287 415 422	267 635 318
Total funds and reserves		585 639 546	541 960 645
Non-current liabilities			
Unclaimed benefits	8	53 384 391	47 282 887
Current liabilities			
Transfers payable	6	6 729 281	353 772
Benefits payable	7	11 903 366	12 109 528
Accounts payable	9	2 782 153	1 802 972
Total funds and liabilities		660 438 737	603 509 804

TOURISM, HOSPITALITY AND CATERING (THACSA) PENSION FUND

SCHEDULE G
STATEMENT OF CHANGES IN NET ASSETS AND FUNDS
FOR THE YEAR ENDED 31 DECEMBER 2017

	Note	Members' individual accounts & Amounts to be allocated		Reserve accounts Refer note 15		Current year 2017		Previous year 2016	
		R	R	R	R	R	R	R	R
Contributions received and accrued	10	33 613 429		6 679 972		40 293 401		37 706 099	
Reinsurance proceeds		4 867 017		-		4 867 017		4 254 144	
Net investment income	11	37 633 665		22 743 573		60 377 238		39 754 573	
Allocated to unclaimed benefits	8	(4 602 552)		-		(4 602 552)		(2 694 828)	
Other income	12	128 419		-		128 419		-	
Less:				(10 963 501)		(10 963 501)		(10 491 550)	
Re-insurance premiums		-		(4 504 649)		(4 504 649)		(4 413 095)	
Administration expenses	13	-		(6 458 852)		(6 458 852)		(6 078 455)	
Net income before transfers and benefits		71 639 978		18 460 044		90 100 022		68 528 438	
Transfers and benefits									
Transfer from other funds	5	(46 070 904)		(350 217)		(46 421 121)		(45 258 932)	
Transfer to other funds	6	2 806 639		-		2 806 639		1 137 702	
Benefits	7	(6 678 048)		-		(6 678 048)		(744 724)	
		(42 199 495)		(350 217)		(42 549 712)		(45 651 910)	
Net income after transfers and benefits		25 569 074		18 109 827		43 678 901		23 269 506	
Funds and reserves									
Balance at the beginning of the year	15	274 325 327		267 635 318		541 960 645		518 691 139	
Transfer to cost account	15	(1 670 277)		1 670 277		-		-	
Balance at the end of the year		298 224 124		287 415 422		585 639 546		541 960 645	

TOURISM, HOSPITALITY AND CATERING (THACSA) PENSION FUND

SCHEDULE HA NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

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 basis, 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.

Bills and bonds

Bills and bonds comprise investments in government or provincial administration, local authorities, participating employers, subsidiaries or holding companies and corporate bonds.

Listed bills and bonds

The fair value of listed bills and bonds traded on active liquid markets is based on regulated exchange quoted ruling closing prices at the close of business on the last trading day on or before the statements of net assets and funds date.

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. 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 2017

1.2.1. Investments (continued)

1.2.3. 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.

1.2.4. 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.

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 2017

1.6. 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.

1.7. 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.

1.8. 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.

1.9. 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.

TOURISM, HOSPITALITY AND CATERING (THACSA) PENSION FUND

**SCHEDULE HA
NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2017**

1.10. 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.

1.11. 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 2017

2. INVESTMENTS

2.1. Investment summary

	Note	Local	Total current		Total previous		Fair value current year	Categorised per IAS 39
			R	R	R	R		
Insurance policies		575 155 600	575 155 600	546 084 496	575 155 600	At fair value through statement of changes in net assets and funds		
Collective investment schemes		72 537 216	72 537 216	48 266 937	72 537 216	At fair value through statement of changes in net assets and funds		
Other		1 023 372	1 023 372	-	1 023 372	At fair value through statement of changes in net assets and funds		
Total		648 716 188	648 716 188	594 351 433	648 716 188			

Included in insurance policies are non-vested bonuses on non-linked insurance policies of R55 570 201 (2016: R47 754 363).

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 2017 the outstanding balance of housing loan guarantees granted amounted to R374,574 - 23 members (2016: R533,844 - 38 members). The total facility approved is R1,500,000 and is renewable on 31 July 2018.

4. ACCOUNTS RECEIVABLE

	31 December 2017	31 December 2016
	R	R
Reinsurance proceeds	638 035	2 555 598
Prepaid fidelity cover premium	8 750	-
Late payment interest on contributions	307 733	295 371
Interest on bank account	34 969	10 721
Cash-in-transit: Ring-fenced investment	-	2 050 372
Tracing fees refund	2 260	-
Total	991 767	4 912 063

TOURISM, HOSPITALITY AND CATERING (THACSA) PENSION FUND

SCHEDULE HA
 NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)
 FOR THE YEAR ENDED 31 DECEMBER 2017

5. TRANSFERS FROM OTHER FUNDS

	Effective date	No. of members	Applied for not yet approved (contingent)	A At beginning of the year	B Transfers approved	C Return on Transfers	D Assets transferred	A+B+C-D At end of year
In terms of section 14								
Hardes Williams, Gilbert & Associates Midas Umbrella Provident Plan	31/08/2012	25	-	-	488 659	1 273 504	(1 762 163)	-
Nando's Employees Umbrella Provident Fund	01/03/2017	5	-	-	155 570	29 695	(185 265)	-
Individual transfers in Prospective approvals in terms of section 14		12	-	-	859 211	-	(859 211)	-
Old Mutual SuperFund Provident Fund	01/06/2008	1	36 688	-	-	-	-	-
Hospitality & General Provident Fund	01/01/2010	15	186 492	-	-	-	-	-
Alexander Forbes Retirement Fund (PF)	01/08/2008	4	1 210 492	-	-	-	-	-
Nando's Employees Umbrella Provident Fund	01/05/2017	38	808 188	-	-	-	-	-
Total		100	2 241 860	-	1 503 440	1 303 199	(2 806 639)	-
Transfers approved (B)								1 503 440
Return on transfers (C)								1 303 199
Statement of changes in net assets and funds								2 806 639

TOURISM, HOSPITALITY AND CATERING (THACSA) PENSION FUND

SCHEDULE HA
NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2017

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	Transfers approved	R	Return on Transfers	R	Assets transferred	R	At end of year	R
In terms of section 14													
Hospitality & General Provident Fund (Palm Garden)	01/10/2003	1	-	36 396	-	-	-	-	-	-	-	-	36 396
Hospitality & General Provident Fund (Second Avenue)	01/04/2005	1	-	136 848	-	-	-	-	-	-	-	-	136 848
Hospitality & General Provident Fund (City Lodge)	31/08/2008	2	-	101 471	(16 127)	11 801	(97 145)	-	-	-	-	-	-
Nandos Employees Umbrella Provident Fund	31/10/2013	1	-	5 128	-	-	-	-	-	-	-	-	5 128
FundsATWork Umbrella Provident Fund - Nandos Wonderpark	01/11/2014	13	-	63 505	-	-	(63 505)	-	-	-	-	-	-
Discovery Retirement Annuity Fund	30/04/2015	2	-	184	-	-	-	13	-	-	-	-	197
Alexander Forbes Retirement Fund - The Waterclub Court Body Corporate	31/10/2014	1	-	129	-	-	-	8	-	-	-	-	137
Nando's Employees Umbrella Provident Fund	01/07/2016	10	-	-	140 350	1 499	(141 889)	-	-	-	-	-	-
FundsATWork Umbrella Provident Fund - Ellerman House	31/07/2016	72	-	-	5 089 186	609 618	-	-	-	-	-	-	5 698 804
Nando's Employees Umbrella Pension Fund	01/07/2016	15	-	-	149 488	7 635	-	-	-	-	-	-	157 123
Nando's Employees Umbrella Pension Fund	01/07/2016	14	-	-	221 716	27 684	-	-	-	-	-	-	249 400
Nando's Employees Umbrella Pension Fund	01/09/2016	30	-	-	84 665	4 631	-	-	-	-	-	-	89 296
Nando's Employees Umbrella Pension Fund	01/03/2017	17	-	-	181 681	35 921	-	-	-	-	-	-	217 602
Nando's Employees Umbrella Pension Fund	01/03/2017	16	-	-	104 539	23 700	-	-	-	-	-	-	128 239
Individual transfers out		1	-	10 111	-	-	-	-	-	-	-	-	10 111
Prospective approvals in terms of section 14		70	-	-	-	-	-	-	-	-	-	-	-
Old Mutual SuperFund Provident Fund	01/01/2011	8	129 204	-	-	-	-	-	-	-	-	-	-
Old Mutual SuperFund Provident Fund	01/01/2011	2	15 784	-	-	-	-	-	-	-	-	-	-
FundsATWork Umbrella Provident Fund - Parkview	01/05/2016	39	173 688	-	-	-	-	-	-	-	-	-	-

TOURISM, HOSPITALITY AND CATERING (THACSA) PENSION FUND

SCHEDULE HA
NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2017

Alexander Pension Fund	Forbes Preservation	01/08/2017	18	1 251 251	-	-	-	-	-
Hospitality and Fund	General Provident	01/10/2017	3	193 161	-	-	-	-	-
Total			266	1 763 088	353 772	5 955 538	722 510	(302 539)	6 729 281

Transfers approved (B) 5 955 538
Return on transfers (C) 722 510

Statement of changes in net assets and funds

6 678 048

7. BENEFIT PAYMENTS

7.1. Benefits - current members

	A		B		C		D		E		A+B+C+D-E	
	At beginning of year		Benefits for current period		Return allocated		Payments		Transferred to unclaimed benefits		At end of year	
	R	R	R	R	R	R	R	R	R	R	R	R
Lump sums on retirements	726 344	8 299 289	47 888									
- Full benefit												
Lump sums before retirement												
- Disability benefits		199 666										
- Death benefits	5 162 364	6 105 450	227 709									
- Withdrawal benefits	5 208 376	23 891 035	184 143									
- Retirement benefits	1 012 444	2 821 804	49 602									
Other												
Divorce court order payments		723 126										
Total	12 109 528	42 040 370	509 342	(39 898 809)	(2 857 065)	11 903 366						

Benefits for current year (B) 42 040 370
Return allocated (C) 509 342

Statement of changes in net assets and funds

42 549 712

TOURISM, HOSPITALITY AND CATERING (THACSA) PENSION FUND

SCHEDULE HA

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2017

8. UNCLAIMED BENEFITS

	31 December 2017	31 December 2016
	R	R
Balance at the beginning of the year	47 282 887	43 910 408
Transferred from benefits payable	2 857 065	1 840 663
Investment income allocated	4 602 552	2 694 828
Less:		
* Benefits paid	(1 358 113)	(1 163 012)
Balance at the end of the year	53 384 391	47 282 887

9. ACCOUNTS PAYABLE

	31 December 2017	31 December 2016
	R	R
Actuarial fees	-	18 236
Audit fees	264 500	262 200
Group life premiums	746 243	528 515
South African Revenue Services - PAYE	144 607	49 121
PHI and Funeral premiums (unapproved schemes)	455 652	331 331
Unallocated deposits	442 629	-
Fidelity cover premiums	-	6 250
Communication fees	27 914	9 861
Trustee expenses *	21 497	56 795
Legal fees	-	3 420
Payroll services	1 050	150
Post Office box	450	-
Consultancy fees - benefits	30 000	-
Collection fees	15 864	-
Administration fees	514 522	504 977
Consultancy fees - investments	34 076	32 116
Principal officer expense *	83 149	-
Total	2 782 153	1 802 972

* Related party

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	940 350	21 229 519	-	(21 019 267)	1 150 602
Employer contributions received and accrued	960 342	12 187 566	6 679 972	(18 691 394)	1 156 486
Additional voluntary contributions	5 342	196 344	-	(197 140)	4 546
Total	1 926 034	33 613 429	6 679 972	(39 907 801)	2 311 634
Towards retirement					33 613 429
Towards reinsurance and expenses					6 679 972
Statement of changes in net assets and funds					40 293 401

TOURISM, HOSPITALITY AND CATERING (THACSA) PENSION FUND

SCHEDULE HA

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2017

11. NET INVESTMENT INCOME

	31 December 2017	31 December 2016
	R	R
Income from investments	40 313 603	18 532 379
• Interest	453 978	211 929
• Collective investment schemes distribution	24 087 227	1 796 644
• Income from insurance policies	15 772 398	16 523 806
Interest on late payment of contributions	16 621	45 365
Adjustment to fair value	22 976 652	23 908 924
	63 306 876	42 486 668
Less: Expenses incurred in managing investments	(2 929 638)	(2 732 095)
Total	60 377 238	39 754 573

12. OTHER INCOME

	31 December 2017	31 December 2016
	R	R
Refund of benefit overpayment	128 419	-
Total	128 419	-

13. ADMINISTRATION EXPENSES

	31 December 2017	31 December 2016
	R	R
Actuarial fees	138 305	205 562
Administration fees	3 941 078	3 877 449
Audit fees	269 687	266 127
Investment consultancy fees	408 909	385 400
Fidelity premium	15 000	15 000
Financial Services Board levies	251 125	231 207
Other Expenses	365 523	338 866
Bank charges	33 300	34 827
Post Office box	450	380
Payroll services	1 650	1 800
Collection fee	66 120	59 941
Consultancy fees - communication	141 003	218 283
Legal fees	-	23 655
Consultancy fees - benefits	123 000	-
Board of fund expenses * 13.1	501 755	276 245
Principal officer expenses - remuneration *	567 470	482 599
Total	6 458 852	6 078 455

* Related party

13.1. Board of Fund Expenses

	31 December 2017	31 December 2016
	R	R
Remuneration	455 250	242 000
Travelling expenses	31 480	27 335
Venue hire / accommodation	15 025	6 910
Total	501 755	276 245

The Board of fund expenses increased due to an increase in the number of meetings held during 2017.

TOURISM, HOSPITALITY AND CATERING (THACSA) PENSION FUND

SCHEDULE HA

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2017

14. RELATED PARTY TRANSACTIONS

Contributions received from participating employers are considered related party transactions and are disclosed in note 10. Related party expenses relate to Board of Fund and Principal Officer expenses as disclosed in note 13.

15. RESERVES

	Reserve Accounts Total	Dormant member contingency reserve	Cost account
	R	R	R
At beginning of year	267 635 318	266 904 070	731 248
Contributions received and accrued	6 679 972	-	6 679 972
Net investment income	22 743 573	22 743 573	-
Less:	(10 963 501)	-	(10 963 501)
- Re-insurance premiums	(4 504 649)	-	(4 504 649)
- Administration costs	(6 458 852)	-	(6 458 852)
Net income before transfers and benefits	286 095 362	289 647 643	(3 552 281)
Transfers and benefits	(350 217)	(350 217)	-
Benefits	(350 217)	(350 217)	-
Net income after transfers and benefits	285 745 145	289 297 426	(3 552 281)
Transfer of miscellaneous fee from active members to the Cost Account	1 317 518	-	1 317 518
Transfer of miscellaneous and admin fee from dormant members to the Cost Account	-	(1 882 004)	1 882 004
Transfer between reserve accounts	352 759	-	352 759
At end of year	287 415 422	287 415 422	-

16. AMOUNTS TO BE ALLOCATED

	31 December 2017	31 December 2016
	R	R
Investment return	3 337 721	847 657
Contributions	5 309 286	3 435 247
Death lumpsums	1 276 175	-
Transfers received	2 532 989	94 442
Total amounts to be allocated	12 456 171	4 377 346

The Administrator performs monthly asset and liability matching and monitors unallocated amounts monthly. The detail of the unallocated contributions, death lumpsums and transfers in are available and were allocated subsequent to year-end.

TOURISM, HOSPITALITY AND CATERING (THACSA) PENSION FUND

SCHEDULE HA

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2017**

17. CONTINGENT LIABILITIES

Dormant member contingency reserve

Included in this reserve are unclaimed benefits and paid up members prior to 1 October 2003. The Fund has released part of these members' 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 these members.

The fund still has a contingent liability towards these members in the event that they do all claim their full benefits (refer note 15).

TOURISM, HOSPITALITY AND CATERING (THACSA) PENSION FUND

**REPORT OF THE VALUATOR
FOR THE YEAR ENDED 31 DECEMBER 2017**

TOURISM, HOSPITALITY AND CATERING PENSION FUND (THACSA)

Reference number : 12/8/20517
SCHEDULE HB
REPORT OF THE VALUATOR

Particulars of financial condition of the Fund as at 31 December 2014

1. Net assets available for benefits: R490 796 886.
2. The actuarial value of the net assets available for benefits, for the purposes of comparison with the actuarial present value of promised retirement benefits was R490 796 886.
3. The actuarial present value of promised retirement benefits as at 31 December 2014:
 - Active members' Shares of Fund: R253 867 978.
4. The following contingency reserve accounts were held as at 31 December 2014:
 - Dormant Member Contingency Reserve Account: R237 619 829.
5. Details of the valuation method adopted (including that in respect of any contingency reserve) and details of any changes since the previous summary of report:

The active member liability was determined as the sum of the members' Shares of Fund.

The Dormant Member Contingency Reserve Account was determined as the opening balance as at the previous statutory valuation (31 December 2011), accumulated with net investment returns, less benefit payments and expenses, over the valuation period.
6. Details of the actuarial basis adopted (including that in respect of any contingency reserve) and details of any changes since the previous summary report:

Not applicable as the Fund is a defined contribution Fund.
7. Any other particulars deemed necessary by the valuator for the purposes of this summary:

Refer to Section 3.4 of the actuarial valuation report as at 31 December 2014 for details regarding the dormant membership of the Fund and the Dormant Member Contingency Reserve Account.
8. The funding level of the Fund was 99.7% as at 31 December 2014. In view of current developments such as the implementation of a Lifestage model, the Trustees resolved not to reduce members' Shares of Fund by 0.3% but to re-assess the financial position at the annual financial review as at 31 December 2015.



Sean Neethling, BSc CFP® FIA FASSA

Fellow of the Actuarial Society of South Africa

In my capacity as the Valuator of the Fund and as an employee of MMI Group Limited.

The Actuarial Society of South Africa is the primary regulator in my professional capacity.

11 May 2018

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

FACTUAL FINDINGS REPORT TO THE REGISTRAR OF PENSION FUNDS IN TERMS OF SECTION 15 OF THE PENSION FUNDS ACT, 1956

We have performed the procedures agreed with the Registrar of Pension Funds (the "Registrar") and set out below with respect to the audited financial statements ("annual financial statements") and other information in the general ledger and management information comprising the accounting records of the Tourism, Hospitality and Catering (THACSA) Pension Fund (the "Fund") for the year ended 31 December 2017. Our engagement was undertaken in accordance with the International Standard on Related Services (ISRS) 4400 *Engagements to perform agreed-upon procedures regarding financial information*. Our procedures were performed solely to assist the Registrar in evaluating whether any instances of non-compliance with the requirements of the relevant sections of the Pension Funds Act of South Africa (the Act), regulations and rules of the Fund were identified. The responsibility for determining the adequacy or otherwise of the procedures agreed to be performed, is that of the Registrar.

Procedures and findings

Our procedures performed are set out in the numbered paragraphs in the attached table, which forms part of our report, together with our findings thereon. Unless otherwise indicated, all balances, lists, schedules etc. referred to in the table relate to the accounts/balances reflected in the annual financial statements of the Fund for the year ended 31 December 2017.

Because the procedures do not constitute an audit, a review or other assurance engagement performed in accordance with the IAASB's International Standards we do not express any assurance. Had we performed additional procedures, or had we performed an audit, a review, or other assurance engagement, other matters might have come to our attention that would have been reported.

Restriction on use and distribution

Our report is solely for the purpose set out in the first paragraph of this report and for the information of the Registrar and accordingly may not be suitable for any other purpose and distributed to other parties. This report relates only to the information specified and does not extend to the annual financial statements of the Fund taken as a whole.



.....
P Liedeman
Director
Chartered Accountant (SA)

Date: 04/06/2018

Address: 5 Silo Square V&A Waterfront, Cape Town, 8002

TOURISM, HOSPITALITY AND CATERING (THACSA) PENSION FUND
SCHEDULE I

FACTUAL FINDINGS REPORT TO THE REGISTRAR OF PENSION FUNDS IN TERMS OF SECTION 15 OF THE PENSION FUNDS ACT, 1956

	Procedures	Findings																																								
	Statement of Net Assets and Funds																																									
1	Investments																																									
1.1	Inspect the list of investment balances reflected in the general ledger of the Fund as at 31 December 2017 for any investments in accordance with the terms of section 19(4) of the Act.																																									
1.1.1	Agree details of the written confirmations obtained from the investment managers/insurers to the investment balances reflected in the general ledger.	Details of the written confirmations obtained from the investment managers/issuers agreed to the investment balances reflected in the general ledger.																																								
1.1.2	Where investments held in the participating employer exceed 5% of the total assets as reflected in the financial statements, inspect the appropriate approval of the Registrar.	Not applicable, the Fund does not hold investments prohibited in terms of section 19(4) of the Act.																																								
1.2	Obtain the signed investment policy statement and, where applicable, the portfolio management agreement/investment mandate between the Fund and the investment administrator(s), and perform the following procedures on a sample of 10 mandates (comprising the 3 largest by value of investments at year end and 7 other randomly selected mandates):																																									
1.2.1	Inspect whether the underlying investments are in compliance with the signed investment policy statement and, where applicable, the portfolio management agreement/investment mandate.	<p>The underlying investments, signed investment policy statement ("IPS") and investment mandate indicated the following information:</p> <table border="1"> <thead> <tr> <th>Investment</th> <th>Underlying investment</th> <th>Policy statement</th> <th>Investment mandate</th> </tr> </thead> <tbody> <tr> <td colspan="4"><i>Allan Gray Life Ltd</i></td> </tr> <tr> <td>Global Balanced (RRF) Portfolio</td> <td>Insurance policy</td> <td>Insurance policy</td> <td>Insurance policy</td> </tr> <tr> <td colspan="4"><i>Investec Asset Management (Pty) Ltd</i></td> </tr> <tr> <td>Managed Fund</td> <td>Collective investment scheme</td> <td>Collective investment scheme</td> <td>Collective investment scheme</td> </tr> <tr> <td>Money Market Fund</td> <td>Collective investment scheme</td> <td>Collective investment scheme</td> <td>Collective investment scheme</td> </tr> <tr> <td colspan="4"><i>MMI Group Ltd</i></td> </tr> <tr> <td>Multi-Manager Smooth Growth Fund</td> <td>Insurance policy</td> <td>Insurance policy</td> <td>Insurance policy</td> </tr> <tr> <td colspan="4"><i>Coronation Life Assurance Company Ltd</i></td> </tr> <tr> <td>Houseview Fund</td> <td>Insurance policy</td> <td>Insurance policy</td> <td>Insurance policy</td> </tr> </tbody> </table>	Investment	Underlying investment	Policy statement	Investment mandate	<i>Allan Gray Life Ltd</i>				Global Balanced (RRF) Portfolio	Insurance policy	Insurance policy	Insurance policy	<i>Investec Asset Management (Pty) Ltd</i>				Managed Fund	Collective investment scheme	Collective investment scheme	Collective investment scheme	Money Market Fund	Collective investment scheme	Collective investment scheme	Collective investment scheme	<i>MMI Group Ltd</i>				Multi-Manager Smooth Growth Fund	Insurance policy	Insurance policy	Insurance policy	<i>Coronation Life Assurance Company Ltd</i>				Houseview Fund	Insurance policy	Insurance policy	Insurance policy
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Multi-Manager Smooth Growth Fund	Insurance policy	Insurance policy	Insurance policy																																							
<i>Coronation Life Assurance Company Ltd</i>																																										
Houseview Fund	Insurance policy	Insurance policy	Insurance policy																																							
1.2.2	Inspect whether the investment mandate and the investment policy statement provide for securities lending transactions and investments in hedge funds, private equity funds and derivatives, as prescribed.	The investment mandate and the investment policy statement did not provide for securities lending transactions and investments in hedge funds, private equity funds and derivatives.																																								

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

FACTUAL FINDINGS REPORT TO THE REGISTRAR OF PENSION FUNDS IN TERMS OF SECTION 15 OF THE PENSION FUNDS ACT, 1956

	Procedures	Findings
1.2.3	Inspect whether the collateral and counterparty requirements as prescribed are complied with.	Not applicable.
1.2.4	For segregated portfolios, confirm directly with the investment administrator(s): (a) whether script lending took place during the year and, if so, (b) whether there was collateral provided by the counterparty/(ies) for any scrip lending activities and, if so, (c) the percentage exposure covered by the collateral. Report on the amount for a).	Not applicable as the direct confirmations received from the investment administrator(s) indicated that no script lending took place during the year. In addition, the investment policy statement does not allow the Fund to engage in script lending transactions.
2	Member individual accounts (defined contributions funds as well as defined contribution section of hybrid funds)	
2.1	Obtain a list of member individual accounts per participating employer that agrees in total to the Statement of Net Assets and Funds as at 31 December 2017.	
2.2	Select a random sample of the lesser of 50 or 10% of the number of members (from participating employers selected in 8.1 below) from the list of members and perform the following procedures:	
2.2.1	Compare the member and employer contributions received and allocated for the members selected as reflected on the administrator's system, to information supplied by the participating employers for those members selected, for a randomly selected period of three months (including the last month of the year under review).	The member and employer contributions received and allocated for the members selected as reflected on the administrator's system agreed to information supplied by the participating employers for the three months selected March 2017, July 2017 and December 2017.
2.2.2	Compare the member and employer contribution rates for the members selected as reflected on the administrator's system, to the rules of the Fund, for a randomly selected period of three months (including the last month of the year under review).	The member and employer contribution rates for the members selected as reflected on the administrator's system agreed to the sub fund rules of the Fund for the three months selected.
2.2.3	In respect of unitised investment products, for the three months selected in 2.2.1 and 2.2.2, calculate the conversion of the contributions at the unit price per the administration system on the dates that the contributions were invested and compare the units recalculated to the administration system units for the selected members. Inspect that the units were added to the existing units for that member.	The conversion of contributions into units was correctly calculated using the unit price per the administration system on the date of contribution investment and was correctly added to the members' existing units.
2.2.4	In respect of unitised investment products, calculate the conversion of units at the end of the year, at the year-end unit price per the administration system and agree the calculated amount to the member's fund credit amount recorded in each member's record.	The conversion of the units was correctly calculated using the period end unit price and agreed to the amount on the members' record on the member register.
2.2.5	In respect of unitised investment products, compare the unit price(s) as per investment manager/actuary/other authorised party at the year-end to the unit prices on the administration system used to calculate each member's credits at year-end.	The unit prices agreed to the unit prices on the administration system at 31 December 2017.

TOURISM, HOSPITALITY AND CATERING (THACSA) PENSION FUND
SCHEDULE I

FACTUAL FINDINGS REPORT TO THE REGISTRAR OF PENSION FUNDS IN TERMS OF SECTION 16 OF THE PENSION FUNDS ACT, 1956

	Procedures	Findings						
2.2.6	In respect of non-utilised investment products, compare the interim and/or final return allocated to each individual member's account in the administrator's records for the year under review to the return approved in accordance with a resolution of the Board of Fund or the rules of the Fund or approved recommendation by the investment consultant/asset manager/fund valuator.	Not applicable.						
2.3	Obtain a list of members who switched investment portfolios during the year from the Fund/administrator, select a random sample of the lesser of 50 or 10% of members who switched between investment portfolios during the year, and perform the following procedures:							
2.3.1	Inspect evidence that the portfolios were switched in accordance with notification of the member's instruction/ investment strategy (including life stage models) of the Fund and within a timeframe as specified in the service level agreement or client mandate between the administrator and the Fund.	The portfolios were switched in accordance with notification of the member's instruction/investment strategy (including life stage models) of the Fund and were switched within a timeframe as specified in the service level agreement or client mandate between the administrator and the Fund.						
2.3.2	Inquire as to whether any fees relating to switches were deducted, and if so, inspect evidence of the approval by the Board of Fund and/or in terms of a service level agreement or client mandate.	Not applicable as no switch fees were deducted during the year.						
2.4	For investment products obtain the Asset Liability Match (ALM) reconciliation per investment portfolio, excluding the reserve accounts, for member individual accounts from the administrator, and perform the following procedures:							
2.4.1	Compare the investments per product on the ALM reconciliation to the investment certificates in total.	The investments per product agreed to the investment certificates in total.						
2.4.2	Compare the member individual accounts on the ALM reconciliation per investment portfolio to the administration system and to the total member individual accounts as disclosed in the Statement of Net Assets and Funds.	<p>The member individual accounts on the ALM reconciliation per investment portfolio reconciled to the administration system and to the members' funds as disclosed in the Statement of Net Assets and Funds. The following reconciling difference is noted:</p> <table border="1"> <tbody> <tr> <td>Members' funds per financial statements</td> <td>R301,279,829</td> </tr> <tr> <td>Members' individual accounts per administration system</td> <td>R288,823,658</td> </tr> <tr> <td>Amounts to be allocated *</td> <td>R12,456,171</td> </tr> </tbody> </table> <p>* As set out in note 16 to the annual financial statements, these amounts have not been allocated to member records at year end.</p>	Members' funds per financial statements	R301,279,829	Members' individual accounts per administration system	R288,823,658	Amounts to be allocated *	R12,456,171
Members' funds per financial statements	R301,279,829							
Members' individual accounts per administration system	R288,823,658							
Amounts to be allocated *	R12,456,171							
2.4.3	Inspect whether the total mismatch (in Rand) for all portfolios was within the range as prescribed by the Registrar.	The total mismatch for all portfolios was within the range as prescribed by the Registrar.						

TOURISM, HOSPITALITY AND CATERING (THACSA) PENSION FUND
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FACTUAL FINDINGS REPORT TO THE REGISTRAR OF PENSION FUNDS IN TERMS OF SECTION 15 OF THE PENSION FUNDS ACT, 1956

	Procedures	Findings
3	Accumulated funds (for defined benefit funds as well as defined benefit sections of hybrid funds)	
3.1	Select a sample of the lesser of 50 or 10% of the number of members from the list of members provided by the administrator and perform the following procedures for each member selected:	
3.1.1	Compare the member contributions received and allocated for the members selected as reflected on the administrator's system, to information supplied by the participating employers for those members selected, for a randomly selected period of three months (including the last month of the year under review).	Not applicable.
4	Surplus apportionment scheme	
4.1	If a surplus apportionment scheme was approved by the Registrar in the current year or if allocation and/or payments to members were made during the year, perform the following procedures:	
4.1.1	<u>Active members:</u> Select a random sample of the lesser of 50 or 10% of number of active members to whom surplus has been apportioned in the approved surplus apportionment scheme and perform the following procedures:	
4.1.1.1	Agree the original surplus amount allocated to the selected member to the individual allocation on the member records per the administration system.	Not applicable.
4.1.1.2	Inspect whether the calculation of the relevant investment return from surplus apportionment date to date of allocation was in accordance with the requirements of the Act and allocated to the member records in the administration system.	Not applicable.
4.1.2	<u>Former members and pensioners:</u> Select a random sample of the lesser of 50 or 10% of number of former members and pensioners as defined by the surplus apportionment scheme from the surplus schedules attached to the approved surplus apportionment scheme and perform the following procedures:	
4.1.2.1	Agree the original surplus amount allocated to the selected member and/or pensioner to the individual allocation on the member records per the administration system.	Not applicable.
4.1.2.2	Inspect whether the calculation of the relevant investment return from surplus apportionment date to date of allocation was in accordance with the requirements of the Pension Funds Act and allocated to the member records in the administration system.	Not applicable.
4.1.2.3	Agree the total of the amount calculated in 4.1.2.1 and 4.1.2.2 to the surplus benefit paid per selected member and to the applicable amount per the administration system and other authorised supporting documentation.	Not applicable.

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

FACTUAL FINDINGS REPORT TO THE REGISTRAR OF PENSION FUNDS IN TERMS OF SECTION 15 OF THE PENSION FUNDS ACT, 1956

	Procedures	Findings
5	Member and employer surplus accounts	
5.1	Obtain the analysis of the transactions in the member and/or employer surplus account per the annual financial statements, and perform the following procedure:	
5.1.1	Inspect that the transactions are permitted in terms of the registered rules of the Fund and/or the Act.	Not applicable.
6	Reserves	
6.1	Obtain the list of reserves and other related accounts (e.g. pensioner accounts) and the movements per the financial statements and/or in the actuarial valuation, and perform the following procedures:	
6.1.1	Inspect whether the reserve and other related accounts (e.g. pensioner accounts) held by the Fund and/or reflected in the actuarial valuation are in accordance with the registered rules of the Fund.	The reserve and other accounts held by the Fund were in accordance with the registered rules of the Fund.
6.1.2	Inspect that the movements in reserves as disclosed in the annual financial statements are permitted in terms of the registered rules of the Fund and/or the Act.	The movements in reserves as disclosed in the annual financial statements were permitted in terms of the registered rules of the Fund and/or the Act.
7	Other assets, liabilities and guarantees	
7.1	Obtain the list of housing loans granted to members by the Fund in terms of section 19(5) of the Act as at 31 December 2017, and perform the following procedure:	
7.1.1	Agree the total loans on the above list to the corresponding account in the annual financial statements.	Not applicable, the Fund rules do not allow for the granting of housing loans.
7.2	From the list in 7.1, randomly select a sample of the lesser of 50 or 10% of the number of members' housing loans granted and perform the following procedures:	
7.2.1	Inspect evidence that the value of the loan provided does not exceed the amount permitted by the rules and the home loan agreement.	Not applicable.
7.2.2	Inspect evidence that the loan has been granted in terms of Section 19(5) (a).	Not applicable.
7.2.3	Inspect evidence that repayments are being made in accordance with the loan agreement.	Not applicable.
7.2.4	Inspect the interest charged on the outstanding loan and compare the rate used to the prescribed rate.	Not applicable.
7.2.5	If the Fund issued more than 100 loans or the total principal debt of all outstanding loans exceeded R500 000, inquire whether the Fund was registered as a credit provider under the National Credit Act, 2005 (the NCA).	Not applicable.
7.3	Obtain the list of housing loan guarantees and select a sample of the lesser of 50 or 10% of the number of housing loan guarantees and perform the following procedures:	
7.3.1	For the sample selected, determine that each selected guarantee did not exceed the gross value of the benefit that the member would become entitled to had they withdrawn, as at the year end, in terms of the Act, the loan agreement and/or the rules of the Fund.	Each selected guarantee did not exceed the gross value of the benefit that the members would become entitled to had they withdrawn, as at the end of the period, in terms of the Act, the loan agreement and/or the rules of the Fund.

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

FACTUAL FINDINGS REPORT TO THE REGISTRAR OF PENSION FUNDS IN TERMS OF SECTION 15 OF THE PENSION FUNDS ACT, 1956

	Procedures	Findings
7.3.2	Inspect evidence that the guarantee has been granted in terms of Section 19(5) (a).	The agreement between the financial institutions (granting the housing loans) and the Fund prescribes that loans may only be granted in terms of Section 19(5)(a) of the Pension Funds Act.
7.4	Obtain a list of other loans per the general ledger of the Fund as at 31 December 2017 and perform the following procedure:	
7.4.1	Confirm that no loans were granted and/or investments made as prohibited in terms of section 19(5)B.	Not applicable.
Statement of Changes in Net Assets and Funds		
8	Contributions	
8.1	Select a sample of the lesser of 50 or 10% of the number of participating employers or pay points (whichever is the lower) from a list of participating employer/pay-points supplied by the Fund/administrator, select three months and perform the following procedures:	
8.1.1	Compare, in total, the contributions received by or on behalf of the Fund to the remittance advices from the participating employer/pay-point.	The contributions received by or on behalf of the Fund agreed to the remittance advice from the participating employer/pay-point.
8.1.2	Inspect the bank statements for the date on which the cash was received to determine whether the contributions were deposited with a registered bank in accordance with section 13A of the Act and whether late payment interest has been raised in terms of regulation 33, where applicable.	Contributions were deposited with a registered bank in accordance with section 13A of the Act and late payment interest had been raised in terms of regulation 33, where applicable, except as tabled in Annexure A.
8.2	Select a sample of the lesser of 50 or 10% of the number of participating employers or pay points which reflect arrear contributions (whichever is the lower) at year-end from a list supplied by the Fund/administrator and perform the following procedure:	
8.2.1	Inspect the accounting records of the Fund to determine whether amounts disclosed as arrear contributions at year-end have been paid to the Fund within the prescribed period in accordance with the requirements of section 13A of the Act. Where the amounts were received after the prescribed period, report the date of receipt and where they were not received, indicate as such.	Amounts disclosed as arrear contributions at year-end have been paid to the Fund within the prescribed period in accordance with the requirements of section 13A of the Act, except as tabled in Annexure A.
9	Benefits	
9.1	Obtain a list from the administration system of lump sum benefits reflected as expenses in the Fund's Statement of Changes in Net Assets and Funds for the year under review and perform the following procedure:	
9.1.1	Compare the list to the respective general ledger benefit expense accounts reconciliation.	The list agreed to the respective general ledger benefit expense accounts reconciliation.
9.2	Select a sample of the lesser of 50 benefits or 10% of the total number of benefits from the list and perform the following procedures:	
9.2.1	Compare the benefit per selected member to the administration system and authorised supporting documentation in accordance with the procedures of the Fund.	The benefit paid agreed to the administration system and authorised supporting documentation in accordance with the procedures of the Fund.

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

FACTUAL FINDINGS REPORT TO THE REGISTRAR OF PENSION FUNDS IN TERMS OF SECTION 15 OF THE PENSION FUNDS ACT, 1956

	Procedures	Findings
9.2.2	For death benefits, where a portion of the benefit had been reinsured by the Fund, inspect a bank deposit or an accrual raised for the recovery from the insurer.	The recovery from the insurer was received/accrued by the Fund.
9.2.3	Agree the opening fund credit for the member to the opening fund credit report and determine whether contributions were added every month until the date of exit (either by Rand amount or in the case of unitised funds, by units). Agree the balance paid out to the member (inclusive of late payment interest where applicable) to the fund credit report or administration system as at the date of exit.	The opening fund credit for the member agreed to the opening fund credit report and contributions were added every month until the date of exit. The balance paid out to the member (inclusive of late payment interest where applicable) agreed to the fund credit report or administration system as at the date of exit.
9.3	Obtain a list of all benefits not yet paid at year-end, select a sample of the lesser of 50 benefits or 10% of the total number of benefits from the list and perform the following procedure:	
9.3.1	Agree whether the benefits that are older than the period as set out in the Act or a shorter period defined by the Rules are classified as unclaimed benefits.	The benefits that were older than the period as set out in the Act, or a shorter period defined by the Rules were correctly classified as unclaimed benefits.
10	Transfers	
10.1	Compare the list of total section 14 transfers to and from the Fund to the corresponding accounts in the general ledger.	The list of total section 14 transfers to and from the Fund agreed to the corresponding account in the general ledger.
10.2	From the list of section 14 transfers paid/received and accrued to and from the Fund throughout the year select a sample of the lesser of 50 or 10% of the number of transfers in and the lesser of 50 or 10% of the number of transfers out, and perform the following procedures:	
10.2.1	Agree the sample of section 14 transfers to and from the Fund to: a) the section 14(1) documentation as approved by the Registrar in respect of each transfer; and/or b) the section 14(8) documentation as prescribed.	The sample of section 14 transfers to and from the Fund agreed to the section 14(1) documentation as approved by the Registrar in respect of each transfer, except as tabled in Annexure B.
10.2.2	Inspect whether the transfers to and from the Fund were received/paid within 60 days of Registrar approval for section 14(1) transfers and 180 days from application date for section 14(8) transfers and whether the growth and investment return had been allocated from the effective date of the transfer to the date of final settlement.	The transfers to and from the Fund, as tabled in Annexure C, were not received/paid within 60 days of Registrar approval for section 14(1) transfers, and growth and investment return was allocated from the effective date of transfer to the date of final settlement.
10.2.3	In respect of unitised funds, select a sample of the lesser of 50 or 10% of the number of members transferred from other funds and recalculate the purchase of units for the amount received using the unit price per the administration system on the date of receipt. (Where units were purchased after date of receipt, investment return was added from the date of receipt to the date of purchase).	The conversion of transfers from other funds was correctly calculated and, where units were purchased after date of receipt, investment return was added from the date of receipt to the date of purchase.
10.3	Individual transfers Obtain the list of individual transfers throughout the year ended 31 December 2017, select a sample of the lesser of 50 or 10% of the number of individual transfers, and perform the following procedures:	

**TOURISM, HOSPITALITY AND CATERING (THACSA) PENSION FUND
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	Procedures	Findings
10.3.1	Agree the transfers to the approved recognition of transfer documentation.	The transfers agreed to the approved recognition of transfer documentation.
10.3.2	For individual transfers in selected In respect of unitised funds, recalculate the purchase of units for the amount received using the unit price per the administration system on the date of receipt. (Where units were purchased after date of receipt investment return was added from the date of receipt to the date of purchase).	The conversion of transfers from other funds was correctly calculated and, where units were purchased after date of receipt, investment return was added from the date of receipt to the date of purchase.
11	Pensioners paid	
11.1	Obtain a copy of the list of pensioners and amounts paid for the year from the administration system and/or, for outsourced pensioners, confirmation from the insurer and perform the following procedure:	Not applicable as the Fund does not have pensioners.
11.1.1	Agree the total pensions paid for the year ended 31 December 2017 to the corresponding account reconciliation to the general ledger balance.	Not applicable.
11.2	Select a sample of the lesser of 50 or 10% of the number of pensioners paid directly from the fund from the above list and perform the following procedures:	
11.2.1	Inspect the pensioner increases for authorisation by the Board of Fund.	Not applicable.
11.2.2	Inspect evidence obtained by the administrator/Fund supporting the fact that the pensioners selected exist.	Not applicable.
11.3	Where the Fund has purchased an annuity in the name of the Fund, obtain a written confirmation from the annuity provider summarising movements from opening market value to closing market value and perform the following procedures:	Not applicable as the Fund does not have reinsured pensioners
11.3.1	Agree the closing market value of the annuity to the annual financial statements.	Not applicable.
11.3.2	Agree the pensioner payment per the confirmation from the insurer to the pensions paid disclosed in the notes to the annual financial statements.	Not applicable.
	General	
12.1	Inspect evidence that the Fund's fidelity insurance cover was in place throughout the year ended 31 December 2017, which the Fund's fidelity insurance cover extends after year-end and report the date to which the subsequent fidelity insurance cover extends.	The Fund's fidelity insurance cover was in place throughout the year ended 31 December 2017 and extended after year-end to 31 July 2018.
12.2	Confirm with the Fund's GLA insurer as to whether the GLA policy has lapsed at year ended 31 December 2017.	Per inspection of the confirmations, the GLA policy have not lapsed at the year ended 31 December 2017.
12.3	Obtain the most recent statutory valuation signed and submitted by the valuator and perform the following procedures:	
12.3.1	Report the funding status of the Fund per the report (whether the Fund was under-funded or fully funded).	Per the 31 December 2014 report the Fund had a funding level of 99.9%.
12.3.2	Where the Fund is under-funded, obtain evidence as to whether a scheme, as required in terms of section 18 of the Act in South Africa, has been approved by the Registrar.	Not Applicable.

**TOURISM, HOSPITALITY AND CATERING (THACSA) PENSION FUND
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Annexure A

8.1.2 Contributions were not always paid to the Fund within the prescribed period in accordance with the requirements of section 13A; late payment interest had been raised in terms of regulation 33:

Participating employer	Month	Amount R	Due date	Date received
Ritz Hotel Management Company	Mar 2017	34,395	7 Apr 2017	11 May 2017
Century City Conference Centre	Jul 2017	147,591	7 Aug 2017	11 Aug 2017
Ritz Hotel Management Company	Jul 2017	35,724	7 Aug 2017	1 Sept 2017
Ritz Hotel Management Company	Dec 2017	35,228	7 Jan 2018	7 Feb 2018
Town House Hotel	Dec 2017	55,099	7 Jan 2018	7 Feb 2018

Annexure B

10.2.1. The following transfers were received/paid without Form G being prepared and submitted to the Financial Services Board:

Transfer in

Transferor fund	Amount R	Actual number of members transferred to the fund	Number of members according to FSB application/ approval documents	Difference
Hardres Williams, Gilbert & Associates Midas Umbrella Provident Plan	1,762,163	25	61	36

Transfer out

Transferee fund	Amount R	Actual number of members transferred from the fund	Number of members according to FSB application/ approval documents	Difference
FundsAtWork Umbrella Provident Fund - Ellerman House	5,698,804	72	84	12

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

FACTUAL FINDINGS REPORT TO THE REGISTRAR OF PENSION FUNDS IN TERMS OF SECTION 15 OF THE PENSION FUNDS ACT, 1956

Annexure C

10.2.2 The transfers to and from the Fund were not received/paid within 60 days of Registrar approval for section 14(1) transfers, and growth and investment return was allocated from the effective date of transfer to the date of final settlement.:

Transfer in

Transferor fund	Amount R	Approval date	Date received	Number of days
Hardres Williams, Gilbert & Associates Midas Umbrella Provident Plan	1,762,163	12 Oct 2017	20 Dec 2017	69

Transfer out

Transferee fund	Amount R	Approval date	Date paid	Number of days
FundsAtWork Umbrella Provident Fund - Ellerman House	5,698,804	11 Jan 2018	14 Mar 2018	62

TOURISM, HOSPITALITY AND CATERING (THACSA) PENSION FUND
SCHEDULE IA - SCHEDULES PERTAINING TO THE ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017

INVESTMENTS

	Notes	Direct Investments		Compliant Investments		Total		Local		Foreign		Foreign Africa		Total Foreign		Total percentage of foreign exposure %	TOTAL as per Regulation 28 (Schedule IB)
		R	R	R	R	R	R	R	R	R	R	R	R				
Cash (including cash at bank)	A	8 419 148	-	-	8 419 148	8 419 148	-	-	-	-	-	-	-	-	-	-	8 419 148
Other assets	I	1 023 372	-	-	1 023 372	1 023 372	-	-	-	-	-	-	-	-	-	-	1 023 372
Collective Investment Schemes		-	72 537 216	72 537 216	72 537 216	54 859 600	17 677 616	-	-	17 677 616	-	-	-	17 677 616	24,37	72 537 216	
Insurance policies		-	575 155 600	575 155 600	575 155 600	417 550 654	140 676 959	16 927 987	157 604 946	157 604 946	16 927 987	7 456 987	84 764 820	175 282 562	27,40	575 155 600	
Linked policies		-	284 935 219	284 935 219	284 935 219	212 095 093	65 383 139	7 456 987	72 840 126	72 840 126	7 456 987	9 471 000	84 764 820	169 256 933	25,56	284 935 219	
Non-linked policies		-	290 220 381	290 220 381	290 220 381	205 455 581	75 293 820	9 471 000	84 764 820	84 764 820	9 471 000	-	-	94 235 820	29,21	290 220 381	
Total investments		9 442 520	647 692 816	657 135 336	481 852 774	158 354 575	16 927 987	175 282 562	26,67	657 135 336							

The fund's foreign exposure (excluding the 2.58% deemed African investments) is 24,10%. The fund is therefore not in breach of Regulation 28 as its foreign exposure is within the prescribed limit of 25%.

A CASH

Local notes, deposits, money market instruments issued by a South African Bank, margin accounts, settlement accounts with an exchange and Islamic liquidity management financial instruments

Notes and coins, any balance or deposit in an account held with a South African bank - exceeding 5% of total assets

Nedbank Limited
Standard Bank of South Africa Limited

Total

	8 419 148
	8 419 148
	8 392 535
	28 613
Total	8 419 148

TOURISM, HOSPITALITY AND CATERING (THACSA) PENSION FUND

SCHEDULE IA - SCHEDULES PERTAINING TO THE ANNUAL FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2017

I OTHER ASSETS

Instrument	Local or Foreign	Holding number	Holding %	Fair value R
Local				
African Bank Phoenix Investments Limited AXL	Local	27 656	- %	16 870
African Bank Limited SABK 104	Local	906 758	- %	1 006 502
Total local portfolio assets				1 023 372
Total portfolio assets				1 023 372

L CERTIFIED REGULATION 28 COMPLIANT INVESTMENTS

Instrument	Fair value R
Collective Investment Schemes – regulation 28(8)(b)(i)	
Local	
Investec Managed Fund	72 441 274
Investec Money Market	95 942
Total of issuers exceeding 5%	72 537 216
Total	72 537 216
Linked policies – regulation 28(8)(b)(ii)	
Local	
Allan Gray Life Global Balanced Portfolio	140 469 875
Coronation Houseview Portfolio	144 465 344
Total of issuers exceeding 5%	284 935 219
Total	284 935 219
Non Linked policies – regulation 28(8)(b)(iii)	
Local	
Momentum Multi-Manager Smooth Growth Fund	290 220 381
Total of issuers exceeding 5%	290 220 381
Total	290 220 381
Total certified Regulation 28 compliant investments	647 692 816

TOURISM, HOSPITALITY AND CATERING (THACSA) PENSION FUND

SCHEDULE IA - SCHEDULES PERTAINING TO THE ANNUAL FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2017

O ENTITY / COUNTERPARTY EXPOSURE

Counterparty	Direct investment in counterparty		Deposit/liquid asset with counterparty		Any other instrument		Total per counterparty		Exposure to counterparty as a % of the fair value of the assets of the fund
	R	R	R	R	R	R	R		
Credit / Counterparty risk									
Banks									
Nedbank Limited	-	8 419 148	-	-	-	-	8 419 148	1,27%	
Standard Bank of South Africa Limited	-	8 392 535	-	-	-	-	8 392 535	1,27%	
	-	26 613	-	-	-	-	26 613	-%	
Asset managers - local									
Investec Asset Management (Pty) Ltd	1 023 372	-	-	72 537 216	-	-	73 560 588	11,14%	
Standard Bank of South Africa Ltd	-	-	-	72 537 216	-	-	72 537 216	10,98%	
	1 023 372	-	-	-	-	-	1 023 372	0,15%	
Insurance companies									
Alan Gray Life Limited	-	-	-	575 155 600	-	-	575 155 600	87,09%	
MMI Group Ltd	-	-	-	140 469 875	-	-	140 469 875	21,27%	
Coronation Life Assurance Company Ltd	-	-	-	290 220 381	-	-	290 220 381	43,94%	
	-	-	-	144 465 344	-	-	144 465 344	21,87%	
Other funds									
Accounts receivable	-	-	-	3 303 401	-	-	3 303 401	0,50%	
Arrear contributions	-	-	-	991 767	-	-	991 767	0,15%	
	-	-	-	2 311 634	-	-	2 311 634	0,35%	
	1 023 372	8 419 148	650 996 217	660 438 737	100,00 %				

TOURISM, HOSPITALITY AND CATERING (THACSA) PENSION FUND

SCHEDULE IA - SCHEDULES PERTAINING TO THE ANNUAL FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2017

P RECONCILIATION BETWEEN THE INVESTMENTS IN SCHEDULE H2 AND SCHEDULE IA

	Fair value current period (as per Schedule HA2.1)	Cash at bank	Total
	R	R	R
Cash	-	8 419 148	8 419 148
Collective investment schemes	72 537 216	-	72 537 216
Insurance policies	575 155 600	-	575 155 600
Other assets	1 023 372	-	1 023 372
Total investments	648 716 188	8 419 148	657 135 336

TOURISM, HOSPITALITY AND CATERING (THACSA) PENSION FUND

SCHEDULE IB
ASSETS HELD IN COMPLIANCE WITH REGULATION 28
AT 31 DECEMBER 2017

		Fair value R
A	Total assets (Schedule IA -Total investments)	657 135 336
B1	Less: Reg 28 compliant investments (certificate received from issuing entity):-	(647 692 816)
B.1.1	Collective Investment Schemes (Reg 28(8)(b)(i))	(72 537 216)
B.1.2	Linked Policies (Reg 28(8)(b)(ii))	(284 935 219)
B.1.3	Non-Linked policies (Reg 28(8)(b)(iii))	(290 220 381)
B.1.4	Entity regulated by FSB (Reg 28(8)(b)(iv))	-
B2	Less: Reg 28 excluded investments	
B2.1	Insurance Policies (Reg 28(3)(c))	-
C	Less: Investments not disclosed /data not available for disclosure [Refer to schedule IAN]	-
D	TOTAL ASSETS FOR REGULATION 28 DISCLOSURE	9 442 520

Categories of kinds of assets

		Fair value R	Fair value %
1	CASH	8 419 148	89,16%
1.1	Notes, deposits, money market instruments issued by a South African Bank, margin accounts, settlement accounts with an exchange and Islamic liquidity management financial instruments 100%	8 419 148	89,16%
1.1(a)	Notes and coins; any balance or deposit in an account held with a South African bank;		
	Nedbank Limited 25%	8 419 148	89,16%
	Standard Bank Limited 25%	8 392 535	88,88%
		26 613	0,28%
1.1(b)	A money market instrument issued by a South African bank including an Islamic liquidity management financial instrument	-	0,00%
1.1(c)	Any positive net balance in a margin account with an exchange	-	0,00%
1.1(d)	Any positive net balance in a settlement account with an exchange, operated for the buying and selling of assets	-	0,00%
1.2	Balances or deposits, money market instruments issued by a foreign bank including Islamic liquidity management financial instruments SARB max. limits	-	0,00%
1.2(a)	Any balance or deposit held with a foreign bank	-	0,00%
1.2(b)	Any balance or deposit held with an African bank	-	0,00%
1.2(c)	A money market instrument issued by a foreign bank including an Islamic liquidity management financial instrument	-	0,00%
2	DEBT INSTRUMENTS INCLUDING ISLAMIC DEBT INSTRUMENTS	-	0,00%
2.1	Inside the Republic 100%	-	0,00%
2.1(a)	Debt instruments issued by, and loans to, the government of the Republic, and any debt or loan guaranteed by the Republic 100%	-	0,00%
2.1(b)	Debt instruments issued or guaranteed by the government of a foreign country 75%	-	0,00%
2.1(c)	Debt instruments issued or by a South African bank against its balance sheet 75%	-	0,00%
2.1(c)(i)	Listed on an exchange with an issue market capitalisation of R20 billion or more, or an amount or conditions as prescribed 75%	-	0,00%

Carried forward

8 419 148

89,16%

TOURISM, HOSPITALITY AND CATERING (THACSA) PENSION FUND

SCHEDULE IB - ASSETS HELD IN COMPLIANCE WITH REGULATION 28 FOR THE YEAR ENDED 31 DECEMBER 2017

Categories of kinds of assets		Fair value R	Fair value %
Brought forward		8 419 148	89,16%
2.1(c)(ii)	Listed on an exchange with an issuer market capitalisation of between R2 billion and R20 billion, or an amount or conditions as prescribed 75%	-	0,00%
2.1(c)(iii)	Listed on an exchange with an issuer market capitalisation of less than R2 billion, or an amount or conditions as prescribed 75%	-	0,00%
2.1(c)(iv)	Not listed on an exchange 25%	-	0,00%
2.1(d)	Debt instruments issued or guaranteed by an entity that has equity listed on an exchange, or debt instruments issued or guaranteed by a public entity under the Public Finance Management Act, 1999 (Act No. 1 of 1999) as prescribed 50%	-	0,00%
2.1(d)(i)	Listed on an exchange 50%	-	0,00%
2.1(d)(ii)	Not listed on an exchange 25%	-	0,00%
2.1(e)	Other debt instruments:- 25%	-	0,00%
2.1(e)(i)	Listed on an exchange 25%	-	0,00%
2.1(e)(ii)	Not listed on an exchange 15%	-	0,00%
	SARB max. limits	-	0,00%
2.2	Foreign	-	0,00%
2.2(a)	Debt instruments issued by, and loans to, the government of the Republic, and any debt or loan guaranteed by the Republic SARB max. limits	-	0,00%
2.2(b)	Debt instruments issued or guaranteed by the government of a foreign country SARB max. limits	-	0,00%
2.2(c)	Debt instruments issued or guaranteed by a South African Bank against its balance sheet:- SARB max. limits	-	0,00%
2.2(c)(i)	Listed on an exchange with an issuer market capitalisation of R20 billion or more, or an amount or conditions as prescribed SARB max. limits	-	0,00%
2.2(c)(ii)	Listed on an exchange with an issuer market capitalisation of between R2 billion and R20 billion, or an amount or conditions as prescribed SARB max. limits	-	0,00%
2.2(c)(iii)	Listed on an exchange with an issuer market capitalisation of less than R2 billion, or an amount or conditions as prescribed SARB max. limits	-	0,00%
2.2(c)(iv)	Not listed on an exchange	-	0,00%
2.2(d)	Debt instruments issued or guaranteed by an entity that has equity listed on an exchange SARB max. limits	-	0,00%
2.2(d)(i)	Listed on an exchange SARB max. limits	-	0,00%
2.2(d)(ii)	Not listed on an exchange 25%	-	0,00%
2.2(e)	Other debt instruments 25%	-	0,00%
2.2(e)(i)	Listed on an exchange 25%	-	0,00%
2.2(e)(ii)	Not listed on an exchange 15%	-	0,00%
3	EQUITIES	-	0,00%
3.1	Inside the Republic 75%	-	0,00%
3.1(a)	Preference and ordinary shares in companies, excluding shares in property companies, listed on an exchange:- 75%	-	0,00%
Carried forward		8 419 148	89,16%

TOURISM, HOSPITALITY AND CATERING (THACSA) PENSION FUND

SCHEDULE IB - ASSETS HELD IN COMPLIANCE WITH REGULATION 28 FOR THE YEAR ENDED 31 DECEMBER 2017

Categories of kinds of assets		Fair value R	Fair value %
Brought forward		8 419 148	89,16%
3.1(a)(i)	Issuer market capitalisation of R20 billion or more, or an amount or conditions as prescribed 75%	-	0,00%
3.1(a)(ii)	Issuer market capitalisation of between R2 billion and R20 billion, or an amount or conditions as prescribed 75%	-	0,00%
3.1(a)(iii)	Issuer market capitalisation of less than R2 billion, or an amount or conditions as prescribed 15%	-	0,00%
3.1(b)	Preference and ordinary shares in companies, excluding shares in property companies, not listed on an exchange 15%	-	0,00%
3.2	Foreign	-	0,00%
3.2(a)	Preference and ordinary shares in companies, excluding shares in property companies, listed on an exchange:- limits	-	0,00%
3.2(a)(i)	Issuer market capitalisation of R20 billion or more, or an amount or conditions as prescribed SARB max. limits	-	0,00%
3.2(a)(ii)	Issuer market capitalisation of between R2 billion and R20 billion, or an amount or conditions as prescribed SARB max. limits	-	0,00%
3.2(a)(iii)	Issuer market capitalisation of less than R2 billion, or an amount or conditions as prescribed SARB max. limits	-	0,00%
3.2(b)	Preference and ordinary shares in companies, excluding shares in property companies, not listed on an exchange 10%	-	0,00%
	ICHIRIZUKA MASTER FUND 2,5%	-	0,00%
	Immobiliare Grande Distribuzio 2,5%	-	0,00%
4	IMMOVABLE PROPERTY	-	0,00%
4.1	Inside the Republic 25%	-	0,00%
4.1(a)	Preference shares, ordinary shares and linked units comprising shares linked to debentures in property companies, or units in a Collective Investment Scheme in Property, listed on an exchange 25%	-	0,00%
4.1(a)(i)	Issuer market capitalisation of R10 billion or more, or an amount or conditions as prescribed 25%	-	0,00%
4.1(a)(ii)	Issuer market capitalisation of between R3 billion and R10 billion, or an amount or conditions as prescribed 25%	-	0,00%
4.1(a)(iii)	Issuer market capitalisation of less than R3 billion or an amount or conditions as prescribed 25%	-	0,00%
4.1(b)	Immovable property, preference and ordinary shares in property companies, and linked units comprising shares linked to debentures in property companies, not listed on an exchange 15%	-	0,00%
4.2	Foreign 25%	-	0,00%
4.2(a)	Preference shares, ordinary shares and linked units comprising shares linked to debentures in property companies, or units in a Collective Investment Scheme in Property, listed on an exchange 25%	-	0,00%
4.2(a)(i)	Issuer market capitalisation of R10 billion or more, or an amount or conditions as prescribed 25%	-	0,00%
4.2(a)(ii)	Issuer market capitalisation of between R3 billion and R10 billion, or an amount or conditions as prescribed 25%	-	0,00%
4.2(a)(iii)	Issuer market capitalisation of less than R3 billion or an amount or conditions as prescribed 25%	-	0,00%
4.2(b)	Immovable property, preference and ordinary shares in property companies, and linked units comprising shares linked to debentures in property companies, not listed on an exchange 15%	-	0,00%
5	COMMODITIES	-	0,00%
5.1	Inside the Republic 10%	-	0,00%
Carried forward		8 419 148	89,16%

TOURISM, HOSPITALITY AND CATERING (THACSA) PENSION FUND

SCHEDULE IB - ASSETS HELD IN COMPLIANCE WITH REGULATION 28
FOR THE YEAR ENDED 31 DECEMBER 2017

Categories of kinds of assets			Fair value R	Fair value %
Brought forward			8 419 148	89,16%
5.1(a)	Kruger Rands and other commodities on an exchange, including exchange traded commodities	10%	-	0,00%
5.1(a)(i)	Gold (including Kruger Rands)	10%	-	0,00%
5.1(a)(ii)	Other commodities	5%	-	0,00%
5.2	Foreign	10%	-	0,00%
5.2(a)	Gold and other commodities on an exchange, including exchange traded commodities	10%	-	0,00%
5.2(a)(i)	Gold	10%	-	0,00%
5.2(a)(ii)	Other commodities	5%	-	0,00%
7	HOUSING LOANS GRANTED TO MEMBERS IN ACCORDANCE WITH THE PROVISIONS OF SECTION 19(5)	95%	-	0,00%
8	HEDGE FUNDS, PRIVATE EQUITY FUNDS AND ANY OTHER ASSET NOT REFERRED TO IN THIS SCHEDULE		1 023 372	10,84%
8.1	Inside the Republic	15%	1 023 372	10,84%
8.1(a)	Hedge fund	10%	-	0,00%
8.1(a)(i)	Funds of hedge funds	10%	-	0,00%
8.1(a)(ii)	Hedge funds	10,0%	-	0,00%
8.1(b)	Private equity funds	10%	-	0,00%
8.1(b)(i)	Funds of private equity funds	10%	-	0,00%
8.1(b)(ii)	Private equity funds	10,0%	-	0,00%
8.1(c)	Other assets not referred to in this schedule and excluding a hedge fund or private equity fund	2,5%	1 023 372	10,84%
	African Bank Phoenix Investments Limited AXL	2,5%	16 870	0,18%
	African Bank Limited SABK 104	2,5%	1 006 502	10,66%
8.2	Foreign	15%	-	0,00%
8.2(a)	Hedge fund	10%	-	0,00%
8.2(a)(i)	Funds of hedge funds	10%	-	0,00%
8.2(a)(ii)	Hedge funds	10,0%	-	0,00%
8.2(b)	Private equity funds	10%	-	0,00%
8.2(b)(i)	Funds of private equity funds	10%	-	0,00%
8.2(b)(ii)	Private equity funds	10,0%	-	0,00%
8.2(c)	Other assets not referred to in this schedule and excluding a hedge fund or private equity fund	2,5%	-	0,00%
TOTAL ASSETS – REGULATION 28			9 442 520	100,00%

The percentage exposure to the assets classes set out in item 1 was calculated with reference to "Total assets for Regulation 28 disclosure" (item D on page 43) to comply with the Financial Services Board reporting requirements. In terms of Regulation 28 of the Pension Funds Act, the percentage exposure should be calculated with reference to the "Total Assets" (item A on page 43). Had the percentage exposure been correctly calculated, the individual cash in item 1 would not have breached the maximum exposure as allowed in Regulation 28 of the Pension Funds Act.

TOURISM, HOSPITALITY AND CATERING (THACSA) PENSION FUND
 SCHEDULE IB - ASSETS HELD IN COMPLIANCE WITH REGULATION 28
 FOR THE YEAR ENDED 31 DECEMBER 2017

INVESTMENT SUMMARY (Regulation 28)

	Local R	Fair value %	Foreign (Excluding Africa) R	Fair value %	Africa R	Fair value %	Total R
1 Balances or deposits, money market instruments issued by a bank including Islamic liquidity management financial instruments	8 419 148	1,28	-	-	-	-	8 419 148
8 Hedge Funds, private equity funds and any other assets not referred to in this schedule	1 023 372	0,16	-	-	-	-	1 023 372
9 Fair value of assets to be excluded in terms of sub-regulation (9)(b) of Regulation 28	472 410 254	71,89	158 354 575	24,10	16 927 987	2,58	647 692 816
TOTAL	481 852 774	73,33	158 354 575	24,10	16 927 987	2,58	657 135 336



INDEPENDENT AUDITOR'S REPORT ON ASSETS HELD IN COMPLIANCE WITH REGULATION 28
TO THE BOARD OF FUND OF THE TOURISM, HOSPITALITY AND CATERING (THACSA) PENSION FUND

Our opinion

We have audited Schedule IB "Assets held in compliance with Regulation 28" of the Tourism, Hospitality and Catering (THACSA) Pension Fund ("the Fund") at 31 December 2017 (the "Schedule") for compliance with the requirements of Regulation 28 of the Pension Funds Act of South Africa (the Regulation), as set out on pages 43 to 47. Our engagement arises from our appointment as auditor of the Fund and is for the purpose of assisting the Board of Fund to report to the Registrar of Pension Funds (the "Registrar").

In our opinion, Schedule IB "Assets held in compliance with Regulation 28" at 31 December 2017 by the Tourism, Hospitality and Catering (THACSA) Pension Fund is prepared in all material respects in accordance and in compliance with the Regulation.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Schedule* section of our report. We are independent of the Fund in accordance with the *Independent Regulatory Board for Auditors Code of Professional Conduct for Registered Auditors (IRBA Code)* and other independence requirements applicable to performing audits in South Africa. We have fulfilled our other ethical responsibilities in accordance with the IRBA Code and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Code is consistent with the International Ethics Standards Board for Accountants *Code of Ethics for Professional Accountants (Parts A and B)*.

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

Emphasis of matter – Financial reporting framework and restriction on use

Without modifying our opinion, we draw attention to the purpose of our report as indicated in the opinion paragraph, and the basis of accounting. Consequently, the Schedule and our auditor's report may not be suitable for another purpose.

Other matter

The information contained in Schedule IB has been extracted from the Fund's underlying accounting records that were the subject of our audit engagement on the annual financial statements and forms the subject matter of this engagement. Our audit of the annual financial statements of the Tourism, Hospitality and Catering (THACSA) Pension Fund for the year ended 31 December 2017 was conducted in accordance with International Standards on Auditing and in our report of

04/06/2018..... we expressed an unmodified opinion, and therefore the annual financial statements are prepared, in all material respects, with the Regulatory Reporting Requirements for Retirement Funds in South Africa.

Other information

The Board of Fund is responsible for the other information. The other information comprises the Annual Financial Statements in terms of section 15 of the Pension Funds Act no 24, 1956, but does not include Schedule IB and our auditor's report thereon.

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Chief Executive Officer: T D Shangro
Management Committee: S N Madikane, J S Masondo, P J Mthethle, C Richardson, F Tonelli, C Volschenk
The Company's principal place of business is at 4 Lisbon Lane, Waterfall City, Jukes/Klein View, where a list of directors' names is available for inspection.
Reg. no. 1968/012055/21, VAT reg. no. 4050174052



INDEPENDENT AUDITOR'S REPORT ON ASSETS HELD IN COMPLIANCE WITH REGULATION 28
TO THE BOARD OF FUND OF THE TOURISM, HOSPITALITY AND CATERING (THACSA) PENSION FUND

Our opinion on Schedule IB does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of Schedule IB, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with Schedule IB or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Board of Fund for the Schedule

The Board of Fund is responsible for the preparation of the Schedule in compliance with the Regulation, and for such internal control as the Board of Fund determines is necessary to enable the preparation of the Schedule that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibilities for the Audit of the Schedule

Our objectives are to obtain reasonable assurance about whether the Schedule as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the Schedule.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the Schedule, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Fund.

We communicate with the Board of Fund regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

PricewaterhouseCoopers Inc.

PricewaterhouseCoopers Inc.
Director: P Liedeman
Registered Auditor

Address: 5 Silo Square, V&A Waterfront, Cape Town 8002

Date 04/09/2018