

ANNUAL FINANCIAL STATEMENTS

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

FINANCIAL SECTOR CONDUCT AUTHORITY
REGISTRATION NUMBER: 12/8/20517

FOR THE PERIOD: 1 JANUARY 2018 to 31 DECEMBER 2018

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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 2018**

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 2018 to 31 December 2018
Prior year: 1 January 2017 to 31 December 2017

BOARD OF FUND

Full name	E-mail Address	Capacity	Date appointed/reappointed	Date resigned
Andreas Nold	nold@newmarkhotels.com	E / C	1 January 2019	
Balisile Boo	booi@gmail.com	M / VC	1 January 2019	
Selwyn Veley	srv@newmarkhotels.com	E	1 January 2016	31 December 2018
Renier Grosch	renier@g3grp.co.za	E	1 January 2016	31 January 2018
Susanne Faussner-Ringer	susanne.faussner@greenways.co.za	E	1 March 2019	
Chris Godenir	gm@peninsula.co.za	E	1 January 2019	
Christopher Bösenberg	bosie@global.co.za	I	1 January 2019	
Washington Mtinkulu	westerncape@saccawu.org.za	M	1 January 2016	31 December 2018
Alfred Green	westerncape@saccawu.org.za	M	1 January 2016	31 December 2018
Mary Mageqa	westerncape@saccawu.org.za	M	1 January 2019	
Holisma Nqoro	nqoroholomisa@gmail.com	A	1 January 2019	
Michelle De Witt	mdewitt@horwarthtl.co.za	E	1 January 2019	
Kolisang Thabata	bthabata@fedcraw.org.za	M	1 January 2019	
Enoch Hibana	enochhibana@gmail.com	M	1 January 2019	
Beauty Halam	feziwe.halam18@gmail.com	M	1 January 2019	
Karin Augustyn	Karin@Capedebtclinic.com	E	1 January 2019	
Barry Ross	Barry@pmrhospitality.com	E	1 January 2019	

- '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)
20 February 2018	The Forum, V&A Waterfront	Yes
18 July 2018	The Forum, V&A Waterfront	Yes
12 September 2018	The Forum, V&A Waterfront	Yes
5 December 2018	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 2018**

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) 940 6670	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) 940 6670	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
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 2018**

PROFESSIONAL SERVICE PROVIDERS (continued)

Investment Administrator

Full name	Postal address	Physical address	Telephone number	Date appointed	FAIS registration number
MMI Group Limited	PO Box 2212 Bellville 7553	6 Mispel Road Parc du Cap Bellville 7530	(021) 940 5911	13 January 2004	6406
Allan Gray Life Ltd	PO Box 51318 Cape Town 8002	1 Silo Square V&A Waterfront 8001	(021) 415 2300	27 November 2003	6663
Investec Asset Management (Pty) Ltd	PO Box 1655 Cape Town 8001	36 Hans Strijdom Avenue Foreshore Cape Town 8001	(021) 416 1818	28 January 2004	587
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
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

TOURISM, HOSPITALITY AND CATERING (THACSA) PENSION FUND

SCHEDULE B STATEMENT OF RESPONSIBILITY BY THE BOARD OF FUND FOR THE YEAR ENDED 31 DECEMBER 2018

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

TOURISM, HOSPITALITY AND CATERING (THACSA) PENSION FUND

**SCHEDULE B
STATEMENT OF RESPONSIBILITY BY THE BOARD OF FUND (continued)
FOR THE YEAR ENDED 31 DECEMBER 2018**


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
No reconciliation and/or Form G was prepared for the transfer from the Nando's Employees Umbrella Provident Fund as the assets received differed from that approved by the Authority.	The Fund is in breach of Directive 6 as it does not satisfy the requirements.	The fund is dependent on the transferor fund to complete the form G after all assets have been transferred. The form G in this instance has been requested and followed up by the administrator of the transferee fund.
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 22 MAY 2019;
- 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 2018 as well as the results of its activities for the year then ended; and
- are signed on behalf of the Board of Fund by:



Andreas Nold
Chairperson
22 May 2019



Balisile Boo
Vice chairperson
22 May 2019



Christopher Bösenberg
Independent board member
22 May 2019

TOURISM, HOSPITALITY AND CATERING (THACSA) PENSION FUND

TOURISM, HOSPITALITY AND CATERING (THACSA) PENSION FUND

**SCHEDULE C
STATEMENT OF RESPONSIBILITY BY THE PRINCIPAL OFFICER
FOR THE YEAR ENDED 31 DECEMBER 2018**

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 instance noted on page 5.

A handwritten signature in black ink, appearing to read 'K. Barnes', is written over a horizontal line. The signature is stylized and somewhat cursive.

**Kevin L. Barnes
Principal Officer
22 May 2019**



INDEPENDENT AUDITOR'S REPORT

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

Report on the audit of 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 2018 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 Financial Sector Conduct Authority (the "Authority").

In our opinion, the financial statements of Tourism, Hospitality and Catering (THACSA) Pension Fund for the year ended 31 December 2018 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 Authority. 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 Shango
Management Committee: S N Madikane, J S Masondo, P J Mothibe, C Richardson, F Tonelli, C Volschenk
The Company's principal place of business is at 4 Lisbon Lane, Waterfall City, Jukskei View, where a list of directors' names is available for inspection.
Reg. no. 1998/012055/21, VAT reg no. 4950174682



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: V Wiese
Registered Auditor

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

Date *22 May 2014*

TOURISM, HOSPITALITY AND CATERING (THACSA) PENSION FUND

SCHEDULE E REPORT OF THE BOARD OF FUND FOR THE YEAR ENDED 31 DECEMBER 2018

1. DESCRIPTION OF FUND

1.1. Type of fund in terms of the Income Tax Act, 1962

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

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.

1.2.1. 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 contributing but did not formally exit the fund.

The member contribution rate towards retirement funding varies between 5%, 6%, 6.5%, 7%, 7.5% and 8% of pensionable salary.

The employer contribution rate towards costs and expenses varies between 5%, 6%, 7% and 7.5% of pensionable salary.*

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

1.4. Rule Amendments

1.4.1. Amendments

Rule amendment No.	Description and motivation	Date of Board of Fund resolution	Effective date	Date registered by the Financial Sector Conduct Authority
4	To provide for an extra contribution category of 10% (5% and 5%).	29 November 2017	1 January 2018	13 September 2018

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 2018

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, Authority 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 2018	31 December 2017
	R	R
Allan Gray Life Ltd	130 544 701	140 469 875
Investec Asset Management (Pty) Ltd	69 359 123	72 537 216
MMI Group Ltd	303 491 783	290 220 381
Coronation Life Assurance Company Ltd	129 105 866	144 465 344
Standard Bank of South Africa Limited	1 042 772	1 023 372
Total value of investments managed	633 544 245	648 716 188

TOURISM, HOSPITALITY AND CATERING (THACSA) PENSION FUND

**SCHEDULE E
REPORT OF THE BOARD OF FUND (continued)
FOR THE YEAR ENDED 31 DECEMBER 2018**

3. MEMBERSHIP

	Active members	Deferred members	Unclaimed benefits
Number at the beginning of year	4 553	8 149	39 376
Adjustments	(7)	(189)	(300)
Additions	1 162	-	597
Transfers out	(4)	-	-
Withdrawals	(1 143)	(2)	-
Retirements	(41)	-	-
Retrenchments	(127)	-	-
Deaths	(17)	-	-
Unclaimed benefits paid	-	-	(122)
Number at the end of the year	4 376	7 958	39 551
Number at end of year (South African citizen) *	4 376	7 958	39 551

Of the balance of 39 551 under Unclaimed benefits, 35 974 are in respect of Dormant members.

The adjustments under active members relate to duplicate records that were removed.

The adjustments under deferred and unclaimed benefits relate to members whose share of funds have been depleted.

* The Fund does not have accurate information to establish the number of foreign nationals.

4. ACTUARIAL VALUATION

The 31 December 2017 valuation was submitted to the Financial Sector Conduct Authority on 14 December 2018. The next statutory valuation will be as at 31 December 2020 and is due for submission to the Financial Sector Conduct Authority by 31 December 2021.

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 2018 the outstanding balance of housing loan guarantees granted amounted to R436,281 - 17 members (2017: R374,574 - 23 members).

The total facility approved is R1,500,000 and is renewable on 31 July 2019.

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 2018. 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 Sector Conduct Authority that only 55% of the dormant member liabilities should be kept for future claims from those dormant members. The latest funding level as at 31 December 2017 is 75.6% as reported in the 31 December 2017 statutory valuation. 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 2018

	Note	31 December 2018 R	31 December 2017 R
ASSETS			
Non-current assets			
Investments	2	633 544 245	648 716 188
Current assets			
Accounts receivable	4	1 642 562	991 767
Arrear contributions	10	1 879 083	2 311 634
Cash at bank		11 258 909	8 419 148
Total assets		648 324 799	660 438 737
FUNDS AND LIABILITIES			
Members' funds			
Members' individual accounts		274 204 145	285 767 953
Amounts to be allocated	16	10 481 494	12 456 171
Reserves			
Reserve accounts	15	291 549 377	287 415 422
Total funds and reserves		576 235 016	585 639 546
Non-current liabilities			
Unclaimed benefits	8	55 886 316	53 384 391
Current liabilities			
Transfers payable	6	768 093	6 729 280
Benefits payable	7	12 465 539	11 903 367
Accounts payable	9	2 969 835	2 782 153
Total funds and liabilities		648 324 799	660 438 737

PwC

TOURISM, HOSPITALITY AND CATERING (THACSA) PENSION FUND

**SCHEDULE G
STATEMENT OF CHANGES IN NET ASSETS AND FUNDS
FOR THE YEAR ENDED 31 DECEMBER 2018**

	Note	Members' individual accounts & Amounts to be allocated	Reserve accounts Refer note 15	Current year 2018	Previous year 2017
		R	R	R	R
Contributions received and accrued	10	35 119 937	7 078 350	42 198 287	40 293 401
Reinsurance proceeds		4 865 992	-	4 865 992	4 867 017
Net investment income	11	(2 655 046)	7 178 378	4 523 332	60 377 238
Allocated to unclaimed benefits	8	1 355 188	-	1 355 188	(4 602 552)
Other income	12	-	-	-	128 419
Less:					
Re-insurance premiums		-	(11 365 046)	(11 365 046)	(10 963 501)
Administration expenses	13	-	(4 695 884)	(4 695 884)	(4 504 649)
		-	(6 669 162)	(6 669 162)	(6 458 852)
Net income before transfers and benefits		38 686 071	2 891 682	41 577 753	90 100 022
Transfers and benefits					
Transfer from other funds	5	(51 496 645)	(129 506)	(51 626 151)	(46 421 121)
Transfer to other funds	6	845 511	-	845 511	2 806 639
Benefits	7	(1 269 978)	-	(1 269 978)	(6 678 048)
		(51 072 178)	(129 506)	(51 201 684)	(42 549 712)
Net (loss)/income after transfers and benefits		(12 810 574)	2 762 176	(10 048 398)	43 678 901
Funds and reserves					
Balance at the beginning of the year	15	298 224 124	287 415 422	585 639 546	541 960 645
Transfer to cost account	15	(1 371 779)	1 371 779	-	-
Allocations to/from accounts					
- Unclaimed benefits	8	643 868	-	643 868	-
Balance at the end of the year		284 685 639	291 549 377	576 235 016	585 639 546

PWC

TOURISM, HOSPITALITY AND CATERING (THACSA) PENSION FUND

SCHEDULE HA NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

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 2018

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 – contributions receivable. Any contributions received in advance at the end of the reporting year are recognised as a current liability – contributions 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 2018

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 Sector Conduct Authority, as contained in the approval certificate from the Authority.

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 an 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 2018

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 2018

2. INVESTMENTS

2.1. Investment summary

	Note	Local R	Total current year R	Total previous year R	Fair value current year R	Categorised per IAS 39
Insurance policies		563 142 351	563 142 351	575 155 600	563 142 351	At fair value through statement of changes in net assets and funds
Collective investment schemes		69 359 122	69 359 122	72 537 216	69 359 122	At fair value through statement of changes in net assets and funds
Other		1 042 772	1 042 772	1 023 372	1 042 772	At fair value through statement of changes in net assets and funds
Total		633 544 245	633 544 245	648 716 188	633 544 245	

Included in insurance policies are non-vested bonuses on non-linked insurance policies of R60 861 776 (2017: R55 570 201).

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 2018 the outstanding balance of housing loan guarantees granted amounted to R436,281 - 17 members (2017: R374,574 - 23 members). The total facility approved is R1,500,000 and is renewable on 31 July 2019.

4. ACCOUNTS RECEIVABLE

	31 December 2018 R	31 December 2017 R
Reinsurance proceeds	1 267 944	638 035
Prepaid fidelity cover premium	9 268	8 750
Late payment interest on contributions	322 424	307 733
Interest on bank account	42 926	34 969
Tracing fees refund	-	2 280
Total	1 642 562	991 767

TOURISM, HOSPITALITY AND CATERING (THACSA) PENSION FUND

SCHEDULE HA
 NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)
 FOR THE YEAR ENDED 31 DECEMBER 2018

5. TRANSFERS FROM OTHER FUNDS

Effective date	No. of members	A		B		C		D		A+B+C-D	
		At beginning of year		Transfers approved		Return on Transfers		Assets transferred		At end of year	
		R		R		R		R		R	
In terms of Section 14											
01/05/2017	33	-	629 422	40 560	(669 982)	-	-	-	-	-	-
	5	-	175 529	-	(175 529)	-	-	-	-	-	-
	38	-	804 951	40 560	(845 511)	-	-	-	-	-	-
Transfers approved (B)											
Return on transfers (C)											
Statement of changes in net assets and funds											
										804 951	
										40 560	
										845 511	

TOURISM, HOSPITALITY AND CATERING (THACSA) PENSION FUND

**SCHEDULE HA
NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2018**

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 year	At end of year	Transfers approved	Return on Transfers	Assets transferred	At end of year			
			R	R	R	R	R	R	R	R	R	R
In terms of Section 14												
Hospitality & General Provident Fund (Palm Garden)	01/10/2003	1	-	36 396	-	4 589	-	-	-	40 985	-	40 985
Hospitality & General Provident Fund (Second Avenue)	01/04/2005	1	-	136 848	-	17 253	-	-	-	154 101	-	154 101
Nandos Employees Umbrella Provident Fund	31/10/2013	1	-	5 128	-	1 437	-	-	-	6 565	-	6 565
Discovery Retirement Annuity Fund	30/04/2015	2	-	197	-	12	-	-	-	209	-	209
Alexander Forbes Retirement Fund -The Waterclub	31/10/2014	1	-	137	-	9	-	-	-	146	-	146
Court Body Corporate												
FundsAtWork Umbrella Provident Fund - Ellerman House	31/07/2016	72	-	5 698 803	-	19 557	-	(5 282 237)	-	436 123	-	436 123
Nando's Employees Umbrella Pension Fund	01/07/2016	15	-	157 123	-	667	-	(143 714)	-	14 076	-	14 076
Nando's Employees Umbrella Pension Fund	01/07/2016	14	-	249 400	-	(501)	-	(246 741)	-	2 158	-	2 158
Nando's Employees Umbrella Pension Fund	01/09/2016	30	-	89 296	-	(5 449)	-	(41 977)	-	41 870	-	41 870
Nando's Employees Umbrella Pension Fund	01/03/2017	17	-	217 602	-	(420)	-	(194 681)	-	22 501	-	22 501
Nando's Employees Umbrella Pension Fund	01/03/2017	16	-	128 239	-	(1 574)	-	(88 692)	-	37 973	-	37 973
Nando's Employees Umbrella Provident Fund	01/07/2016	1	-	-	60 732	-	-	(60 732)	-	-	-	-
Hospitality & General Provident Fund	30/09/2017	3	-	-	774 816	397 575	-	(1 172 391)	-	-	-	-
Hospitality & General Provident Fund		1	-	10 111	-	1 275	-	-	-	11 386	-	11 386
Individual transfers out												
Prospective approvals in terms of Section 14												
Old Mutual SuperFund Provident Fund	01/01/2011	8	129 204	-	-	-	-	-	-	-	-	-
Old Mutual SuperFund Provident Fund	01/01/2011	13	898 629	-	-	-	-	-	-	-	-	-
Old Mutual SuperFund Provident Fund	01/02/2017	74	1 241 211	-	-	-	-	-	-	-	-	-
FundsAtWork Umbrella Provident Fund - Parkview	01/05/2016	37	359 011	-	-	-	-	-	-	-	-	-
Alexander Forbes Preservation Pension Fund	01/08/2017	17	1 196 551	-	-	-	-	-	-	-	-	-
Hospitality and General Provident Fund	01/10/2017	3	193 161	-	-	-	-	-	-	-	-	-
Sanlam Umbrella Provident Fund	01/08/2018	2	15 823	-	-	-	-	-	-	-	-	-
Sanlam Umbrella Provident Fund	01/08/2018	74	10 669 252	-	-	-	-	-	-	-	-	-
Sanlam Umbrella Provident Fund	01/08/2018	1	8 336	-	-	-	-	-	-	-	-	-
Sanlam Umbrella Provident Fund	01/08/2018	21	9 746 027	-	-	-	-	-	-	-	-	-
Sanlam Umbrella Provident Fund	01/03/2018	96	6 160 407	-	-	-	-	-	-	-	-	-
Sanlam Umbrella Provident Fund	01/08/2018	16	356 003	-	-	-	-	-	-	-	-	-
Sanlam Umbrella Provident Fund	01/08/2018	22	161 706	-	-	-	-	-	-	-	-	-
Sanlam Umbrella Provident Fund	01/08/2018	5	20 092	-	-	-	-	-	-	-	-	-
Total		564	31 155 413	6 729 280	835 548	434 430	(7 231 165)	768 093				

Transfers approved (B)
Return on transfers (C)

835 548
434 430

TOURISM, HOSPITALITY AND CATERING (THACSA) PENSION FUND

SCHEDULE HA
NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2018

Statement of changes in net assets and funds

1 269 978

7. BENEFITS

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
Lump sums on retirements						
- Full benefit	757 098	9 241 742	66 123	(9 126 104)	(7 424)	931 435
Lump sums before retirement						
- Death benefits	5 981 968	5 933 680	225 204	(4 240 187)	(1 385 505)	6 515 160
- Withdrawal benefits	4 918 416	27 891 991	68 118	(23 510 462)	(4 817 996)	4 550 067
- Retrenchment benefits	245 885	7 746 248	28 578	(7 541 855)	(9 979)	468 877
Total	11 903 367	50 813 661	388 023	(44 418 608)	(6 220 904)	12 465 539

Benefits for current year (B)

Return allocated (C)

50 813 661

388 023

Statement of changes in net assets and funds

51 201 684

8. UNCLAIMED BENEFITS

	31 December 2018	31 December 2017
	R	R
Balance at the beginning of the year	53 384 391	47 282 887
Transferred from benefits payable	6 220 904	2 857 065
Adjustments *	(643 868)	-
Investment income allocated	(1 355 188)	4 602 552
Less:		
• Benefits paid	(1 719 923)	(1 358 113)
Balance at the end of the year	55 886 316	53 384 391

The adjustments relate to the reversal of unclaimed benefits for member records that have been consolidated. These members are active as at 31 December 2018.

TOURISM, HOSPITALITY AND CATERING (THACSA) PENSION FUND

SCHEDULE HA
NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2018

9. ACCOUNTS PAYABLE

	31 December 2018	31 December 2017
	R	R
Audit fees	277 725	264 500
Group life premiums	561 632	746 243
South African Revenue Services - PAYE	457 166	144 607
PHI and Funeral premiums (unapproved schemes)	396 070	455 652
Unallocated deposits	734 655	442 629
Communication fees	5 000	27 914
Trustee expenses *	-	21 497
Payroll services	150	1 050
Post Office box	495	450
Consultancy fees - benefits	-	30 000
Collection fees	10 915	15 864
Administration fees	489 900	514 522
Consultancy fees - investments	36 127	34 076
Principal officer expense *	-	83 149
Total	<u>2 969 835</u>	<u>2 782 153</u>

* Related party

10. CONTRIBUTIONS

	At beginning of year	Towards retirement	Towards re- insurance and expenses	Contributions received	At end of year
	R	R	R	R	R
Member contributions received and accrued	1 150 602	22 406 930	-	(22 627 942)	929 590
Employer contributions received and accrued	1 156 486	12 400 338	7 078 350	(19 690 933)	944 241
Additional voluntary contributions	4 546	312 669	-	(311 963)	5 252
Total	<u>2 311 634</u>	<u>35 119 937</u>	<u>7 078 350</u>	<u>(42 630 838)</u>	<u>1 879 083</u>
Towards retirement					35 119 937
Towards reinsurance and expenses					7 078 350
Statement of changes in net assets and funds					<u>42 198 287</u>

11. NET INVESTMENT INCOME

	31 December 2018	31 December 2017
	R	R
Income from investments	16 349 374	40 313 603
• Interest	660 617	453 978
• Collective investment schemes distribution	3 010 206	24 087 227
• Income from insurance policies	12 678 551	15 772 398
Interest on late payment of contributions	24 910	16 621
Adjustment to fair value	(9 155 335)	22 976 652
	<u>7 218 949</u>	<u>63 306 876</u>
Less: Expenses incurred in managing investments	(2 695 617)	(2 929 638)
Total	<u>4 523 332</u>	<u>60 377 238</u>

TOURISM, HOSPITALITY AND CATERING (THACSA) PENSION FUND

SCHEDULE HA
NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2018

12. OTHER INCOME

	31 December 2018	31 December 2017
	R	R
Refund of benefit overpayment	-	128 419
Total	-	128 419

13. ADMINISTRATION EXPENSES

	31 December 2018	31 December 2017
	R	R
Actuarial fees	114 322	138 305
Administration fees	4 244 980	3 941 078
Audit fees	278 592	269 687
Investment consultancy fees	480 980	408 909
Fidelity premium	15 370	15 000
Financial Sector Conduct Authority levies	259 311	251 125
Other Expenses	349 492	365 523
Bank charges	32 369	33 300
Post Office box	495	450
Payroll services	1 800	1 650
Collection fee	74 579	66 120
Consultancy fees - communication	224 526	141 003
Legal fees	6 613	-
Consultancy fees - benefits	2 000	123 000
Renewal of trade mark registrations	7 110	-
Board of fund expenses * 13.1	352 330	501 755
Principal officer expenses - remuneration *	573 785	567 470
Total	6 669 162	6 458 852

* Related party

13.1. Board of Fund expenses

	31 December 2018	31 December 2017
	R	R
Remuneration	292 553	455 250
Travelling expenses	44 297	31 480
Venue hire / accommodation	15 480	15 025
Total	352 330	501 755

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.

TOURISM, HOSPITALITY AND CATERING (THACSA) PENSION FUND

SCHEDULE HA
 NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)
 FOR THE YEAR ENDED 31 DECEMBER 2018

15. RESERVES

	Reserve Accounts Total	Dormant member contingency reserve	Cost account
	R	R	R
At beginning of year	287 415 422	287 415 422	-
Contributions received and accrued	7 078 350	-	7 078 350
Reinsurance proceeds	-	-	-
Net investment income	7 178 378	7 178 378	-
Allocated to unclaimed benefits	-	-	-
Less:	(11 365 046)	-	(11 365 046)
- Re-insurance premiums	(4 695 884)	-	(4 695 884)
- Administration costs	(6 669 162)	-	(6 669 162)
Net income before transfers and benefits	290 307 104	294 593 800	(4 286 696)
Transfers and benefits	(129 506)	(129 506)	-
Benefits	(129 506)	(129 506)	-
Net income after transfers and benefits	290 177 598	294 464 294	(4 286 696)
Transfer of miscellaneous fee from active members to the Cost Account	1 371 779	-	1 371 779
Transfer of miscellaneous and admin fee from dormant members to the Cost Account	-	(3 323 862)	3 323 862
At end of year	<u>291 549 377</u>	<u>291 140 432</u>	<u>408 945</u>

16. AMOUNTS TO BE ALLOCATED

	31 December 2018	31 December 2017
	R	R
Investment return	4 310 046	3 337 721
Contributions	4 656 257	5 309 286
Death lumpsums	1 515 191	1 276 175
Transfers received	-	2 532 989
Total amounts to be allocated	<u>10 481 494</u>	<u>12 456 171</u>

The Administrator performs monthly asset and liability matching and monitors unallocated amounts monthly. The detail of the unallocated contributions and death lumpsums 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 2018**

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 Sector Conduct Authority. 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 2018**

TOURISM, HOSPITALITY AND CATERING PENSION FUND (THACSA)

REGISTRATION NUMBER: 12/8/20517

SCHEDULE HB: REPORT OF THE VALUATOR

Particulars of financial condition of the fund as at 31 December 2017

1. Net assets available for benefits^(a): R 585,639,546

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 R 585,639,546.

3. The actuarial present value of promised retirement benefits^(b), split into vested^(c) and non-vested benefits:

R 298,224,124	Vested benefits (Active Members' Shares)
R 0	Non-vested benefits
<hr/>	
R 298,224,124	Actuarial present value of promised retirement benefit
=====	

4. Contingency reserve account balances:

Dormant Members Contingency Reserve Account (DMCRA) of R 287,415,422

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.

This is a defined contribution pension fund. The active member liability is the sum of Members' Shares, being employee and net employer contributions plus Fund interest.

The DMCRA is determined as the opening balance at the previous statutory valuation (31 December 2014) accumulated with net investment returns, less benefit payments and expenses during the inter-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 of report:

Being a defined contribution fund, there are few actuarial assumptions involved. The method for calculating the liabilities and contingency reserves is detailed above.

7. Any other particulars deemed necessary by the valuator for the purposes of this summary:

These results are based on the latest submitted statutory valuation, namely as at 31 December 2017. Refer to sections 3.6 to 3.8 and 8.5 to 8.7 of that report for more information regarding dormant members and the DMCRA.

TOURISM, HOSPITALITY AND CATERING (THACSA) PENSION FUND

**REPORT OF THE VALUATOR
FOR THE YEAR ENDED 31 DECEMBER 2018**

8. A statement as to whether the fund was in a sound financial condition for the purposes of the Pension Funds Act, 1956:

The Fund was in a sound financial position (100.0% funded) as at 31 December 2017 and is expected to be so as at 31 December 2018.

9. Date last valuation certificate submitted: *Statutory report as at 31 December 2017.*

Prepared by:



Chanan Weiss BSc FASSA

In my capacity as the Valuator of the Fund and as a member of ARCH Actuarial Consulting
Dated: 29 March 2019

REMARKS

For the purposes of this summary of report:

- (a) Net assets available for benefits are the fair value of the assets of the fund less liabilities other than the actuarial present value of promised retirement benefits.
- (b) The actuarial present value of promised retirement benefits means:
 - (i) The actuarial liabilities in respect of past service benefits (including accrued bonus service) of active members, with due allowance for future salary increases where these affect the benefits in respect of past service, and with due allowance for increases in pension and deferred pensions at rates consistent with the pension increase policy of the fund;
 - (ii) The actuarial liabilities in respect of pensions in course of payment and deferred pensions, including any contingent annuity payable on the death of a pensioner, with due allowance for increases at rates consistent with the pension increase policy of the fund; and
- (c) Vested benefits are benefits, the right to which, under the conditions of the fund, are not conditional upon continued employment.

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

**FACTUAL FINDINGS REPORT TO THE FINANCIAL SECTOR CONDUCT AUTHORITY IN TERMS OF SECTION 15 OF THE
PENSION FUNDS ACT, 1956**

We have performed the procedures agreed with the Financial Sector Conduct Authority (the "Authority") 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 2018. 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 Authority 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 Authority.

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 2018.

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 Authority 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.



.....
V Wiese
Director
Chartered Accountant (SA)

Date..... 22 May 2019
Address: 5 Silo Square V&A Waterfront, Cape Town, 8002

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

**FACTUAL FINDINGS REPORT TO THE FINANCIAL SECTOR CONDUCT AUTHORITY 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 2018 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 Authority.	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
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																																							
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 FINANCIAL SECTOR CONDUCT AUTHORITY 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 2018.	
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 2018, July 2018 and December 2018.
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 2018.

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

**FACTUAL FINDINGS REPORT TO THE FINANCIAL SECTOR CONDUCT AUTHORITY IN TERMS OF SECTION 15 OF THE
PENSION FUNDS ACT, 1956**

	Procedures	Findings						
2.2.6	In respect of non-unitised 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" data-bbox="901 1366 1476 1489"> <tbody> <tr> <td>Members' funds per financial statements</td> <td>R284,685,639</td> </tr> <tr> <td>Members' individual accounts per administration system</td> <td>R274,204,145</td> </tr> <tr> <td>Amounts to be allocated *</td> <td>R10,481,494</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, but were allocated subsequent to the year-end.</p>	Members' funds per financial statements	R284,685,639	Members' individual accounts per administration system	R274,204,145	Amounts to be allocated *	R10,481,494
Members' funds per financial statements	R284,685,639							
Members' individual accounts per administration system	R274,204,145							
Amounts to be allocated *	R10,481,494							
2.4.3	Inspect whether the total mismatch (in Rand) for all portfolios was within the range as prescribed by the Authority.	The total mismatch for all portfolios was within the range as prescribed by the Authority.						

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

**FACTUAL FINDINGS REPORT TO THE FINANCIAL SECTOR CONDUCT AUTHORITY 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 Authority 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 FINANCIAL SECTOR CONDUCT AUTHORITY 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 2018, 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:	

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

**FACTUAL FINDINGS REPORT TO THE FINANCIAL SECTOR CONDUCT AUTHORITY IN TERMS OF SECTION 15 OF THE
PENSION FUNDS ACT, 1956**

	Procedures	Findings
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.
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 2018 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 was not applicable.
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.
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:	

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

**FACTUAL FINDINGS REPORT TO THE FINANCIAL SECTOR CONDUCT AUTHORITY IN TERMS OF SECTION 15 OF THE
PENSION FUNDS ACT, 1956**

	Procedures	Findings
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.
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 Authority 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 Authority in respect of each transfer, except as tabled in Annexure A.
10.2.2	Inspect whether the transfers to and from the Fund were received/paid within 60 days of Authority 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, were received/paid within 60 days of Authority 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.

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	Procedures	Findings
10.3	Individual transfers Obtain the list of individual transfers throughout the year ended 31 December 2018, select a sample of the lesser of 50 or 10% of the number of individual transfers, and perform the following procedures:	
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 2018 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 2018, 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 2018 and extended after year-end to 31 July 2019.
12.2	Confirm with the Fund's GLA insurer as to whether the GLA policy has lapsed at year ended 31 December 2018.	Per inspection of the confirmations, the GLA policy have not lapsed at the year ended 31 December 2018.
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 2017 report the Fund was in a sound financial and was 100% funded.

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	Procedures	Findings
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 Authority.	Not Applicable.

Annexure A

10.2.1. The following transfer was received without a Form G being prepared and submitted to the Financial Sector Conduct Authority:

Transferor fund	Amount R	Actual number of members transferred to the fund	Number of members according to FSCA application/ approval documents	Difference
Nando's Employees Umbrella Provident Fund	669,982	33	38	5

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TOURISM, HOSPITALITY AND CATERING (THACSA) PENSION FUND
SCHEDULE IA - SCHEDULES PERTAINING TO THE ANNUAL FINANCIAL STATEMENTS
AT 31 DECEMBER 2018

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	R			
Cash (including cash at bank)	A	11 258 909	-	-	11 258 909	11 258 909	-	-	-	-	-	-	-	-	-	11 258 909
Other assets	I	1 042 772	-	-	1 042 772	1 042 772	1 042 772	-	-	-	-	-	-	-	-	1 042 772
Collective Investment Schemes		-	69 359 122	69 359 122	69 359 122	48 833 115	15 305 005	5 221 002	20 526 007	29,59						69 359 122
Insurance policies		-	563 142 351	563 142 351	563 142 351	389 253 866	153 200 184	20 688 301	173 888 485	30,88						563 142 351
Linked policies		-	259 650 567	259 650 567	259 650 567	186 358 010	64 768 247	8 524 310	73 292 557	28,23						259 650 567
Non-linked policies		-	303 491 784	303 491 784	303 491 784	202 895 856	88 431 937	12 163 991	100 595 928	33,15						303 491 784
Total investments		12 301 681	632 501 473	644 803 154	644 803 154	450 388 662	168 505 189	25 909 303	194 414 492	30,15						644 803 154

A CASH

Instrument	Fair Value R
Local	
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	11 258 909
Notes and coins, any balance or deposit in an account held with a South African bank - exceeding 5% of total assets	11 258 909
Nedbank Limited	11 080 637
Standard Bank of South Africa Limited	178 272
Total	11 258 909

TOURISM, HOSPITALITY AND CATERING (THACSA) PENSION FUND

**SCHEDULE IA - SCHEDULES PERTAINING TO THE ANNUAL FINANCIAL STATEMENTS (continued)
AT 31 DECEMBER 2018**

I OTHER ASSETS

Instrument	Holding number	Fair value R
Local African Bank Limited ABK 104	906 758	1 042 772
Total local portfolio assets		1 042 772
Total portfolio assets		1 042 772

L CERTIFIED REGULATION 28 COMPLIANT INVESTMENTS

Instrument	Fair value R
Collective Investment Schemes – regulation 28(8)(b)(i)	
Local Investec Managed Fund	69 255 023
Investec Money Market	104 099
Total of issuers exceeding 5%	69 359 122
Total	69 359 122
Linked policies – regulation 28(8)(b)(ii)	
Local Allan Gray Life Global Balanced Portfolio	130 544 701
Coronation Houseview Portfolio	129 105 866
Total of issuers exceeding 5%	259 650 567
Total	259 650 567
Non Linked policies – regulation 28(8)(b)(iii)	
Local Momentum Multi-Manager Smooth Growth Fund	303 491 784
Total of issuers exceeding 5%	303 491 784
Total	303 491 784
Total certified Regulation 28 compliant investments	632 501 473

TOURISM, HOSPITALITY AND CATERING (THACSA) PENSION FUND

SCHEDULE IA - SCHEDULES PERTAINING TO THE ANNUAL FINANCIAL STATEMENTS (continued)
AT 31 DECEMBER 2018

O ENTITY / COUNTERPARTY EXPOSURE

Credit / Counterparty risk 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		
Banks									
Nedbank Limited	-	11 258 909	-	-	-	-	11 258 909	1,74%	
Standard Bank of South Africa Limited	-	11 080 637	-	-	-	-	11 080 637	1,71%	
	-	178 272	-	-	-	-	178 272	0,03%	
Asset managers - local									
Investec Asset Management (Pty) Ltd	1 042 772	-	69 359 122	-	69 359 122	-	70 401 894	10,86%	
Standard Bank of South Africa Ltd	-	-	69 359 122	-	69 359 122	-	69 359 122	10,70%	
	1 042 772	-	-	-	-	-	1 042 772	0,16%	
Insurance companies									
Alan Gray Life Limited	-	-	563 142 351	-	563 142 351	-	563 142 351	86,86%	
MIMI Group Ltd	-	-	130 544 701	-	130 544 701	-	130 544 701	20,14%	
Coronation Life Assurance Company Ltd	-	-	303 491 784	-	303 491 784	-	303 491 784	46,81%	
	-	-	129 105 866	-	129 105 866	-	129 105 866	19,91%	
Other funds									
Accounts receivable	-	-	3 521 645	-	3 521 645	-	3 521 645	0,54%	
Arrear contributions	-	-	1 642 562	-	1 642 562	-	1 642 562	0,25%	
	-	-	1 879 083	-	1 879 083	-	1 879 083	0,29%	
	1 042 772	11 258 909	636 023 118	648 324 799	648 324 799	100,00 %			

TOURISM, HOSPITALITY AND CATERING (THACSA) PENSION FUND

SCHEDULE IA - SCHEDULES PERTAINING TO THE ANNUAL FINANCIAL STATEMENTS (continued)
AT 31 DECEMBER 2018

P RECONCILIATION BETWEEN THE INVESTMENTS IN SCHEDULE HA AND SCHEDULE IA

	Fair value current period (as per Schedule HA 2.1)	Cash at bank	Total
	R	R	R
Cash	-	11 258 909	11 258 909
Collective investment schemes	69 359 122	-	69 359 122
Insurance policies	563 142 351	-	563 142 351
Other assets	1 042 772	-	1 042 772
Total investments	633 544 245	11 258 909	644 803 154

TOURISM, HOSPITALITY AND CATERING (THACSA) PENSION FUND

SCHEDULE IB - ASSETS HELD IN COMPLIANCE WITH REGULATION 28 AS AT 31 DECEMBER 2018

		Fair value R
A	Total assets (Schedule IA -Total investments)	644 803 154
B1	Less: Reg 28 compliant investments (certificate received from issuing entity):-	(632 501 473)
B.1.1	Collective Investment Schemes (Reg 28(8)(b)(i))	(69 359 122)
B.1.2	Linked Policies (Reg 28(8)(b)(ii))	(259 650 567)
B.1.3	Non-Linked policies (Reg 28(8)(b)(iii))	(303 491 784)
B.1.4	Entity regulated by FSCA (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	12 301 681

Categories of kinds of assets		Fair value R	Fair value %
1	CASH	11 258 909	91,52%
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%	11 258 909	91,52%
1.1(a)	Notes and coins; any balance or deposit in an account held with a South African bank;	11 258 909	91,52%
	Nedbank Limited 25%	11 080 637	90,07%
	Standard Bank Limited 25%	178 272	1,45%
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 11 258 909 91,52%

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TOURISM, HOSPITALITY AND CATERING (THACSA) PENSION FUND

**SCHEDULE IB - ASSETS HELD IN COMPLIANCE WITH REGULATION 28
AS AT 31 DECEMBER 2018**

Categories of kinds of assets		Fair value R	Fair value %
Brought forward		11 258 909	91,52%
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		
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%
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%
Carried forward		11 258 909	91,52%

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TOURISM, HOSPITALITY AND CATERING (THACSA) PENSION FUND

**SCHEDULE IB - ASSETS HELD IN COMPLIANCE WITH REGULATION 28
AS AT 31 DECEMBER 2018**

Categories of kinds of assets		Fair value R	Fair value %
Brought forward		11 258 909	91,52%
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:- max. 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%
	Tesco 15%	-	0,00%
	BP Plc 15%	-	0,00%
	Anglo American Plc 15%	-	0,00%
	ArcelorMittal SA Ltd 15%	-	0,00%
	WM Morrison Supermarkets PLC 15%	-	0,00%
	Other 15%	-	0,00%
	Tesco 15%	-	0,00%
	BP Plc 15%	-	0,00%
	Anglo American Plc 15%	-	0,00%
	ArcelorMittal SA Ltd 15%	-	0,00%
	WM Morrison Supermarkets PLC 15%	-	0,00%
	Other 15%	-	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%
Carried forward		11 258 909	91,52%

TOURISM, HOSPITALITY AND CATERING (THACSA) PENSION FUND

SCHEDULE IB - ASSETS HELD IN COMPLIANCE WITH REGULATION 28 AS AT 31 DECEMBER 2018

Categories of kinds of assets		Fair value R	Fair value %
Brought forward		11 258 909	91,52%
4.2(a)(iii)	Issuer market capitalisation of less than R3 billion or an 25% amount or conditions as prescribed	-	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	-	0,00%
5	COMMODITIES	-	0,00%
5.1	Inside the Republic	-	0,00%
5.1(a)	Kruger Rands and other commodities on an exchange, including exchange traded commodities	-	0,00%
5.1(a)(i)	Gold (including Kruger Rands)	-	0,00%
5.1(a)(ii)	Other commodities	-	0,00%
5.2	Foreign	-	0,00%
5.2(a)	Gold and other commodities on an exchange, including exchange traded commodities	-	0,00%
5.2(a)(i)	Gold	-	0,00%
5.2(a)(ii)	Other commodities	-	0,00%
7	HOUSING LOANS GRANTED TO MEMBERS IN ACCORDANCE WITH THE PROVISIONS OF SECTION 19(5)	-	0,00%
8	HEDGE FUNDS, PRIVATE EQUITY FUNDS AND ANY OTHER ASSET NOT REFERRED TO IN THIS SCHEDULE	1 042 772	8,48%
8.1	Inside the Republic	1 042 772	8,48%
8.1(a)	Hedge fund	-	0,00%
8.1(a)(i)	Funds of hedge funds	-	0,00%
8.1(a)(ii)	Hedge funds	-	0,00%
8.1(b)	Private equity funds	-	0,00%
8.1(b)(i)	Funds of private equity funds	-	0,00%
8.1(b)(ii)	Private equity funds	-	0,00%
8.1(c)	Other assets not referred to in this schedule and excluding a hedge fund or private equity fund	1 042 772	8,48%
	African Bank Limited ABK 104	1 042 772	8,48%
8.2	Foreign	-	0,00%
8.2(a)	Hedge fund	-	0,00%
8.2(a)(i)	Funds of hedge funds	-	0,00%
8.2(a)(ii)	Hedge funds	-	0,00%
8.2(b)	Private equity funds	-	0,00%
8.2(b)(i)	Funds of private equity funds	-	0,00%
8.2(b)(ii)	Private equity funds	-	0,00%
8.2(c)	Other assets not referred to in this schedule and excluding a hedge fund or private equity fund	-	0,00%
TOTAL ASSETS – REGULATION 28		12 301 681	100,00%

The percentage exposure to the assets classes set out in categories 1 and 8 were calculated with reference to "Total assets for Regulation 28 disclosure" (item D on page 43) to comply with the Financial Sector Conduct Authority 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 items set out in categories 1 and 8 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
AS AT 31 DECEMBER 2018

INVESTMENT SUMMARY (Regulation 28)

	Local	Fair value	Foreign	Fair value	Africa	Fair value	Total
	R	%	(Excluding Africa)	%	R	%	R
1 Balances or deposits, money market instruments issued by a bank including Islamic liquidity management financial instruments	11 258 909	1,75	-	-	-	-	11 258 909
8 Hedge Funds, private equity funds and any other assets not referred to in this schedule	1 042 772	0,16	-	-	-	-	1 042 772
9 Fair value of assets to be excluded in terms of sub-regulation (8)(b) of Regulation 28	438 086 981	67,94	168 505 189	26,13	25 909 303	4,02	632 501 473
TOTAL	450 388 662	69,85	168 505 189	26,13	25 909 303	4,02	644 803 154

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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 2018 (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 Financial Sector Conduct Authority (the "Authority").

In our opinion, Schedule IB "Assets held in compliance with Regulation 28" at 31 December 2018 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 2018 was conducted in accordance with International Standards on Auditing and in our report of

... 22 May 2019 ... 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.

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 Shango

Management Committee: S N Madikane, J S Masondo, P J Mothibe, C Richardson, F Tonelli, C Volschenk

The Company's principal place of business is at 4 Lisbon Lane, Waterfall City, Jukskei View, where a list of directors' names is available for inspection.

Reg. no. 1998/012055/21, VAT reg.no. 4950174682



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.
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PricewaterhouseCoopers Inc.
Director: V Wiese
Registered Auditor

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

Date *22 May 2019*