

Name of Retirement Fund: KWAZULU-NATAL CLOTHING  
INDUSTRY PROVIDENT FUND

Financial Services Board Registration number: 12/8/37816

South African Revenue Services Approval Number: 18/20/4/41270

Annual Financial Statements

for the period: 01 January 2012 to 31 December 2012

Name of Retirement Fund: KWAZULU-NATAL CLOTHING INDUSTRY PROVIDENT FUND  
 Financial Services Board Registration number: 12/8/37816  
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 Annual Financial Statements  
 for the period: 01 January 2012 to 31 December 2012

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**KWAZULU-NATAL CLOTHING INDUSTRY PROVIDENT FUND****Schedule A****Regulatory Information**

For the period ended 31 December 2012

**Registered office of the Fund**

Postal address: P.O. Box 18354, Dalbridge, 4014

Physical address: 127/129 Magwaza Maphalala Street (Gale Street), Durban, 4001

**Financial reporting periods**

Current: 01/01/2012 to 31/12/2012

Previous: 01/01/2011 to 31/12/2011

**Board of trustees**

| Full name               | Capacity* | Date appointed | Date resigned |
|-------------------------|-----------|----------------|---------------|
| Beauty Thulani Zibula   | C         | 14/05/2009     | -             |
| Muzikayise Maluleka     | A         | 12/11/2009     | -             |
| Devaranie Naidoo        | M         | 14/02/2008     | -             |
| Leonard Ernest Smart    | E         | 14/02/2008     | -             |
| Sipho Christopher Gina  | A         | 14/08/2008     | -             |
| Wayne van der Rheede    | M         | 14/02/2008     | -             |
| Hawa Bibi Osman Asmal   | E         | 01/05/2011     | -             |
| Theodore Edouard Besson | E         | 01/08/2011     | -             |
| Vengtas Munsamy Naicker | A         | 01/08/2011     | -             |

\* -'M' denotes member elected 'E' denotes employer appointed 'A' denotes alternate

\* -'C' denotes chairperson

\* -'I' denotes independent

**Fund officers**

|                   | Principal officer  | Monitoring person*   |
|-------------------|--|--|
| Full name:        | Paul Cedric Wild   | Devanundh Dusrath  |
| Postal address:   | P.O. Box 18354, Dalbridge, 4014                              | P.O. Box 18354, Dalbridge, 4014                              |
| Physical address: | 127/129 Magwaza Maphalala Street (Gale Street), Durban, 4001 | 127/129 Magwaza Maphalala Street (Gale Street), Durban, 4001 |
| Telephone number: | 0313620725   | 0313620719   |
| Email address:    | paul.kzn@nbc.org.za  | dass.kzn@nbc.org.za  |

\*(In terms of Section 13A of the Pension Funds Act in South Africa)

**Professional service providers**

|                   | Actuary/Valuator   | Auditors  |
|-------------------|--|---|
| Full name:        | David Little Fifth Quadrant  | PricewaterhouseCoopers Inc                                      |
| Postal address:   | Private Bag, X30, Rondebosch, Cape Town, 7701  | P. O. Box 13884, Cascades, 3202                                 |
| Physical address: | Great Westerford Building 2 <sup>nd</sup> Floor, Site 2, South Wing, 240 Main Road, Rondebosch | Block C, 21 Cascades Crescent, Cascades, Pietermaritzburg, 3202 |
| Telephone number: | 0216813700   | 0333438600  |

**KWAZULU-NATAL CLOTHING INDUSTRY PROVIDENT FUND**  
**Schedule A**  
**Regulatory Information**  
**For the period ended 31 December 2012**

**Professional service providers - continued**

| <b>Benefit administrator</b> |  |
|------------------------------|--|
| Full name:                   | KwaZulu-Natal Clothing Industry (Natal) Provident Fund       |
| Postal address:              | P.O. Box 18354, Dalbridge, 4014                              |
| Physical address:            | 127/129 Magwaza Maphalala Street (Gale Street), Durban, 4001 |
| Telephone number:            | 0313620700   |

Benefit administrator's registration number in terms of section 13B: 37816/V

**Fund consultant**

| Full name:                          | Postal address:                    | Physical address:   | Telephone number: | FAIS registration number |
|-------------------------------------|------------------------------------|---|-------------------|--------------------------|
| Alexander Forbes Financial Services | P.O. Box 782, Umhlanga Rocks, 4320 | Alexander Forbes Place, 10 Torsvale Crescent, Torsvale Park, La Lucia, 4319 | 0315738000        | 1177                     |

**Investment administrator**

| Full name:                     | Postal address:                                    | Physical address:  | Telephone number: | Section 13B registration number |
|--------------------------------|--|--|-------------------|---------------------------------|
| Allan Gray Proprietary Limited | P. O. Box 51318, V & A Waterfront, Cape Town, 8002 | Granger Bay Court, Beach Road, V & A Waterfront, Cape Town, 8001 | 0214152300        | 24/437                          |
| Investec Asset Management      | P. O. Box 1655, Cape Town, 8000                    | 36 Hans Strijdom Avenue, Foreshore, Cape Town, 8001              | 0214161751        | 24/61                           |
| Oasis Asset Management         | P. O. Box 1217, Cape Town, 8000                    | Oasis House, 96 Upper Roodebloem Road, University Estate, 7925   | 0214137860        | 24/236                          |
| Old Mutual Corporate           | P. O. Box 1014, Cape Town, 8000                    | 5th Floor, M Block, Mutualpark, Jan Smuts Drive, Pinelands, 7405 | 0215099111        | 24/126                          |

**Investment advisor**

| Full name:            | Postal address:                                    | Physical address:  | Telephone number: | FAIS registration number |
|-----------------------|--|--|-------------------|--------------------------|
| Adam Ebrahim          | P. O. Box 1217, Cape Town, 8000                    | Oasis House, 96 Upper Roodebloem Road, University Estate, 7925   | 0214137860        | 603                      |
| Refilwe Moloto        | P. O. Box 1655, Cape Town, 8000                    | 36 Hans Strijdom Avenue, Foreshore, Cape Town, 8001              | 0214161863        | 587                      |
| Richard Carter        | P. O. Box 51318, V & A Waterfront, Cape Town, 8001 | Granger Bay Court, Beach Road, V & A Waterfront, Cape Town, 8001 | 0214152300        | 6663                     |
| Frederik Van Der Vyer | P. O. Box 1014, Cape Town, 8000                    | 5th Floor, M Block, Mutualpark, Jan Smuts Drive, Pinelands, 7405 | 0215046515        | 372                      |

**KWAZULU-NATAL CLOTHING INDUSTRY PROVIDENT FUND**  
**Schedule A**  
**Regulatory Information**  
**For the period ended 31 December 2012**

**Risk insurer**

| Full name:                              | Postal address:                                      | Physical address:                                      | Telephone number: | FSB approval no.: |
|---|--|--|-------------------|-------------------|
| Capital Alliance Group Risk             | P. O. Box 31750, Braamfontein, 2017                  | Libridge House, 25 Ameshoff Street, Braamfontein, 2017 | 0114081169        | 17404             |
| Camague Underwriting Managers (Pty) Ltd | Postnet Suite 250, Private Bag X4, Bedfordview, 2008 | 33 Glenhove Road, Melrose, 2196                        | 0117789140        | 6344              |

**Participating employers**

All registered clothing manufacturers in the KwaZulu-Natal region covered by the Main Collective Agreement, Part C and Part I, participate as employers.

A detailed list is available at the registered office of the Provident Fund.

**KWAZULU-NATAL CLOTHING INDUSTRY PROVIDENT FUND**  
**Schedule B**  
**Statement of Responsibility by the Board of Trustees**  
**For the period ended 31 December 2012**

**Responsibilities**

The Board of Trustees hereby certify to the best of their knowledge and belief that, during the period under review, in the execution of their duties they:

- 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 trustees;
- 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 of 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 in South Africa, the Financial Institutions (Protection of Funds) Act and all other applicable laws;
- ensured that fidelity cover was maintained. 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 KwaZulu-Natal Clothing Industry Provident Fund are the responsibility of the Board of Trustees. The Board of Trustees 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 have been prepared for regulatory purposes in accordance with:

- The basis of accounting applicable to retirement funds in South Africa as indicated in the principal accounting policies contained in the notes to the financial statements on pages 16 to 33;
- the financial rules of the Fund; and
- the provisions of the Pension Funds Act in South Africa.

These 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 Trustees believes that all representations made to the independent auditors during their audit were valid and appropriate. The report of the independent auditors is presented on pages 8 and 8a.

**KWAZULU-NATAL CLOTHING INDUSTRY PROVIDENT FUND**  
**Schedule B**  
**Statement of Responsibility by the Board of Trustees**  
**For the period ended 31 December 2012**

These financial statements:

- were approved by the Board of Trustees on 27/06/2013;
- are certified by them to the best of their knowledge and belief to be correct;
- fairly represent the net assets of the Fund at 31 December 2012 as well as the results of its activities for the period then ended; and
- are signed on the Board of Trustees behalf by:

  
\_\_\_\_\_  
Muzikayise Maluleka  
BOARD MEMBER

  
\_\_\_\_\_  
Leonard Ernest Smart  
BOARD MEMBER

  
\_\_\_\_\_  
Devaranie Naidoo  
BOARD MEMBER

**KWAZULU-NATAL CLOTHING INDUSTRY PROVIDENT FUND**  
**Schedule C**  
**Statement of Responsibility by the Principal Officer**  
**For the period ended 31 December 2012**

I confirm that for the period under review the KwaZulu-Natal Clothing Industry Provident Fund has lodged with the Registrar of Pension Funds all such returns, statements, documents and any other information required in terms of the Pension Funds Act in South Africa.

  
\_\_\_\_\_  
Paul Cedric Wile  
**PRINCIPAL OFFICER**

Date: 27/06/2013





## INDEPENDENT AUDITOR'S REPORT TO THE BOARD OF TRUSTEES OF THE KWAZULU-NATAL CLOTHING INDUSTRY PROVIDENT FUND AND THE REGISTRAR OF PENSION FUNDS

We have audited the financial statements of KwaZulu-Natal Clothing Industry Provident Fund set out on pages 12 to 32, which comprise the statement of net assets and funds as at 31 December 2012, and the statement of changes in net assets and funds for the year then ended, and the notes to the financial statements, which include the principal accounting policies and other explanatory notes.

### ***Board of Trustees' Responsibility for the Financial Statements***

The Fund's Board of Trustees are responsible for the preparation and fair presentation of these financial statements for regulatory purposes in accordance with the Regulatory Reporting Requirements for Retirement Funds in South Africa and for such internal control as the Board of Trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditor's Responsibility***

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

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*PricewaterhouseCoopers Inc., Block C, 21 Cascades Crescent, Cascades, Pietermaritzburg 3201  
P O Box 13884, Cascades 3202  
T: +27 (33) 343 8600, F: +27 (33) 347 5957, www.pwc.co.za*

Africa Senior Partner: S P Kana  
Management Committee: H Boegman, T P Blandin de Chalan, B M Deegan, J G Louw, P J Mothibe, N V Mielwa, T D Shango, S Subramoney, A R Tlaldari, F Tonelli  
The Company's principal place of business is at 2 Eglon Road Sunninghill where a list of directors' names is available for inspection  
Reg. no. 1998/012055/21. VAT reg. no. 4950174682



### ***Opinion***

In our opinion, the financial statements present fairly, in all material respects, the financial position of KwaZulu-Natal Clothing Industry Provident Fund as at 31 December 2012, and its financial performance and its cash flows for the year then ended in accordance with the Regulatory Reporting Requirements for Retirement Funds in South Africa.

### ***Emphasis of matter***

Without qualifying our opinion above, we draw attention to:

1. *Rules of the Fund*

Schedule E, point 9, which explains that the Financial Services Board has not yet approved the rules of the Fund.

2. *Reserve accounts per the rules of the Fund not disclosed in financial statements*

The reserve accounts have not been disclosed separately in the financial statements as detailed in Note 18.

### ***Restriction on use***

The financial statements are prepared for regulatory purposes in accordance with the basis of preparation indicated above. Consequently, the financial statements and related auditor's report may not be suitable for another purpose.

**PricewaterhouseCoopers Inc.**  
**Director: R D Klute**  
**Registered Auditor**  
**21 Cascades Crescent**  
**Cascades**  
**Pietermaritzburg**  
**3201**

Date: 27/06/2013

**KWAZULU-NATAL CLOTHING INDUSTRY PROVIDENT FUND**  
**Schedule E**  
**Report of the Board of Trustees**  
**For the period ended 31 December 2012**

**1. DESCRIPTION OF THE FUND**

**1.1. Type of fund**

In terms of section 1 of the Income Tax Act, 1962 the fund is classified as a provident fund. The fund is a defined contribution fund.

**1.2. Benefits**

- 1.2.1 Summary in terms of the rules of the fund: The fund provides retirement and ancillary benefits for beneficiaries as described in the Rules of the Fund.
- 1.2.2 The Board has no specific strategy in respect of unclaimed benefits but going forward the Board will decide an appropriate strategy for the unclaimed benefits.
- 1.2.3 Unclaimed benefits: In respect of unclaimed benefits, complete records, as prescribed, are maintained as from the date the member concerned of the fund exits the fund. This has been the funds historical practice.

**1.3. Contributions**

- 1.3.1 Description in terms of the rules of the fund.
- 1.3.1.1 Members' contributions: Members contribute at a rate of 6.5% of pensionable salary in the Metro areas. Members contribute at the rate of 4% in Non metro areas (If members elect to contribute, otherwise 0%).
- 1.3.1.2 Employers' contributions: Participating employers contribute at a rate of 7.5% of pensionable salary in the Metro areas and at a rate of 4% of pensionable salary in the Non metro areas for contributing employers, otherwise 4% less R1.21 per week.

Defined Contribution

| Description  | Member Contributions | Employer Contributions |
|--|----------------------|------------------------|
| Metro  | 6.50%                | 7.50%                  |
| Non metro  |                      |                        |
| - Employer and employee contributing (employers contribute 4% less R1.21 per week) | 4%                   | 4%                     |
| - Employer contributing only (employers contribute 4% less R1.21 per week)         | 0%                   | 4%                     |

**KWAZULU-NATAL CLOTHING INDUSTRY PROVIDENT FUND**  
**Report of the Board of Trustees**  
**For the period ended 31 December 2012**

**2. INVESTMENTS**

**2.1. Investment strategy**

The investment strategy of the Fund is set by the Board of Trustees after taking due consideration of the advice of investment and other professional advisors. The investments are managed according to the following principles:

For the period 31 December 2012, the Trustees have adopted the following policy:

- 2.1.1 General: All members are invested in the general portfolio, which is made up of Investec, Oasis, Allan Gray and Old Mutual Absolute Stable Growth portfolios. All cash withdrawals will be in the ratio of 50% from Investec Asset Management, 25% from Oasis Asset Management and 25% from Allan Gray Life Ltd. All new investments will be made in the ratio 50% to Investec, 25% to Oasis and 25% to Allan Gray. The Trustees, however, do have the discretion to change the ratio. The Trustees have decided that there would be no investments / disinvestments to and from the Old Mutual Absolute Stable Growth portfolio as this portfolio is essentially maintained as part of the Fund's investment strategy in offering some capital protection to its members.
- 2.1.2 Individual member choice: The Fund does not offer individual member investment choice.
- 2.1.3 Surplus apportionment allocations: The Fund has obtained provisional registration with the FSB on 4 August 2008 and it has been extended to 4 August 2013. In terms of the provisional registration the Fund has submitted the statutory valuation as at 31 December 2009 and is awaiting approval from the FSB.
- 2.1.4 Reserve accounts: Reserve account funds are invested in terms of the general investment strategy.

**2.2 Management of investments**

The Fund's investment portfolio is divided between four investment administrators. Each had complete discretion as to the composition of their share of the portfolio within the bounds allowed by the mandate provided by the Fund. The Board meets from time to time to:

- (i) discuss and if necessary review the investment strategy;
- (ii) discuss and if necessary review the investment management policy, and
- (iii) monitor the asset allocation and performance of the investment administrators against the investment strategy of the Fund.

The policy adopted is that available funds will be placed in Investec Asset Management, Oasis Asset Management and Allan Gray Asset Management. Overall responsibility for investment and performance lies with the Board.

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

|                                    | 2012               | 2011               |
|------------------------------------|--------------------|--------------------|
|                                    | R                  | R                  |
| Investec Asset Management          | 246 259 658        | 213 433 919        |
| Allan Gray Life Ltd                | 69 514 882         | 64 635 487         |
| Oasis Asset Management             | 64 532 438         | 58 236 207         |
| Old Mutual Guaranteed Fund         | 94 291 602         | 83 335 728         |
| Total value of investments managed | <u>474 598 580</u> | <u>419 641 341</u> |

**KWAZULU-NATAL CLOTHING INDUSTRY PROVIDENT FUND**  
**Report of the Board of Trustees**  
**For the period ended 31 December 2012**

**3 MEMBERSHIP**

|   | <b>Active members</b> | <b>Deferred pensioners</b> | <b>Pensioners</b> | <b>Beneficiaries</b> | <b>Unclaimed benefits</b> |
|---|-----------------------|----------------------------|-------------------|----------------------|---------------------------|
| <b>Numbers at beginning of period</b>   | 17 531                | -                          | -                 | -                    | 13 612                    |
| Adjustments                             | -                     | -                          | -                 | -                    | (2 550)                   |
| Additions                               | 4 521                 | -                          | -                 | -                    | -                         |
| Transfers in                            | -                     | -                          | -                 | -                    | -                         |
| Transfers out                           | (73)                  | -                          | -                 | -                    | 77                        |
| Withdrawals                             | (2 620)               | -                          | -                 | -                    | 1 449                     |
| Retirements                             | (114)                 | -                          | -                 | -                    | 26                        |
| Retrenchments                           | (1 265)               | -                          | -                 | -                    | 320                       |
| Deaths                                  | (207)                 | -                          | -                 | -                    | 87                        |
| Transfers (from)/to deferred pensioners | -                     | -                          | -                 | -                    | -                         |
| <b>Numbers at end of period</b>         | <b>17 773</b>         | <b>-</b>                   | <b>-</b>          | <b>-</b>             | <b>13 021</b>             |

**4 ACTUARIAL VALUATION**

The Fund obtained a provisional registration with the FSB on the 4 August 2008 as a Pension Fund Organisation. Statutory valuations have been undertaken for the years ended 31 December 2009 and 31 December 2012.

**5 SURPLUS APPORTIONMENT**

The statutory actuarial valuation for the year ended 31 December 2009 is also the surplus apportionment date for purposes of section 15B of the Pension Funds Act. The actuarial valuation report and nil-surplus return have both been submitted to the Registrar, however the Registrar queried the calculation of the Fund's Risk Reserve. The valuation is being revised, but the results are dependent on the investigation of former membership data covering the period January 1980 to December 2009. This data is still being collated at the date of this report.

**6 HOUSING LOAN FACILITIES**

Loans to members were granted in terms of the rule no 30 of the Fund, and the provisions of section 19(5) of the Pensions Fund Act in South Africa and are secured by members' withdrawal benefits and/or mortgage bonds.

**7 INVESTMENTS IN PARTICIPATING EMPLOYERS**

No investments are held in participating employers.

**8 SUBSEQUENT EVENTS**

No subsequent events have occurred since the end of the period under review.

**KWAZULU-NATAL CLOTHING INDUSTRY PROVIDENT FUND**  
**SCHEDULE F**  
**Statement of Net Assets and Funds**  
**At 31 December 2012**

|   | Notes | 31 Dec 2012<br>R   | 31 Dec 2011<br>R   |
|---|-------|--------------------|--------------------|
| <b>ASSETS</b>                                 |       |                    |                    |
| <b>Non-current assets</b>                     |       | <b>474 702 683</b> | <b>419 725 562</b> |
| Property, plant and equipment                 | 2     | 45 797             | 6 779              |
| Investments (including investment properties) | 3     | 474 598 580        | 419 641 341        |
| Housing loan facilities                       | 4     | 58 306             | 77 442             |
| <b>Current assets</b>                         |       | <b>13 751 382</b>  | <b>11 026 470</b>  |
| Accounts receivable                           | 5     | 41 552             | 44 360             |
| Contributions receivable                      | 10    | 6 984 442          | 7 268 525          |
| Cash at bank                                  |       | 6 725 388          | 3 713 585          |
| <b>TOTAL ASSETS</b>                           |       | <b>488 454 065</b> | <b>430 752 032</b> |
| <b>FUNDS AND LIABILITIES</b>                  |       |                    |                    |
| <b>Members' funds and surplus account</b>     |       | <b>444 425 720</b> | <b>385 208 611</b> |
| Members' individual accounts                  |       | 324 225 657        | 278 690 740        |
| Amounts to be allocated                       | 18    | 120 200 063        | 106 517 871        |
| <b>Total funds and reserves</b>               |       | <b>444 425 720</b> | <b>385 208 611</b> |
| <b>Non-current liabilities</b>                |       | <b>22 446 496</b>  | <b>17 804 835</b>  |
| Unclaimed benefits                            | 8     | 22 446 496         | 17 804 835         |
| <b>FUNDS AND LIABILITIES</b>                  |       |                    |                    |
| <b>Current liabilities</b>                    |       | <b>21 581 849</b>  | <b>27 738 586</b>  |
| Benefits payable                              | 7     | 18 861 980         | 24 354 543         |
| Accounts payable                              | 9     | 2 719 869          | 3 384 043          |
| <b>TOTAL FUNDS AND LIABILITIES</b>            |       | <b>488 454 065</b> | <b>430 752 032</b> |

**KWAZULU-NATAL CLOTHING INDUSTRY PROVIDENT FUND  
SCHEDULE G**

**Statement of Changes in Net Assets and Funds  
For the period ended 31 December 2012**

|  | Notes | Members' individual accounts & amounts to be allocated/ Accumulated funds |          | Reserves |                     | Total Current period |   | Total Previous period |   |
|--|-------|---|----------|----------|---------------------|----------------------|---|-----------------------|---|
|  |       | R   | R        | R        | R                   | R                    | R | R                     | R |
| Contributions received and accrued                               | 10    | 51 633 245  | -        | -        | 51 633 245          | 48 864 551           |   |                       |   |
| Net investment income  | 11    | 72 188 868  | -        | -        | 72 188 868          | 35 334 166           |   |                       |   |
| Other income   | 12    | 139 089   | -        | -        | 139 089             | 175 752              |   |                       |   |
| Less:  |       | (15 842 345)  |          |          | (15 842 345)        | (14 595 537)         |   |                       |   |
| Re-insurance premiums  | 13    | (7 008 854)   | -        | -        | (7 008 854)         | (6 458 122)          |   |                       |   |
| Administration expenses  |       | (8 833 491)   | -        | -        | (8 833 491)         | (8 137 415)          |   |                       |   |
| <b>Net income before transfers and benefits</b>                  |       | <b>108 118 857</b>  | <b>-</b> | <b>-</b> | <b>108 118 857</b>  | <b>69 778 932</b>    |   |                       |   |
| <b>Transfers and benefits</b>                                    |       | <b>(48 334 787)</b>   | <b>-</b> | <b>-</b> | <b>(48 334 787)</b> | <b>(35 209 635)</b>  |   |                       |   |
| Transfers to other funds   | 6     | (554 024)   | -        | -        | (554 024)           | (2 356 251)          |   |                       |   |
| Benefits   | 7     | (47 780 763)  | -        | -        | (47 780 763)        | (32 853 384)         |   |                       |   |
| <b>Net income after transfers and benefits (carried forward)</b> |       | <b>59 784 070</b>   | <b>-</b> | <b>-</b> | <b>59 784 070</b>   | <b>34 569 297</b>    |   |                       |   |

**KWAZULU-NATAL CLOTHING INDUSTRY PROVIDENT FUND  
SCHEDULE G**

**Statement of Changes in Net Assets and Funds  
For the period ended 31 December 2012**

|  | Notes | Members' individual<br>accounts & amounts<br>to be allocated/<br>Accumulated funds<br>R | Reserves<br>R | Total               |                      |
|--|-------|---|---------------|---------------------|----------------------|
|  |       |   |               | Current period<br>R | Previous period<br>R |
| <b>Net income after transfers and benefits (brought forward)</b> |       | 59 784 070  |               | 59 784 070          | 34 569 297           |
| <b>Funds and reserves</b>  |       | 384 641 650   |               | 384 641 650         | 350 639 314          |
| Balance at beginning of period                                   | 15    | 385 208 611   |               | 385 208 611         | 374 337 976          |
| Prior period adjustments   |       | (566 961)   |               | (566 961)           | (23 698 662)         |
|  |       | 444 425 720   |               | 444 425 720         | 385 208 611          |
| <b>Balance at end of period</b>                                  |       | 444 425 720   |               | 444 425 720         | 385 208 611          |



**KWAZULU-NATAL CLOTHING INDUSTRY PROVIDENT FUND**  
**Schedule HA**  
**Notes to the Financial Statements**  
**for the period ended 31 December 2012**

**1 Principal accounting policies**

The following are the principal accounting policies used by the Fund, which are consistent with those of the previous year.

**1.1 Purpose and basis of preparation of financial statements**

The financial statements are prepared for regulatory purposes on the basis of accounting applied to retirement funds, which comprise South African Statements of Generally Accepted Accounting Practice, except for the requirements applicable to the:

- Recognition, measurement and disclosure of actuarial liabilities
- Disclosure of cash flow information
- Disclosure of prior year adjustments

The financial statements are prepared and presented on the going concern, historical cost and fair value basis in compliance with South African Standards of Generally Accepted Accounting Practice. The financial statements are measured and presented in the functional currency (Rand).

**1.2 Property and equipment**

Property and equipment are depreciated on a straight line basis at the following annual rates:

|                    |        |
|--------------------|--------|
| Computer equipment | 33.33% |
| Office furniture   | 20.00% |

**1.3 Financial instruments**

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 derecognized 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.

**Investments**

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

**Loans (other than housing loans) – loans and receivables**

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

**KWAZULU-NATAL CLOTHING INDUSTRY PROVIDENT FUND**  
**Schedule HA**  
**Notes to the Financial Statements**  
**for the period ended 31 December 2012**

**1.3 Financial instruments (continued)**

**Debentures**

Debentures comprise investments in listed and unlisted debentures.

*Listed debentures*

The fair value of listed debentures 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.

*Unlisted debentures*

Unlisted debentures are financial assets with fixed or determinable payments and fixed maturity. Fair value is estimated using pricing models or by applying appropriate valuation techniques such as discounted cash flow analysis or recent arm's length market transactions in respect of the unlisted debenture.

**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.

*Unlisted bills and bonds*

A market yield is determined by using appropriate yields of existing bonds and bills that best fit the profile of the instrument being measured and based on the term to maturity of the instrument. Adjusting for credit risk, where appropriate, a discounted cash flow model is then applied, using the determined yield, in order to calculate the fair value.

**Equities**

Equity instruments consist of equities with primary listing on the JSE, equities with secondary listing on the JSE, foreign listed equities and unlisted equities.

Equity instruments designated as fair value through the statement of net changes in assets and funds by the fund are initially recognised at fair value on trade date.

*Listed equities*

Equity instruments are subsequently measured at fair value and the fair value adjustments are recognized in the statement of net changes in assets and funds. The fair value of equity instruments with standard terms and conditions and 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.

*Unlisted equities*

If a quoted closing price is not available i.e. for unlisted instruments, the fair value is estimated using pricing models, or by applying appropriate valuation techniques such as discounted cash flow analysis or recent arm's length market transactions in respect of equity instruments.

**KWAZULU-NATAL CLOTHING INDUSTRY PROVIDENT FUND**  
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**1.3 Financial instruments (continued)**

**Preference shares**

*Listed preference shares*

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

*Unlisted preference shares*

In respect of unlisted preference shares, the fair value is determined by applying appropriate valuation techniques such as discounted cash flow analysis or recent arm's length market transactions in respect of preference shares.

**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.

*Stable fund policies*

Fund value represents an accumulated value as certified by the underwriter of the policy, which is calculated as the opening balance plus contributions less fees plus and interim (estimated) investment return. At the end of each month the interim investment return is updated to reflect the actual investment return.

*Reversionary bonus policies*

Fund value is determined using the financial soundness valuation method as certified by the insurer.

*Performance profits policies*

These products are similar to the Stable fund policies in nature, however, they have been recorded at Surrender Value as certified by the underwriter of the policy. Surrender Value represents the amount a member would receive in cash on exiting from the fund in advance of their chosen retirement date.

*Fixed bond policies*

The maturity values of these products are fixed. Fund value is calculated as the expected discounted maturity value determined as the expected present value of the future cash flows from the policy using an appropriate discount rate.

*Secured index bond policies*

The maturity values of these products are fixed. The product contains a smoothed bonus portion to it, i.e. there is a guaranteed minimum maturity value. Fund value is calculated as the expected discounted maturity value taking into account the guaranteed minimum maturity value. The expected maturity value is the expected present value of the future cash flows from the policy using an appropriate discount rate.

*Secured policies*

These investments have a fixed return for the life of the policy as declared by the underwriter. The underwriter declares monthly unit prices based on the return generated by the assets supporting the policy. Fund value is calculated as the unit price multiplied by the number of units held at year-end by the member.

**KWAZULU-NATAL CLOTHING INDUSTRY PROVIDENT FUND**  
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**1.3 Financial instruments (continued)**

**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 administrator with reference to the rules of each particular collective investment scheme, multiplied by the number of units.

**Derivative Market Instruments**

Derivative market instruments consist of options, equity linked instruments, futures/forwards – SAFEX/foreign, currency swaps and interest rate swaps.

Derivatives are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at their fair value. Fair values are obtained from regulated exchange quoted market prices in active markets, including discounted cash flow models and option pricing models, as appropriate. All derivatives are carried as assets when fair value is positive and as liabilities when fair value is negative. The Fund does not classify any derivatives as hedges in a hedging relationship.

The best evidence of the fair value of a derivative at initial recognition is the transaction price (i.e. the fair value of the consideration given or received) unless the fair value of that instrument is evidenced by comparison with other observable current market transactions in the same instrument (i.e. without modification or repackaging) based on a valuation technique whose variables include only data from observable markets.

**Investment in participating employers**

Investments in participating employer(s) comprise loans, investments in listed and unlisted equities and other investments.

**1.4 Cash and Cash Equivalents**

Cash and deposits 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.

**1.5 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 period in which such income and expenses accrue to the Fund.

**1.6 Surplus**

Surplus apportionments are recognised on the date of approval of the surplus apportionment scheme by the Registrar. Surplus is measured at the values contained in the approved surplus apportionment scheme, adjusted for investment return of late payment interest until date of approval of the scheme as determined by the rules of the Fund.

**1.7 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.

**KWAZULU-NATAL CLOTHING INDUSTRY PROVIDENT FUND**  
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**1.8 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.

**1.9 Impairment**

*Financial assets carried at amortised cost*

The Fund assesses at each statement of net assets and funds date whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that have occurred after the initial recognition of the asset (a loss event) and that loss event has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

The Fund first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant. If the Fund determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment.

If there is objective evidence that an impairment loss has been incurred on loans and receivables or held to maturity investments carried at amortised cost, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flow (excluding future credit losses that have been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in the statement of changes in net assets and funds. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under contract. As a practical expedient, the Fund may measure impairment on the basis of an instrument's fair value using an observable market price.

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

*Interest charged on late payment of contributions*

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

**KWAZULU-NATAL CLOTHING INDUSTRY PROVIDENT FUND**  
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**1.11 Benefits**

Benefits payable are measured in terms of the rules of the Fund.

Benefit 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 period 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.

*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.

*Interest on late payment of contributions, and / or loans and receivables*

Interest on late payment of contributions, and / loans and receivables is accounted for in the statement of changes in net assets and funds using the effective interest rate method.

*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 period in which they arise.

*Expenses incurred in managing investments*

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

**1.12 Transfers to and from the fund**

Applications made after 2 May 2008 will be subject to Section 14 transfers to or from the Fund and are recognised on approval being granted by the Financial Services Board. Individual transfers are recognised on the earlier of receipt of the written notice of transfer (Recognition of Transfer) or receipt of the actual transfer value. Individual transfers are measured at the value of the transfer at effective date of the transfer, adjusted for investment return or late payment interest, as guided by the application.

**1.13 Dividend and interest income**

Interest is recognised on a time proportion basis, taking account of the principal outstanding and the effective rate over the period to maturity, when it is determined that such income will accrue to the Fund.

Dividends are recognised when entitlement to revenue is established.

Gains and losses on subsequent measurement to fair value of investments and of all other financial instruments are recognised in the net investment income during the period in which the change arises.

**1.14 Administration Expenses**

An expense is recognised if it is probable that any future economic benefit associated with the item will flow to or from the Fund and the item has a cost or value that can be measured with reliability.

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

**KWAZULU-NATAL CLOTHING INDUSTRY PROVIDENT FUND**  
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**1.14 Administration Expenses (continued)**

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

**1.15 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 periods affected by the change.

**1.16 Comparatives**

Comparatives have been disclosed where applicable.

**KWAZULU-NATAL CLOTHING INDUSTRY PROVIDENT FUND**  
**Notes to the Financial Statements**  
**for the period ended 31 December 2012**

**2 Property, plant and equipment**

**2.1 Current Period**

|  | Computer<br>equipment and<br>software | Furniture<br>and fittings | Leasehold<br>improvements | Total            |
|--|---------------------------------------|---------------------------|---------------------------|------------------|
|  | R                                     | R                         | R                         | R                |
| <b>Gross carrying amount</b>                   |                                       |                           |                           |                  |
| At beginning of period                         | 1 259 271                             | 270 571                   | 1 514 707                 | 3 044 549        |
| Additions                                      | 11 822                                | 43 291                    | -                         | 55 113           |
| <b>At end of period</b>                        | <b>1 271 093</b>                      | <b>313 862</b>            | <b>1 514 707</b>          | <b>3 099 662</b> |
| <b>Accumulated depreciation and impairment</b> |                                       |                           |                           |                  |
| At beginning of period                         | (1 259 165)                           | (263 898)                 | (1 514 707)               | (3 037 770)      |
| Depreciation charges                           | (1 037)                               | (15 058)                  | -                         | (16 095)         |
| <b>Net carrying amount at end of period</b>    | <b>10 891</b>                         | <b>34 906</b>             | <b>-</b>                  | <b>45 797</b>    |



**KWAZULU NATAL CLOTHING INDUSTRY PROVIDENT FUND**  
**Notes to the Financial Statements**  
**For the period ended 31 December 2012**

**2 Property, plant and equipment - continued**

**2.2 Previous Period**

|  | Computer<br>equipment and<br>software<br>R | Furniture<br>and fittings<br>R | Leasehold<br>improvements<br>R | Total<br>R       |
|--|--|--------------------------------|--------------------------------|------------------|
| <b>Gross carrying amount</b>                   |  |                                |                                |                  |
| At beginning of period                         | 1 259 276                                  | 270 571                        | 1 514 707                      | 3 044 554        |
| Disposals                                      | (5)  | -                              | -                              | (5)              |
| <b>At end of period</b>                        | <u>1 259 271</u>                           | <u>270 571</u>                 | <u>1 514 707</u>               | <u>3 044 549</u> |
| <b>Accumulated depreciation and impairment</b> |  |                                |                                |                  |
| At beginning of period                         | (1 256 441)                                | (262 088)                      | (1 514 707)                    | (3 033 236)      |
| Depreciation charges                           | (2 724)                                    | (1 810)                        | -                              | (4 534)          |
| <b>Net carrying amount at end of period</b>    | <u>106</u>                                 | <u>6 673</u>                   | <u>-</u>                       | <u>6 779</u>     |

**KWAZULU-NATAL CLOTHING INDUSTRY PROVIDENT FUND**

Notes to the Financial Statements

For the period ended 31 December 2012

**3 Investments**

**Investment summary**

| Notes                                    | A                  |                    | B                  |                    | A + B               |                    | Total<br>Previous period<br>R | Fair value<br>Current period<br>R |
|--|--------------------|--------------------|--------------------|--------------------|---------------------|--------------------|-------------------------------|-----------------------------------|
|  | Local<br>R         | Foreign<br>R       | Local<br>R         | Foreign<br>R       | Current period<br>R | Total<br>R         |                               |                                   |
| Cash and deposits                        | 9 721 071          | 2 125 291          | 11 846 362         | -                  | 11 846 362          | 23 025 690         | 11 846 362                    |                                   |
| Loans (other than housing loans)         | -                  | -                  | -                  | -                  | -                   | -                  | -                             |                                   |
| Debentures/Bonds                         | 32 113 144         | 8 245 186          | 40 358 330         | -                  | 40 358 330          | -                  | 40 358 330                    |                                   |
| Bills, bonds and securities              | -                  | -                  | -                  | -                  | -                   | 3 623 342          | -                             |                                   |
| Investment properties                    | 5 946 331          | -                  | 5 946 331          | -                  | 5 946 331           | 11 647 879         | 5 946 331                     |                                   |
| Equities:                                |                    |                    |                    |                    |                     |                    |                               |                                   |
| - Equities with primary listing on JSE   | 92 058 068         | -                  | 92 058 068         | -                  | 92 058 068          | 71 171 360         | 92 058 068                    |                                   |
| - Equities with secondary listing on JSE | 43 678 308         | -                  | 43 678 308         | -                  | 43 678 308          | 20 428 555         | 43 678 308                    |                                   |
| - Foreign listed equities                | -                  | 56 995 117         | 56 995 117         | -                  | 56 995 117          | -                  | 56 995 117                    |                                   |
| - Equity index-linked instruments        | (5 614 880)        | -                  | (5 614 880)        | -                  | (5 614 880)         | -                  | (5 614 880)                   |                                   |
| - Unlisted equities                      | 992 022            | -                  | 992 022            | -                  | 992 022             | -                  | 992 022                       |                                   |
| Insurance policies:                      |                    |                    |                    |                    |                     |                    |                               |                                   |
| - Non-market related policies            | 70 776 680         | 23 514 922         | 94 291 602         | -                  | 94 291 602          | 83 335 729         | 94 291 602                    |                                   |
| - Market related policies                | 52 053 040         | 17 461 842         | 69 514 882         | -                  | 69 514 882          | 64 635 487         | 69 514 882                    |                                   |
| Collective investment schemes            | 48 910 077         | 15 622 361         | 64 532 438         | -                  | 64 532 438          | 141 773 299        | 64 532 438                    |                                   |
| Other                                    | -                  | -                  | -                  | -                  | -                   | -                  | -                             |                                   |
| <b>Total</b>                             | <b>350 633 861</b> | <b>123 964 719</b> | <b>474 598 580</b> | <b>123 964 719</b> | <b>474 598 580</b>  | <b>419 641 341</b> | <b>474 598 580</b>            |                                   |

**KWAZULU-NATAL CLOTHING INDUSTRY PROVIDENT FUND**  
**Notes to the Financial Statements**  
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**4 Housing loan facilities**

|               | At beginning of period |   | Repaid          |   | Interest capitalised |   | At end of period |   |
|---------------|------------------------|---|-----------------|---|----------------------|---|------------------|---|
|               | R                      | R | R               | R | R                    | R | R                | R |
| Housing Loans | 77 442                 |   | (20 401)        |   | 1 265                |   | 58 306           |   |
| <b>TOTAL</b>  | <b>77 442</b>          |   | <b>(20 401)</b> |   | <b>1 265</b>         |   | <b>58 306</b>    |   |

\* The annual rate of interest charged on housing loans was 2%.

**5 Accounts receivable**

|                   | 31 Dec 2012   | 31 Dec 2011   |
|-------------------|---------------|---------------|
|                   | R             | R             |
| Other receivables | 41 552        | 44 360        |
| <b>TOTAL</b>      | <b>41 552</b> | <b>44 360</b> |

**KWAZULU-NATAL CLOTHING INDUSTRY PROVIDENT FUND**  
**Notes to the Financial Statements**  
**For the period ended 31 December 2012**

6 Transfers to other funds

|  | Effective date | No. of members | Applied for not yet approved (contingency) | Beginning of period |                | Transfers approved |                | Return on transfers |          | Assets transferred |          | At end of period |          |
|--|----------------|----------------|--|---------------------|----------------|--------------------|----------------|---------------------|----------|--------------------|----------|------------------|----------|
|  |                |                |  | R                   | R              | R                  | R              | R                   | R        | R                  | R        | R                | R        |
| In terms of section 14                       |                |                |  |                     |                |                    |                |                     |          |                    |          |                  |          |
| Ninian and Lester Provident Fund             | 17/03/2009     | 4              | -  | -                   | 21 143         | 205                | 21 348         | -                   | -        | -                  | -        | -                | -        |
| DBApparel Retirement Fund                    | 01/11/2010     | 1              | -  | -                   | 96 076         | 157                | 96 233         | -                   | -        | -                  | -        | -                | -        |
| DBApparel Retirement Fund                    | 01/06/2011     | 1              | -  | -                   | 97 740         | 4 102              | 101 842        | -                   | -        | -                  | -        | -                | -        |
| Edcon Provident Fund                         | 06/09/2010     | 1              | -  | -                   | 5 630          | 583                | 6 213          | -                   | -        | -                  | -        | -                | -        |
| Edcon Provident Fund                         | 06/04/2012     | 1              | -  | -                   | 11 547         | 1 197              | 12 744         | -                   | -        | -                  | -        | -                | -        |
| Transfers in terms of section 15B            |                |                |  |                     |                |                    |                |                     |          |                    |          |                  |          |
| Individual transfers                         |                | 3              | -  | -                   | 285 599        | 30 045             | 315 644        | -                   | -        | -                  | -        | -                | -        |
| Prospective approvals in terms of section 14 |                |                |  |                     |                |                    |                |                     |          |                    |          |                  |          |
| Ninian and Lester Provident Fund             | 31/01/2009     | 6              | 7 273                                      | -                   | -              | -                  | -              | -                   | -        | -                  | -        | -                | -        |
| Seardel Group Retirement Fund                | 01/04/2010     | 2              | 7 802                                      | -                   | -              | -                  | -              | -                   | -        | -                  | -        | -                | -        |
| Textile Industry Provident Fund              | 11/06/2010     | 65             | 32 630                                     | -                   | -              | -                  | -              | -                   | -        | -                  | -        | -                | -        |
| Seardel Group Retirement Fund                | 01/03/2011     | 2              | 11 553                                     | -                   | -              | -                  | -              | -                   | -        | -                  | -        | -                | -        |
| Edcon Provident Fund                         | 06/07/2011     | 1              | 56 614                                     | -                   | -              | -                  | -              | -                   | -        | -                  | -        | -                | -        |
| Seardel Group Retirement Fund                | 01/08/2011     | 3              | 79 905                                     | -                   | -              | -                  | -              | -                   | -        | -                  | -        | -                | -        |
| Edcon Provident Fund                         | 06/08/2011     | 1              | 74 824                                     | -                   | -              | -                  | -              | -                   | -        | -                  | -        | -                | -        |
| Seardel Group Retirement Fund                | 01/10/2011     | 1              | 198 599                                    | -                   | -              | -                  | -              | -                   | -        | -                  | -        | -                | -        |
| Seardel Group Retirement Fund                | 07/10/2011     | 2              | 22 172                                     | -                   | -              | -                  | -              | -                   | -        | -                  | -        | -                | -        |
| Textile Industry Provident Fund              | 30/11/2011     | 48             | 3 215 849                                  | -                   | -              | -                  | -              | -                   | -        | -                  | -        | -                | -        |
| DBApparel Retirement Fund                    | 31/12/2011     | 1              | 119 558                                    | -                   | -              | -                  | -              | -                   | -        | -                  | -        | -                | -        |
| Edcon Provident Fund                         | 01/09/2012     | 1              | 5 126                                      | -                   | -              | -                  | -              | -                   | -        | -                  | -        | -                | -        |
| <b>Total</b>                                 |                | <b>144</b>     | <b>3 831 905</b>                           | <b>-</b>            | <b>517 735</b> | <b>36 289</b>      | <b>554 024</b> | <b>-</b>            | <b>-</b> | <b>-</b>           | <b>-</b> | <b>-</b>         | <b>-</b> |

|   |                |
|---|----------------|
| Transfers approved                                  | 517 735        |
| Return on transfers                                 | 36 289         |
| <b>Statement of changes in net assets and funds</b> | <b>554 024</b> |

**KWAZULU-NATAL CLOTHING INDUSTRY PROVIDENT FUND**  
**Notes to the Financial Statements**  
**For the period ended 31 December 2012**

**7 Benefits**

|                             | At beginning of period | Benefits for current period | Return allocated | Payments            | Transferred to unclaimed benefits | At end of period  |
|-----------------------------|------------------------|-----------------------------|------------------|---------------------|-----------------------------------|-------------------|
|                             | R                      | R                           | R                | R                   | R                                 | R                 |
| Lump sums on retirements    |                        |                             |                  |                     |                                   |                   |
| Full benefit                | 1 716 493              | 11 302 676                  | 828 618          | (12 180 671)        | (72 537)                          | 1 594 579         |
| Pensions commuted           |                        |                             |                  |                     |                                   |                   |
| Lump sums before retirement |                        |                             |                  |                     |                                   |                   |
| Disability benefits         | 1 625 791              | 3 287 971                   | 249 725          | (3 958 557)         | (44 074)                          | 1 160 856         |
| Death benefits              | 700 371                | 2 405 784                   | 222 123          | (2 698 821)         | (102 252)                         | 527 205           |
| Withdrawal benefits         | 13 344 794             | 16 203 086                  | 1 207 599        | (14 401 714)        | (2 321 632)                       | 14 032 133        |
| Retrenchment benefits       | 6 967 094              | 11 226 723                  | 846 458          | (16 902 811)        | (590 257)                         | 1 547 207         |
| <b>Total</b>                | <b>24 354 543</b>      | <b>44 426 240</b>           | <b>3 354 523</b> | <b>(50 142 574)</b> | <b>(3 130 752)</b>                | <b>18 861 980</b> |

|   |                   |
|---|-------------------|
| Benefits for current period                         | 44 426 240        |
| Return allocated                                    | 3 354 523         |
| <b>Statement of changes in net assets and funds</b> | <b>47 780 763</b> |

**KWAZULU-NATAL CLOTHING INDUSTRY PROVIDENT FUND**  
**Notes to the Financial Statements**  
**For the period ended 31 December 2012**

**8 Unclaimed benefits**

|                                   | 31 Dec 2012<br>R  | 31 Dec 2011<br>R  |
|-----------------------------------|-------------------|-------------------|
| At beginning of period            | 17 804 835        | 14 572 382        |
| Transferred from benefits payable | 3 130 752         | 2 536 149         |
| Investment income allocated       | 2 422 197         | 1 273 993         |
| Less:                             | (911 288)         | (577 689)         |
| Benefits paid                     | <u>(911 288)</u>  | <u>(577 689)</u>  |
| <b>Balance at end of period</b>   | <u>22 446 496</u> | <u>17 804 835</u> |

**9 Accounts payable**

|                                 |                  |                  |
|---------------------------------|------------------|------------------|
| Accrual for Risk Premium        | 585 408          | 566 967          |
| Accruals                        | 361 646          | 356 157          |
| Death Benefits – Insurance      | 1 135 790        | 1 579 273        |
| Disability Benefits – Insurance | 310 287          | 515 043          |
| Leave pay                       | 16 933           | 28 136           |
| Member Cession Liability        | 36 342           | 60 880           |
| Provisions                      | 161 198          | 161 198          |
| Tax on Unclaimed Benefits       | 112 265          | 116 389          |
|                                 | <u>2 719 869</u> | <u>3 384 043</u> |

**10 Contributions**

|   | At beginning<br>of period<br>R | Towards<br>retirement<br>R | Towards<br>re-insurance<br>and<br>expenses<br>R | Contributions<br>received<br>R | At end of<br>period<br>R |
|---|--------------------------------|----------------------------|---|--------------------------------|--------------------------|
| Member contributions - received and accrued         | 3 069 085                      | 22 828 501                 | -   | (22 809 201)                   | 3 088 385                |
| Employer contributions - received and accrued       | 4 199 440                      | 21 268 486                 | 7 536 258                                       | (29 108 127)                   | 3 896 057                |
| <b>Total</b>  | <u>7 268 525</u>               | <u>44 096 987</u>          | <u>7 536 258</u>                                | <u>(51 917 328)</u>            | <u>6 984 442</u>         |
| Towards retirement                                  |                                | 44 096 987                 |   |                                |                          |
| Toward re-insurance and expenses                    |                                | <u>7 536 258</u>           |   |                                |                          |
| <b>Statement of changes in net assets and funds</b> |                                | <u>51 633 245</u>          |   |                                |                          |

**KWAZULU-NATAL CLOTHING INDUSTRY PROVIDENT FUND**  
**Notes to the Financial Statements**  
**For the period ended 31 December 2012**

**11 Net investment income**

|   | Notes | 31 Dec 2012<br>R  | 31 Dec 2011<br>R  |
|---|-------|-------------------|-------------------|
| Income from investments                         |       | 22 003 397        | 16 113 217        |
| Dividends                                       |       | 7 158 368         | 5 261 427         |
| Interest  |       | 5 890 948         | 5 236 521         |
| Collective investment schemes distribution      |       | 8 954 081         | 5 615 269         |
| Adjustment to fair value                        |       | 52 658 545        | 21 002 536        |
| <b>Subtotal</b>                                 |       | <b>74 661 942</b> | <b>37 115 753</b> |
| Less: Expenses incurred in managing investments |       | (2 473 074)       | (1 781 587)       |
| Less: Interest paid on borrowings               |       | -                 | -                 |
| <b>Total</b>                                    |       | <b>72 188 868</b> | <b>35 334 166</b> |

**12 Other income**

|                |                |                |
|----------------|----------------|----------------|
| Other          | 132 045        | 155 859        |
| Sundry revenue | 7 044          | 19 893         |
|                | <b>139 089</b> | <b>175 752</b> |

**13 Administration expenses**

|                                     |     |                  |                  |
|-------------------------------------|-----|------------------|------------------|
| Actuarial fees                      |     | 193 218          | 207 623          |
| Administration fees and recoveries  |     | 1 771 326        | 1 695 570        |
| Audit fees                          |     | 191 010          | 180 199          |
| Consultancy fees                    |     | 282 076          | 295 586          |
| Depreciation                        |     | 16 095           | 4 534            |
| Fidelity insurance                  |     | 37 500           | 30 000           |
| Other                               |     | 1 001 574        | 981 397          |
| Advertising                         |     | 35 606           | 48 820           |
| Bank charges                        |     | 77 806           | 38 785           |
| Computer expenses                   |     | 47 640           | 77 196           |
| FSB costs                           |     | 257 967          | 310 100          |
| Fees for other services             |     | 27 360           | 11 970           |
| Insurance                           |     | 35 582           | 34 430           |
| Insurance on mortgage loans         |     | -                | 2 485            |
| Interest paid                       |     | 23 530           | 126 115          |
| Legal fees                          |     | 88 575           | 92 042           |
| Postage, printing and stationery    |     | 68 041           | 36 466           |
| Rental                              |     | 160 787          | 153 130          |
| Repairs and maintenance             |     | 128 221          | 3 651            |
| Telephone and electricity           |     | 44 698           | 41 856           |
| Travel expenses                     |     | 5 761            | 4 351            |
| Office expenses                     |     | 30 775           | 23 707           |
| Taxes and penalties                 |     | (4 124)          | 19 304           |
| Principal officers expenses         | 14  | 446 795          | 415 319          |
| Profit/(loss) on disposal of assets |     | -                | 5                |
| Staff expenses                      | 13b | 4 859 133        | 4 251 153        |
| Trustees expenses                   | 13a | 8 113            | 33 018           |
| <b>Total</b>                        |     | <b>8 833 491</b> | <b>8 137 415</b> |

**KWAZULU-NATAL CLOTHING INDUSTRY PROVIDENT FUND**  
**Notes to the Financial Statements**  
**For the period ended 31 December 2012**

|  | 31 Dec 2012<br>R | 31 Dec 2011<br>R    |
|--|------------------|---------------------|
| <b>13 Administration expenses (continued)</b>  |                  |                     |
| <b>a. Trustee expenses</b>   |                  |                     |
| Expenses   | 8 113            | 6 290               |
| Other payments   | -                | 26 728              |
| <b>Total</b>   | <u>8 113</u>     | <u>33 018</u>       |
| <b>b. Staff expenses</b>   |                  |                     |
| Remuneration   | 4 818 769        | 4 162 412           |
| Training expenses  | 50 660           | 81 693              |
| Other payments   | (10 296)         | 7 048               |
| <b>Total</b>   | <u>4 859 133</u> | <u>4 251 153</u>    |
| <b>14 Principal Officer expenses</b>   |                  |                     |
| Remuneration   | 446 795          | 415 319             |
| <b>Total</b>   | <u>446 795</u>   | <u>415 319</u>      |
| <b>15 Prior period adjustments</b>   |                  |                     |
| Transfer from/(to) members individual accounts to benefits payable   | 850 903          | (9 908 232)         |
| Transfer from amounts to be allocated to unclaimed benefits  | -                | (14 572 381)        |
| In compliance with IAS 1 or AC000, an accrual is raised at year end for outstanding levies. Subsequent to every year end, an adjustment is made to this accrual to account for the difference between the estimated accrual and the actual amount received from factories. | (1 057 017)      | (303 190)           |
| Reversal of prior year levies on account   | (360 847)        | (362 280)           |
| Prior year profits investment income   | -                | 1 447 421           |
|  | <u>(566 961)</u> | <u>(23 698 662)</u> |



**KWA ZULU NATAL CLOTHING INDUSTRY PROVIDENT FUND**  
**Notes to the Financial Statements**  
**For the period ended 31 December 2012**

**16 Risk management policies**

- **Solvency risk**

Solvency risk is the risk that the investment returns on assets will not be sufficient to meet the Funds contractual obligations to members.

- **Credit risk**

Credit risk is the risk that a counter-party to a financial instrument will fail to discharge an obligation, and cause the Fund to incur a financial loss.

- **Legal risk**

Legal risk is the risk that the Fund will be exposed to contractual obligations which have not been provided for. Legal representatives of the Fund monitor the drafting of contracts to ensure that rights and obligations of all parties are clearly set out.

- **Cash flow risk**

Cash flow risk is the risk that future cash flows associated with monetary financial instrument will fluctuate in amount. In the case of a floating rate debt instrument, for example, such fluctuations result in a change in the effective interest rate of the financial instrument, usually without a corresponding change in its fair value.

- **Currency risk**

Currency risk is the risk that the value of an instrument will fluctuate in Rands owing to changes in foreign exchange rates. The Fund's exposure to currency risk is mainly in respect of foreign investments made on behalf of members of the Fund for the purpose of seeking desirable international diversification of investments.

- **Liquidity risk**

Liquidity risk is the risk that the Fund will encounter difficulty in raising funds to meet commitments associated with financial instruments.

- **Market risk**

Market risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices of market interest rates.

- **Investments**

Investments in equities are valued at fair value and therefore susceptible to market fluctuations. Investments are managed with the aim of maximising the Fund's returns while limiting risk to acceptable levels within the framework of statutory requirements.

**17 Related party transactions**

Related party transactions are conducted at arm's length. All transactions are in the normal course of business.

The following transactions between the participating employers and the Fund occurred during the year:

- The participating employer made contributions to the Fund for members' retirement and the Fund's expenses to the value of R21 268 486 and R7 536 258 respectively. (Refer note 10 of the financial statements)

**KWAZULU-NATAL CLOTHING INDUSTRY PROVIDENT FUND**  
**Notes to the Financial Statements**  
**For the period ended 31 December 2012**

|                                      | <b>31 Dec 2012</b> | <b>31 Dec 2011</b> |
|--------------------------------------|--------------------|--------------------|
|                                      | <b>R</b>           | <b>R</b>           |
| <b>18 Amounts to be allocated</b>    |                    |                    |
| Other                                | <b>120 200 063</b> | 106 517 871        |
| Administration Expense Reserve       | <b>266 000</b>     | 266 000            |
| Data Reserve                         | <b>4 531 000</b>   | 4 531 000          |
| Investment Reserve                   | <b>115 203 063</b> | 90 491 871         |
| Risk Reserve                         | <b>200 000</b>     | 11 229 000         |
| <b>Total amounts to be allocated</b> | <b>120 200 063</b> | 106 517 871        |

Due to the rules of the Fund not yet being approved by the FSB, the above reserve accounts have been disclosed as amounts to be allocated to keep in line with the existing reserve structure which was in place prior to the registration of the Fund with FSB on the 4<sup>th</sup> August 2008.

**KWAZULU-NATAL CLOTHING INDUSTRY PROVIDENT FUND**  
**Schedule HB**  
**Report of the Valuator**  
**For the period ended 31 December 2012**

**Particulars of financial condition of the fund (based on a statutory actuarial assessment as at 31 December 2009)**

**R's as at 31 December 2009**

1. **R394 745 000** Fair value of net assets of the Fund, after deduction of current liabilities and any liabilities arising from the pledging, hypothecation or other encumbering of the assets of the Fund.
2. **R394 745 000** The actuarial value of the net assets available for benefits, for the purposes of comparison with the accrued liabilities of the Fund. The assets were taken at market value at the valuation rate.
3. **R384 799 000** The accrued liabilities of the Fund, including contingency reserves.

The contribution rates of the Fund are fixed in terms of the rules.

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. Member retirement credits were taken at face value including the rates of return credited in respect of the year ending 31 December 2009. The contingency reserves were established to cover an investment reserve, a risk reserve, a data reserve and a reserve for administration expenses. The principles followed in establishing these reserves remained unchanged from the statutory valuation with the exception of the risk service, which was amended to conform with PF117.

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

At the request of the registrar the 2009 actuarial valuation was revised to amend the calculation of the risk reserve and as a result there is now an actuarial surplus to be apportioned in terms of section 15B of the Act. The amended report has not yet been submitted to the registrar, as the former member data required to determine the expense reserve for the surplus apportionment is being collated, so that the 2009 valuation result can be finalised.

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 condition as at 31 December 2009 for the purposes of the Pension Funds Act, 1956.

Prepared by me:



**David Little**  
**VALUATOR**

**Fellow of the Actuarial Society of South Africa**

In my capacity as the valuator of the fund and as an Associate of Towers Watson (Pty) Ltd  
**15 April 2013**

**KWAZULU-NATAL CLOTHING INDUSTRY PROVIDENT FUND**  
**Schedule HB**  
**Report of the Valuator**  
**For the period ended 31 December 2012**

**Remarks**

For the purpose of this summary 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
  - iii. Any other accrued liability.
  
- (c) Vested benefits are benefits, the right to which, under the conditions of the fund, are not conditional upon continued employment.



**REPORT OF THE INDEPENDENT AUDITORS OF THE KWAZULU-NATAL CLOTHING INDUSTRY PROVIDENT FUND TO THE REGISTRAR OF PENSION FUNDS ON FACTUAL FINDINGS**

**Scope**

We have performed the procedures agreed with you and enumerated below with respect to the accounting records of The KwaZulu-Natal Clothing Industry Provident Fund for the 31 December 2012 as required by you in terms of section 15 of the Pension Funds Act of South Africa, (the Act). Our engagement was undertaken in accordance with the International Standard on Related Services (4400) Engagements to perform agreed-upon procedures regarding financial information. The responsibility for determining the adequacy or otherwise of the procedures agreed to be performed is that of the Registrar of Pension Funds.

**Procedures and Findings**

Our procedures and the corresponding findings thereon are set out in the table below.

|     | <b>Procedures</b>   | <b>Findings</b>   |
|-----|---|---|
| 1   | We selected a sample of the lesser of 25 or 10% of participating employers and for three months and performed the following procedures:   | We selected a sample of 25 participating employers and performed the following procedures:  |
| 1.1 | We agreed, in total, the data received by the administrator to the cash received by the fund.   | The data received by the administrator agreed to the cash received by the fund.   |
| 1.2 | We inspected the bank statements, as appropriate, 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. | Not all contributions were not deposited with a registered bank in accordance with S13A. It should be noted that late payment interest has been raised in terms of S33. |
| 1.3 | We inspected the accounting records of the fund to determine whether amounts disclosed as arrear contributions at period-end have been paid to the fund in accordance with the requirements of section 13A of the Act.  | Not all employers have paid contributions within the specified time frame. The Fund has raised interest on late payments.   |
| 2   | We inspected the list of investments held by the fund for any investments prohibited in terms of section 19 (4) of the Act.   | The Fund does not hold investments prohibited in terms of section 19(4) of the Act.   |

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Africa Senior Partner: S P Kana  
Management Committee: H Boegman, T P Blandin de Chalain, B M Deegan, J G Louw, P J Mothibe, N V Mletwa, T D Shango, S Subramoney, A R Tialekdar, F Tonelli  
The Company's principal place of business is at 2 Eglin Road, Sunninghill where a list of directors' names is available for inspection  
Reg. no 1998/012055/21, VAT reg.no. 4950174682.



|     |   |  |
|-----|---|--|
| 2.1 | Where investments held in the participating employer exceeded 5%, we inspected the appropriate Financial Services Board approval.   | Not applicable as no such investments were noted.  |
| 2.2 | We obtained written confirmations of investment balances and agreed details of the confirmations received to the investment balances reflected in the general ledger.   | The written confirmations of investments balances were obtained and agreed to the general ledger.  |
| 3   | We obtained the list of housing loans granted to members by the fund in terms of section 19(5) of the Act by the fund as at 31 December 2012 and performed the following procedures:  |  |
| 3.1 | We agreed the loans on the above list to the corresponding account in the general ledger.   | The loans on the list agreed to the corresponding account in the general ledger.   |
| 3.2 | From the above list, we selected a sample of the lesser of 25 or 10% of housing loans. We determined whether the selected housing loans were granted in terms of the requirements of section 19(5) of the Act, in terms of the security provided and the interest rates applied to the loans.   | Not applicable as no new loans have been granted in the current year. No such loans have been granted since 1998. These loans were granted prior to registration with the FSB. |
| 3.3 | If the fund issued more than 100 loans or the total principal debt of all outstanding loans exceeded R500 000, we determined whether the fund was registered as a credit provider under the National Credit Act, 2005 (the NCA) and whether an assurance report had been issued to the National Credit Regulator in terms of section 16(1)(b) of the NCA and regulations 67 and 68 to the NCA.  | Not applicable.  |
| 4   | We obtained the list of housing loan guarantees granted to members by the fund in terms of section 19(5) of the Act as at 31 December 2012. We selected a sample of the lesser of 25 or 10% of housing guarantees from the list. For the sample selected, we compared the total for guarantees issued on behalf of the members to the total of member individual fund credits, to determine whether the total guarantees issued exceeded the total member individual fund credits allowed in terms of the Act and/or the rules of the fund. | We selected a sample of 10% of housing guarantees from the list. The total guarantees issued did not exceed the total member individual fund credits.                          |
| 5   | We obtained a list of other loans as at 31 December 2012 and determined whether these loans were granted in terms of the requirements of section 19(5)B.  | Other loans were granted in terms of the requirements of section 19(5)B.   |
| 6   | We obtained written confirmation from the fund's insurer that fidelity insurance cover was in place throughout the period ended 31 December 2012.   | Fidelity insurance cover was in place throughout the period ended 31 December 2012 as per the confirmation.  |

|       |   |  |
|-------|---|--|
| 7     | We obtained the list of section 14 transfers to and from the fund throughout the period ended 31 December 2012, selected a sample of the lesser of 25 or 10% transfers in and the lesser of 25 or 10% transfers out, and performed the following procedures:  | We selected 10% of transfers and performed the following procedures:   |
| 7.1   | We agreed the section 14 transfers to and from the fund to the approved section 14 documentation received from the Financial Services Board in respect of each transfer.  | The section 14 transfers to and from the Fund agreed to the approved section 14 documentation received from the Financial Services Board.  |
| 7.2   | We agreed the above list of section 14 transfers to the corresponding account in the general ledger.  | The list of section 14 transfers agreed to the corresponding account in the general ledger.  |
| 7.3   | We determined by inspection whether the transfers were received/paid within 60 days of approval and whether the growth and interest return had been allocated from date of receipt/payment.   | The transfers were paid within 60 days of approval and growth and investment returns were allocated from date of payment.  |
| 7.4   | In respect of unitised funds, we selected a sample of the lesser of 25 or 10% of the members transferred and recalculated 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 included from the date of receipt to the date of purchase) | Not applicable.  |
| 8     | We obtained a list of accumulated member credits as reflected on the administrator's member register as at 31 December 2012 and performed the following procedures:   |  |
| 8.1   | We agreed the closing balance on the list to the corresponding account in the annual financial statements as at 31 December 2012.   | The closing balance on the list agreed to the corresponding account in the annual financial statements as at 31 December 2012.   |
| 8.2   | We selected a sample of the lesser of 25 or 10% of the members from the list and performed the following procedures:  | We selected a sample of 25 members from the list and performed the following procedures:   |
| 8.2.1 | We agreed the member and employer contributions received for the selected members per the administrator's system to information supplied by the participating employers for a sample of 3 months (January, June and November).  | The member and employer contributions received for the selected member per the administrator's system agreed to information supplied by the participating employers for the 3 months selected. |
| 8.2.2 | In respect of unitised investment products, we recalculated the conversion of the selected contributions at the unit price per the administration system on the dates that the contributions were invested and determined whether these units were correctly calculated and added to the existing units for the full period.  | Not applicable.  |

|       |   |   |
|-------|---|---|
| 8.2.3 | In respect of unitised investment products, we recalculated the conversion of units at the end of the period at the period end unit price and agreed the amount to the member's record on the member register.  | Not applicable.   |
| 8.2.4 | In respect of unitised investment products, we agreed the period end unit price as authorised in terms of the rules of the fund to the unit prices on the administration system used to calculate the member credits.   | Not applicable.   |
| 8.2.5 | In respect of non-unitised investment products, we agreed the return allocated to the member's fund credit on the administrator's records to the return approved in accordance with a resolution of the Board of Trustees or the rules of the fund  | The return allocated to the member's fund credit on the administrator's records agreed to the return approved in accordance with a trustees' resolution or the rules of the Fund. |
| 8.3   | We selected a sample of the lesser of 25 or 10% of members who switched between investment portfolios during the period and determined whether the portfolios were correctly switched and that the correct amount was switched in accordance with notification of the member's election. We inspected whether any fees deducted were approved by the Board of Trustees. | Not applicable as the members do not have an option.  |
| 8.4   | If a surplus apportionment scheme was approved by the FSB in the current period, we selected a sample of the lesser of 25 or 10% from the surplus schedules and we agreed the allocation of the fund surplus of the scheme to the individual allocation in the member records per the administration system.  | Not applicable.   |
| 8.5   | For unitised investment products where member portfolios are backed by specific portfolios, we agreed the values of investments specified by the members investment choice to the members liabilities per product for that choice and inspected the accuracy of reconciling items.  | Not applicable.   |
| 9     | We inspected the most recent statutory valuation report to determine whether the fund was under-funded. For under-funded funds we determined whether a scheme, as required in terms of section 18 of Pension Fund Act in South Africa, has been implemented to remedy the shortfall.  | In accordance with the valuation report dated 15 April 2013, the Fund was not under-funded.   |
| 10    | We obtained the analysis of the movements in the fund's reserve accounts from the financial statements and performed the following procedures:  |   |





|        |  |   |
|--------|--|---|
| 10.1   | We agreed the opening balance to the prior period financial statements.  | The opening balance agreed to the prior period financial statements.  |
| 10.2   | We inspected the rules of the fund to determine whether the movements in the fund's reserve accounts were in terms of the rules of the fund and the Act.   | The reserves have not yet been approved by the FSB.   |
| 11     | We obtained a list of lump sum benefits reflected as expenses in the fund's Statement of Changes in Net Assets and Funds and performed the following procedures:   |   |
| 11.1   | We agreed the list to the respective general ledger benefit expense accounts.  | The list agreed to the respective general ledger benefit expense accounts.  |
| 11.2   | We selected a sample of the lesser of 25 benefits or 10% of the total benefit expenses from the list and performed the following procedures:   | We selected a sample of 25 total benefit expenses from the list and performed the following procedures:   |
| 11.2.1 | We agreed the claim to the applicable, authorised supporting documentation.  | The claim agreed to the authorised supporting documentation.  |
| 11.2.2 | For death benefits, where a portion of the benefit was reinsured by the fund, we determined whether the recovery from the insurer was received by the fund.  | The recovery from the insurer was received by the Fund.   |
| 11.2.3 | We agreed the opening fund credit for the member to the opening fund credit report and determined whether contributions were added every month until the date of exit. We agreed the balance paid out to member 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 the contributions were added every month until the date of exit. We found that the balance paid out to member agreed to the fund credit report or administration system as at date of exit. |
| 11.2.4 | We inspected whether the payments agreed to relevant authorisation.  | The payments agreed to relevant authorisation.  |
| 12     | We obtained a copy of the listing of pensioners and performed the following procedures:  | Not applicable.   |
| 12.1   | We agreed the total pensions paid to the corresponding account in the general ledger.  | Not applicable.   |



|        |  |                 |
|--------|--|-----------------|
| 12.2   | We selected a sample of the lesser of 25 or 10 % of pensions paid from the above list and performed the following procedures:  | Not applicable. |
| 12.2.1 | We agreed the pensioner increases to authorisation by the Board of Trustees or other relevant supporting documentation.  | Not applicable. |
| 12.2.2 | We inspected evidence supporting the fact that the pensioners selected were still alive.   | Not applicable. |
| 13     | Where the fund has reinsured its pensioners with an insurer, we obtained a written confirmation of the pensions paid from the insurer including asset and liability balances and agreed this to the fund's general ledger pension expense, asset and liability accounts. | Not applicable. |

As the above procedures do not constitute either an audit or a review made in accordance with International Standards on Auditing or International Standards on Review Engagements, we do not express any assurance on the procedures performed. Had we performed additional procedures or had we performed an audit or review of the relevant information, other matters might have come to our attention that would have been reported to you.

Our report is solely for regulatory purposes and may not be distributed to, or relied on, by parties other than the Registrar of Pension Funds.

R D Klute  
Registered Auditors  
21 Cascades Crescent  
Cascades  
Pietermaritzburg  
3201  
Date: 27/06/2013

**KWAZULU-NATAL CLOTHING INDUSTRY PROVIDENT FUND**

**Schedule 1A**

**Schedules Pertaining to the Annual Financial Statements**

**For the period ended 31 December 2012**

**Investments**

|  | Notes | A                          |  | B                                    |  | C                  |                    | D                  |  | A+B+C+D<br>+X+Y |  | X |  | Y |  | Total<br>percentage<br>of foreign<br>exposure |
|--|-------|----------------------------|--|--------------------------------------|--|--------------------|--------------------|--------------------|--|-----------------|--|---|--|---|--|---|
|  |       | Direct<br>Investments<br>R | Non-linked<br>insurance<br>policies<br>R | Linked<br>insurance<br>policies<br>R | Collective<br>investment<br>schemes<br>R | Total<br>R         | Local<br>R         | Foreign<br>R       |  |                 |  |   |  |   |  |   |
| Cash and deposits                        | A     | 18 571 749                 | 8 784 622                                | 19 955 377                           | 11 080 250                               | 58 391 998         | 44 785 966         | 13 606 032         |  |                 |  |   |  |   |  | 23.30%  |
| Kruger Rands                             |       | -                          | -  | -                                    | -  | -                  | -                  | -                  |  |                 |  |   |  |   |  | 0.00%   |
| Loans                                    | B     | 58 306                     | 1 413 683                                | -                                    | -  | 1 471 989          | 1 471 989          | -                  |  |                 |  |   |  |   |  | 0.00%   |
| Debentures                               | C     | 40 358 331                 | 9 521 903                                | 7 286 600                            | 5 851 370                                | 63 018 204         | 53 140 416         | 9 877 788          |  |                 |  |   |  |   |  | 16.67%  |
| Bills, bonds and securities              | C     | -                          | -  | -                                    | -  | -                  | -                  | -                  |  |                 |  |   |  |   |  | 0.00%   |
| Properties                               | D     | 5 946 331                  | 10 835 431                               | 898 755                              | 5 292 465                                | 22 972 982         | 20 724 308         | 2 248 674          |  |                 |  |   |  |   |  | 9.79%   |
| Equities:                                | E     |                            |  |                                      |  |                    |                    |                    |  |                 |  |   |  |   |  |   |
| - Equities with primary listing on JSE   |       | 92 058 068                 | 27 896 773                               | 24 214 946                           | 22 156 080                               | 166 325 867        | 166 325 867        | -                  |  |                 |  |   |  |   |  | 0.00%   |
| - Equities with secondary listing on JSE |       | 43 678 308                 | 8 401 382                                | 11 329 029                           | 8 324 170                                | 71 732 889         | 71 732 889         | -                  |  |                 |  |   |  |   |  | 0.00%   |
| - Foreign listed equities                |       | 56 995 117                 | 18 206 358                               | 15 810 242                           | 11 493 458                               | 102 505 175        | -                  | 102 505 175        |  |                 |  |   |  |   |  | 100.00%                                       |
| - Equity index-linked instruments        |       | (5 614 880)                | -  | (12 070 237)                         | -  | (17 685 117)       | (10 738 756)       | (6 946 361)        |  |                 |  |   |  |   |  | 39.28%  |
| - Unlisted equities                      |       | 992 022                    | 9 231 450                                | 126 424                              | 334 645                                  | 10 684 541         | 8 011 130          | 2 673 411          |  |                 |  |   |  |   |  | 25.02%  |
| Preference shares                        |       | -                          | -  | -                                    | -  | -                  | -                  | -                  |  |                 |  |   |  |   |  | 0.00%   |
| Collective investment schemes            |       | -                          | -  | -                                    | -  | -                  | -                  | -                  |  |                 |  |   |  |   |  | 0.00%   |
| Insurance policies:                      |       |                            |  |                                      |  |                    |                    |                    |  |                 |  |   |  |   |  |   |
| - Linked policies                        |       | -                          | -  | -                                    | -  | -                  | -                  | -                  |  |                 |  |   |  |   |  | 0.00%   |
| - Non-linked policies                    |       | -                          | -  | -                                    | -  | -                  | -                  | -                  |  |                 |  |   |  |   |  | 0.00%   |
| Derivative market instruments            |       | -                          | -  | -                                    | -  | -                  | -                  | -                  |  |                 |  |   |  |   |  | 0.00%   |
| Participating mortgage bonds             |       | -                          | -  | -                                    | -  | -                  | -                  | -                  |  |                 |  |   |  |   |  | 0.00%   |
| Other                                    |       | -                          | -  | 1 963 746                            | -  | 1 963 746          | 1 963 746          | -                  |  |                 |  |   |  |   |  | 0.00%   |
| <b>Total investments</b>                 |       | <b>253 043 352</b>         | <b>94 291 602</b>                        | <b>69 514 882</b>                    | <b>64 532 438</b>                        | <b>481 382 274</b> | <b>357 417 555</b> | <b>123 964 719</b> |  |                 |  |   |  |   |  |   |

**KWAZULU-NATAL CLOTHING INDUSTRY PROVIDENT FUND**  
**Schedule IA**  
**Schedules Pertaining to the Annual Financial Statements**  
**For the period ended 31 December 2012**

**A DIRECT CASH AND DEPOSITS**

|                                 | Fair value<br>R   |
|---------------------------------|-------------------|
| <b>Direct Cash and deposits</b> |                   |
| Investec Internal Money Fund    | 11 846 361        |
| Kzn Clothing Bank Account       | 6 725 388         |
| <b>Total cash and deposits</b>  | <u>18 571 749</u> |

**B DIRECT LOANS**

|                         | Secured by | Fair value<br>R |
|-------------------------|------------|-----------------|
| Housing loans           | -          | 58 306          |
| Individuals             | -          | -               |
| Companies               | -          | -               |
| Participating employers | -          | -               |
| Other                   | -          | -               |
| <b>Total loans</b>      | <u>-</u>   | <u>58 306</u>   |

**C DIRECT BONDS AND DEBENTURES**

**C1 Bills, bonds and securities**

|  | Secured<br>by/unsecured | Fair value<br>R |
|--|-------------------------|-----------------|
| <b>DIRECT HOLDINGS</b>   |                         |                 |
| Government or provincial administration  | -                       | -               |
| Local authorities  | -                       | -               |
| Approved in terms of section 19(1)(h)  | -                       | -               |
| Approved in terms of section 19(1)(i)  | -                       | -               |
| Bills, bonds and securities in participating employers,<br>subsidiaries or holding companies | -                       | -               |
| Corporate bonds  | -                       | -               |
| Other  | -                       | -               |
| <b>Total bills, bonds and securities</b>   | <u>-</u>                | <u>-</u>        |

**KWAZULU-NATAL CLOTHING INDUSTRY PROVIDENT FUND**  
**Schedule IA**  
**Schedules Pertaining to the Annual Financial Statements**  
**For the period ended 31 December 2012**

**C2 Debentures**

|   | Secured<br>by/unsecured | Redemption<br>value<br>R | Fair value<br>R |
|---|-------------------------|--------------------------|-----------------|
| <b>Direct holdings</b>  |                         |                          |                 |
| Investec  | -                       | -                        | 40 358 331      |
| <b>Listed debentures</b>  |                         |                          |                 |
| None  | -                       | -                        | -               |
| <b>Unlisted debentures</b>  |                         |                          |                 |
| None  | -                       | -                        | -               |
| Method of valuation of unlisted debentures:   |                         |                          |                 |
| 1. Not applicable as there are none.  |                         |                          |                 |
| <b>Debentures in participating employers,<br/>subsidiaries or holding companies</b> |                         |                          |                 |
| None  | -                       | -                        | -               |

**D DIRECT PROPERTIES**

|                         | Fair value<br>R  |
|-------------------------|------------------|
| <b>DIRECT HOLDINGS</b>  |                  |
| Commercial properties   | -                |
| Residential properties  | -                |
| Industrial properties   | 5 946 331        |
| Hospitals               | -                |
| <b>Total properties</b> | <u>5 946 331</u> |

**List properties**

| Investment properties     | Address | Valuation<br>method | Date of last<br>valuation | Pledged as<br>guarantee | Fair value<br>R |
|---------------------------|---------|---------------------|---------------------------|-------------------------|-----------------|
| inv lal Int Property Fund |         |                     |                           |                         | 5 946 331       |

**E DIRECT EQUITIES**

|                               | Total<br>R         |
|-------------------------------|--------------------|
| E1: Primary listing on JSE    | 92 058 068         |
| E2: Secondary listing on JSE  | 43 678 308         |
| E3: Foreign listed equities   | 56 995 117         |
| E4: Equity linked-instruments | (5 614 880)        |
| E5: Unlisted Equities         | 992 022            |
| <b>Total equities</b>         | <u>188 108 635</u> |

**KWAZULU-NATAL CLOTHING INDUSTRY PROVIDENT FUND**

**Schedule 1A**

**Schedules Pertaining to the Annual Financial Statements**

**For the period ended 31 December 2012**

**J RISK MANAGEMENT**

**Credit/Counter party Risk**

| Counter Party                    | Direct investment in counter party | Deposit/ liquid asset with counter party | Script lending transactions | Open financial instruments mark to market value | Guarantees | Any other instrument | Total per counter party | % Exposure to counter party as % of the fair value of the assets of the fund |
|----------------------------------|------------------------------------|--|-----------------------------|---|------------|----------------------|-------------------------|--|
| <b>Banks</b>                     |                                    |  |                             |   |            |                      |                         |  |
| - Standard Bank                  | -                                  | 6 725 388                                | -                           | -   | -          | -                    | 6 725 388               | 1.42%  |
| <b>Asset managers – local</b>    |                                    |  |                             |   |            |                      |                         |  |
| - Allan Gray                     | -                                  | -  | -                           | -   | -          | 52 053 040           | 52 053 040              |  |
| - Investec                       | -                                  | -  | -                           | -   | -          | 178 894 064          | 178 894 064             |  |
| - Oasis                          | -                                  | -  | -                           | -   | -          | 48 910 077           | 48 910 077              |  |
| - Old Mutual                     | -                                  | -  | -                           | -   | -          | 70 776 680           | 70 776 680              |  |
| <b>Asset managers – foreign</b>  |                                    |  |                             |   |            |                      |                         |  |
| - Allan Gray                     | -                                  | -  | -                           | -   | -          | 17 461 842           | 17 461 842              |  |
| - Investec                       | -                                  | -  | -                           | -   | -          | 67 365 594           | 67 365 594              |  |
| - Oasis                          | -                                  | -  | -                           | -   | -          | 15 622 361           | 15 622 361              |  |
| - Old Mutual                     | -                                  | -  | -                           | -   | -          | 23 514 922           | 23 514 922              |  |
| <b>Participating employers *</b> |                                    |  |                             |   |            |                      |                         |  |
| - Arrear contributions           | -                                  | -  | -                           | -   | -          | 6 984 442            | 6 984 442               | 1.47%  |
| <b>Other funds</b>               |                                    |  |                             |   |            |                      |                         |  |
| - Loans                          | -                                  | -  | -                           | -   | 58 306     | -                    | 58 306                  |  |



## SCHEDULE IB

### REPORT OF THE INDEPENDENT AUDITORS OF THE KWAZULU-NATAL CLOTHING INDUSTRY PROVIDENT FUND TO THE REGISTRAR OF PENSION FUNDS

We have audited the attached Schedule IB 'Assets of the fund held in compliance with Regulation 28' (the "Schedule") by the KwaZulu-Natal Clothing Industry Provident Fund, as set out on pages 47 to 56.

#### Board of Trustees' Responsibility for Schedule IB

The trustees are responsible for the preparation of the Schedule in accordance with Regulation 28 of the Pension Funds Act of South Africa (the Act), from information derived from the accounting records of the Fund, and for ensuring that the Schedule is in compliance with Regulation 28 of the Act, and for such internal control as the board of trustees determine is necessary to enable the preparation of financial statements that are free from material misstatements, whether due to fraud or error.

#### Auditor's Responsibility

Our responsibility is to express an opinion on the Schedule based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the Schedule. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Schedule, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and presentation of the Schedule in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the Schedule.

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

#### Opinion

In our opinion, Schedule IB as at 31 December 2012 has been prepared, in all material respects, in accordance with the requirements of Regulation 28 of the Pension Funds Act of South Africa.

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*P O Box 13884, Cascades 3202*  
*T: +27 (33) 343 8600, F: +27 (33) 347 5957, www.pwc.co.za*

Africa Senior Partner: S P Kana  
Management Committee: H Boegman, T P Blandin de Chateau, B M Deegan, J G Louw, P J Mothibe, N V Mletwa, T D Shango, S Subramoney, A R Tilakdari, F Tonelli  
The Company's principal place of business is at 2 Eglon Road, Sunninghill where a list of directors' names is available for inspection  
Reg. no. 1998/012055/21, VAT reg.no 4950174682



**Restriction on use**

Schedule IB is prepared solely for regulatory purposes and as a result, the Schedule and related auditor's report may not be suitable for another purpose and may not be distributed to or relied upon by any parties other than the Trustees and the Registrar of Pension Funds.

A handwritten signature in cursive script that reads "PricewaterhouseCoopers Inc." with a horizontal line underneath the word "Inc.".

**PricewaterhouseCoopers Inc.**  
**Director: R D Klute**  
**Registered Auditors**  
**21 Cascades Crescent**  
**Cascades**  
**Pietermaritzburg**  
**3201**  
**Date: 27/06/2013**



**KWAZULU-NATAL CLOTHING INDUSTRY PROVIDENT FUND**  
**Schedule IB**  
**for the period ended 31 December 2012**

|   |   |             |
|---|---|-------------|
| A | Total assets of the fund as per Statement of Net Assets and Funds   | 488 454 065 |
| B | Less: Items of Statement of Net Assets and Funds                    | 7 071 791   |
|   | B.1 Plant and Equipment   | (45 797)    |
|   | B.2 Current Assets (excluding cash at bank)                         | (7 025 994) |
| C | Value of corresponding assets per Statement of funds and net assets | 481 382 274 |

| Categories of kinds of assets  | %                   | Fair Value<br>R | Fair Value<br>% |
|--|---------------------|-----------------|-----------------|
| 1 CASH   | 100%                | 36 503 404      | 7.58%           |
| 1.1 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 | 100%                | 26 697 080      | 5.55%           |
| (a) Notes and coins, any balance or deposit in an account held with a South African bank   |                     | 13 511 822      | 2.81%           |
| - Nedbank Limited  | 25%                 | 5 167 522       | 1.07%           |
| (b) A money market instrument issued by a South African bank including an Islamic liquidity management financial instrument  |                     | 3 425 034       | 0.71%           |
| - Standard Bank (SA)   | 25%                 | 1 092 053       | 0.23%           |
| (c) Any positive net balance in a margin account with an exchange  |                     | 576 374         | 0.12%           |
| - SA Futures Exchange  | 25%                 | 300 800         | 0.06%           |
| (d) Any positive net balance in a settlement account with an exchange, operated for the buying and selling of assets   |                     | 9 183 850       | 1.91%           |
| - Nedbank Limited  | 25%                 | 8 586 758       | 1.78%           |
| 1.2 Foreign balances or deposits, money market instruments issued by a foreign bank including Islamic liquidity management financial instruments   | SARB maximum limits | 9 806 324       | 2.04%           |
| (a) Any balance or deposit held with a foreign bank  |                     | 9 794 987       | 2.03%           |
| (b) Any balance or deposit held with an African bank   | 5%                  | 11 337          | 0.00%           |
| (c) A money market instrument issued by a foreign bank including an Islamic liquidity management financial instrument  | 5%                  | -               | 0.00%           |

**KWAZULU-NATAL CLOTHING INDUSTRY PROVIDENT FUND**  
**Schedule IB**  
**for the period ended 31 December 2012**

| Categories of kinds of assets   | %    | Fair Value<br>R | Fair Value<br>% |
|---|------|-----------------|-----------------|
| 2 Debt instruments including Islamic debt instruments   |      | 47 694 551      | 9.91%           |
| 2.1 Inside the Republic   | 100% | 40 627 981      | 8.44%           |
| (a) Debt instruments issued by, and loans to, the government of the Republic, and any debt or loan guaranteed by the Republic   | 100% | 16 548 892      | 3.44%           |
| (b) Debt instruments issued or guaranteed by the government of a foreign country  | 10%  | 0               | 0.00%           |
| (c) Debt instruments issued or guaranteed by a South African Bank against its balance sheet: -  | 75%  | 17 723 420      | 3.68%           |
| (c)(i) Listed on an exchange with an issuer market capitalisation of R20 billion or more, or an amount or conditions as prescribed  | 75%  | 14 592 755      | 3.03%           |
| - Standard Bank (SA)  | 25%  | 1 048 567       | 0.22%           |
| (c)(ii) Listed on an exchange with an issuer market capitalism of between R2 billion and R20 billion, or an amount or conditions as prescribed  | 75%  | -               | -               |
| - per issuer  | 15%  | -               | -               |
| (c)(iii) Listed on an exchange with an issuer market capitalisation of less than R2 billion, or an amount or conditions as prescribed   | 75%  | 211             | 0.00%           |
| - Investec Bank Ltd   | 10%  | 211             | 0.00%           |
| (c)(iv) Not listed on an exchange   | 25%  | 3 130 454       | 0.65%           |
| - African Bank  | 5%   | 3 107 249       | 0.65%           |
| (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%  | 4 127 818       | 0.86%           |
| (d)(i) Listed on an exchange  | 50%  | 4 115 160       | 0.85%           |
| - Transnet Ltd  | 10%  | 629 593         | 0.13%           |
| (d)(ii) Not listed on an exchange   | 25%  | 12 658          | 0.00%           |
| - Sanlam Limited  | 5%   | 12 292          | 0.00%           |
| (e) Other debt instruments: -   | 25%  | 2 227 851       | 0.46%           |
| (e)(i) Listed on an exchange  | 25%  | 768 606         | 0.16%           |
| - Bayport Financial Services PI   | 5%   | 186 331         | 0.04%           |
| (e)(ii) Not listed on an exchange   | 15%  | 1 459 245       | 0.30%           |
| - SA Taxi Securitisation  | 5%   | 1 378 298       | 0.29%           |

**KWAZULU-NATAL CLOTHING INDUSTRY PROVIDENT FUND**  
**Schedule IB**  
**for the period ended 31 December 2012**

| Categories of kinds of assets   | %                    | Fair Value<br>R | Fair Value<br>% |
|---|----------------------|-----------------|-----------------|
| 2.2 Outside the Republic  |                      | 7 066 570       | 1.47%           |
| (a) Debt instruments issued or guaranteed by a South African Bank against its balance sheet: -  | SARB maximum limited | -               | 0.00%           |
| (a)(i) Listed on an exchange with an issue market capitalisation of R20 billion or more, or an amount or conditions as prescribed               | SARB maximum limits  | -               | 0.00%           |
| - per issuer  | 25%                  | -               | 0.00%           |
| (a)(ii) Listed on an exchange with an issuer market capitalisation between R2 billion and R20 billion, or an amount or conditions as prescribed | SARB maximum limits  | -               | 0.00%           |
| - per issuer  | 15%                  | -               | 0.00%           |
| (a)(iii) Listed on an exchange with an issuer market capitalisation of less than R2 billion, or an amount or conditions as prescribed           | SARB maximum limits  | -               | 0.00%           |
| - per issuer  | 10%                  | -               | 0.00%           |
| (a)(iv) Not listed on an exchange   | SARB maximum limits  | -               | 0.00%           |
| - per issuer  | 5%                   | -               | 0.00%           |
| (b) Debt instruments issued or guaranteed by an entity that has equity listed on an exchange  | SARB maximum limits  | -               | 0.00%           |
| (b)(i) Listed on an exchange  | SARB maximum limits  | -               | 0.00%           |
| - per issuer  | 10%                  | -               | 0.00%           |
| (b)(ii) Not listed on an exchange   | SARB maximum limits  | -               | 0.00%           |
| - per issuer  | 5%                   | -               | 0.00%           |

**KWAZULU-NATAL CLOTHING INDUSTRY PROVIDENT FUND**  
**Schedule IB**  
**for the period ended 31 December 2012**

| Categories of kinds of assets   | %                   | Fair Value<br>R    | Fair Value<br>% |
|---|---------------------|--------------------|-----------------|
| (c) Other debt instruments  | SARB maximum limits | 7 066 570          | 1.47%           |
| (c)(i) Listed on an exchange  | SARB maximum limits | 7 066 570          | 1.47%           |
| - Investec Int'l Global Mngd L  | 5%                  | 6 332 793          | 1.32%           |
| (c)(ii) Not listed on an exchange   | SARB maximum limits | -                  | 0.00%           |
| - per instrument  | 5%                  | -                  | 0.00%           |
| <b>3 Equities</b>   |                     | <b>217 692 941</b> | <b>45.22%</b>   |
| 3.1 Inside the Republic   | 75%                 | 153 499 868        | 31.89%          |
| (a) Preference and ordinary shares in companies, excluding shares in property companies, listed on an exchange: - | 75%                 | 152 386 077        | 31.66%          |
| (a)(i) Issuer market capitalisation of R20 billion or more, or an amount or conditions as prescribed              | 75%                 | 140 275 431        | 29.14%          |
| - Firststrand Bank Ltd, Incl RMB  | 15%                 | 15 023 809         | 3.12%           |
| (a)(ii) Issuer market capitalisation between R2 billion and R20 billion, or an amount or conditions as prescribed | 75%                 | 16 442 841         | 3.42%           |
| - Datalec Ltd   | 10%                 | 1 801 926          | 0.37%           |
| (a)(iii) Issuer market capitalisation of less than R2 billion, or an amount or conditions as prescribed           | 75%                 | (4 332 195)        | (0.90%)         |
| - SA Futures Exchange   | 5%                  | (5 614 880)        | (1.17%)         |
| (b) Preference and ordinary share in companies, excluding shares in property companies, not listed on an exchange | 10%                 | 1 113 791          | 0.23%           |
| - SA Infrastructure Fund  | 2.5%                | 963 159            | 0.20%           |

**KWAZULU-NATAL CLOTHING INDUSTRY PROVIDENT FUND**  
**Schedule IB**  
**for the period ended 31 December 2012**

| Categories of kinds of assets   | %                   | Fair Value<br>R  | Fair Value<br>% |
|---|---------------------|------------------|-----------------|
| 3.2 Outside the Republic  | SARB maximum limits | 64 193 073       | 13.33%          |
| (a) Preference and ordinary shares in companies, excluding shares in property companies, listed on an exchange: -   | SARB maximum limits | 64 188 418       | 13.33%          |
| (a)(i) Issuer market capitalisation of R20 billion or more, or an amount or conditions as prescribed  | SARB maximum limits | 10 472 174       | 2.18%           |
| - Orbis Global Equity Fund  | 15%                 | 6 865 450        | 1.43%           |
| (a)(ii) Issuer market capitalisation of between R2 billion and R20 billion, or an amount or conditions as prescribed  | SARB maximum limits | 392 098          | 0.08%           |
| - Nufarm Ltd/Australia  | 10%                 | 127 434          | 0.03%           |
| (a)(iii) Issuer market capitalisation of less than R2 billion, or an amount or conditions as prescribed   | SARB maximum limits | 53 324 146       | 11.08%          |
| - Investec Intl Global Mngd L   | 5%                  | 20 606 864       | 4.28%           |
| (b) Preference and ordinary shares in companies, excluding shares in property companies, not listed on an exchange  | SARB maximum limits | 4 655            | 0.00%           |
| - Orbis Global Equity Fund  | 2.5%                | 2 774            | 0.00%           |
| <b>4 Immovable property</b>   |                     | <b>6 898 443</b> | <b>1.43%</b>    |
| 4.1 Inside the Republic   | 25%                 | 6 670 060        | 1.39%           |
| (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%                 | 6 667 764        | 1.39%           |
| (a)(i) Issuer market capitalisation of R10 billion or more, or an amount or conditions as prescribed  | 25%                 | 5 051 080        | 1.05%           |
| - Growthpoint Properties Ltd  | 15%                 | 1 428 014        | 0.30%           |
| (a)(ii) Issuer market capitalisation of between R3 billion and R10 billion, or an amount or conditions as prescribed  | 25%                 | 1 309 628        | 0.27%           |
| - Fountainhead Property Trust   | 10%                 | 357 097          | 0.07%           |
| (a)(iii) Issuer market capitalisation of less than R3 billion, or an amount or conditions as prescribed   | 25%                 | 307 056          | 0.06%           |
| - Hospitality Property Fund Ltd   | 5%                  | 163 191          | 0.03%           |

**KWAZULU-NATAL CLOTHING INDUSTRY PROVIDENT FUND**  
**Schedule IB**  
**for the period ended 31 December 2012**

| Categories of kinds of assets   | %                          | Fair Value<br>R | Fair Value<br>% |
|---|----------------------------|-----------------|-----------------|
| (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%                        | 2 296           | 0.00%           |
| - Investec Intl Global Mngd L   | 5%                         | 2 296           | 0.00%           |
| <b>4.2 Outside the Republic</b>   | <b>SARB maximum limits</b> | <b>228 383</b>  | <b>0.05%</b>    |
| (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 | SARB maximum limits        | 228 383         | 0.00%           |
| (a)(i) Issuer market capitalisation of R10 billion or more, or an amount or conditions as prescribed  | SARB maximum limits        | 228 383         | 0.05%           |
| - Orbis Optimal (US\$) Fund   | 15%                        | 123 771         | 0.03%           |
| (a)(ii) Issuer market capitalisation of between R3 billion and R10 billion, or an amount or conditions as prescribed  | SARB maximum limits        | -               | 0.00%           |
| - per issuer  | 10%                        | -               | -               |
| (a)(iii) Issuer market capitalisation of less than R3 billion or an amount or conditions as prescribed  | SARB maximum limits        | -               | 0.00%           |
| - per issuer  | 5%                         | -               | -               |
| (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              | SARB maximum limits        | -               | 0.00%           |
| - per issuer  | 5%                         | -               | -               |

**KWAZULU-NATAL CLOTHING INDUSTRY PROVIDENT FUND**  
**Schedule IB**  
**for the period ended 31 December 2012**

| Categories of kinds of assets | %   | Fair Value<br>R   | Fair Value<br>% |
|-------------------------------|---|-------------------|-----------------|
| <b>5</b>                      | <b>Commodities</b>  | <b>10 878 110</b> | <b>2.26%</b>    |
| 5.1                           | Inside the Republic   | 10 013 368        | 2.08%           |
| (a)                           | Kruger Rands and other commodities on an exchange, including exchange traded commodities              | 10 013 368        | 2.08%           |
| (a)(i)                        | Gold (including Kruger Rands)   | 10 013 368        | 2.08%           |
| (a)(ii)                       | Other commodities<br>- each other commodity   | -                 | 0.00%           |
| 5.2                           | Outside the Republic  | 864 742           | 0.18%           |
| (a)                           | Gold and other commodities on an exchange, including exchange traded commodities                      | 864 742           | 0.18%           |
| (a)(i)                        | Gold  | -                 | 0.00%           |
| (a)(ii)                       | Other commodities<br>- each other commodity   | 864 742           | 0.18%           |
| <b>6</b>                      | <b>Investments in the Business of a Participating Employer inside the Republic in terms of: -</b>     |                   |                 |
| (a)                           | Section 19(4) of the Pension Funds Act  | -                 | 0.00%           |
| (b)                           | To the extent it has been allowed by an exemption in terms of section 19(4A) of the Pension Funds Act | -                 | 0.00%           |
| <b>7</b>                      | <b>Housing Loans Granted to Members in Accordance with the Provisions of Section 19(5)</b>            | <b>58 306</b>     | <b>0.01%</b>    |
| <b>8</b>                      | <b>Hedge Funds, Private Equity Funds and any other asset not referred to in this schedule</b>         | <b>2 832 479</b>  | <b>0.59%</b>    |
| 8.1                           | Inside the Republic   | 148 859           | 0.03%           |
| (a)                           | Hedge fund  | -                 | 0.00%           |
| (i)                           | Funds of hedge funds  | -                 | 0.00%           |
| - Per issuer                  | 5%  | -                 | 0.00%           |
| (ii)                          | Hedge funds   | -                 | 0.00%           |
| - Per issuer                  | 2.5%  | -                 | 0.00%           |
| (b)                           | Private equity funds  | -                 | 0.00%           |
| (b)(i)                        | Funds of private equity funds   | -                 | 0.00%           |
| - Per issuer                  | 5%  | -                 | 0.00%           |
| (b)(ii)                       | Private equity funds  | -                 | 0.00%           |
| - Per issuer                  | 2.5%  | -                 | 0.00%           |

**KWAZULU-NATAL CLOTHING INDUSTRY PROVIDENT FUND**  
**Schedule IB**  
**for the period ended 31 December 2012**

| Categories of kinds of assets   | %                   | Fair Value<br>R           | Fair Value<br>%    |
|---|---------------------|---------------------------|--------------------|
| (c) Other assets not referred to in this schedule and excluding a hedge fund or a private equity fund | 2.5%                | 148 859                   | 0.03%              |
| <b>8.2 Outside the Republic</b>   | <b>15%</b>          | <b>2 683 620</b>          | <b>0.56%</b>       |
| (a) Hedge fund  | 10%                 | 812 230                   | 0.17%              |
| (i) Funds of hedge funds  | 5%                  | -                         | 0.00%              |
| - per issuer  | 5%                  | -                         | 0.00%              |
| (ii) Hedge funds  | 2.5%                | 812 230                   | 0.17%              |
| - Investec Intl Global Mngd L   | 2.5%                | 812 230                   | 0.17%              |
| (b) Private equity funds  | 10%                 | 290 084                   | 0.06%              |
| (i) Funds of private equity funds   | 5%                  | -                         | 0.00%              |
| - per issuer  | 5%                  | -                         | 0.00%              |
| (ii) Private equity funds   | 2.5%                | 290 084                   | 0.06%              |
| - investec Intl Global Mngd L   | 2.5%                | 249 554                   | 0.05%              |
| (c) Other assets not referred to in this schedule and excluding a hedge fund or private equity fund   | 2.5%                | 1 581 306                 | 0.33%              |
| <b>9 Fair value of assets to be excluded in terms of sub-regulation (8)(b) of Regulation 28</b>       |                     | <b>158 824 040</b>        | <b>32.99%</b>      |
| 9.1 Inside the Republic   |                     | 119 686 757               | 24.86%             |
| 9.2 Outside the Republic  | SARB maximum limits | 39 137 283                | 8.13%              |
| <b>Total (equal to the fair value of assets)</b>  |                     | <b><u>481 382 274</u></b> | <b><u>100%</u></b> |



**KWAZULU-NATAL CLOTHING INDUSTRY PROVIDENT FUND**  
**Schedule IB**  
**for the period ended 31 December 2012**

| <b>Investments outside the Republic</b>  | <b>Fair value<br/>R</b> | <b>Fair Value<br/>Percentage</b> |
|--|-------------------------|----------------------------------|
| Foreign balances or deposits, money market instruments issued by a foreign bank including Islamic liquidity management financial instruments | 9 806 324               | 2.04%                            |
| Debt instruments including Islamic debt instruments  | 7 066 570               | 1.47%                            |
| Equities   | 64 193 073              | 13.34%                           |
| Immovable property   | 228 383                 | 0.05%                            |
| Commodities outside the Republic   | 864 742                 | 0.18%                            |
| Hedge funds, private equity funds and any other assets not referred to in this schedule  | 2 683 620               | 0.55%                            |
| Fair value of assets to be excluded in terms of sub-regulation (8)(b) of Regulation 28   | 39 137 283              | 8.13%                            |
| <b>Total</b>   | <b>123 979 995</b>      | <b>25.75%</b>                    |
| <br>   |                         |                                  |
| <b>Asset Limits in terms of sub regulation 3(f)</b>  |                         |                                  |
| Item 2.1 (e)(ii)   | 1 459 245               | 0.30%                            |
| Item 3.1 (b)   | 1 113 791               | 0.23%                            |
| Item 4.1 (b)   | 2 296                   | 0.00%                            |
| Item 8   | 2 832 479               | 0.59%                            |
| <b>Total</b>   | <b>5 407 811</b>        | <b>1.12%</b>                     |
| <br>   |                         |                                  |
| <b>Asset Limits in terms of sub regulation 3.1 (g)</b>   |                         |                                  |
| Item 3.1 (b)   | 1 113 791               | 0.23%                            |
| Item 8.1 (b)   | -                       | 0.00%                            |
| <b>Total</b>   | <b>1 113 791</b>        | <b>0.23%</b>                     |

**KWAZULU-NATAL CLOTHING INDUSTRY PROVIDENT FUND**  
**Addendum to Schedule IB**  
**INVESTMENT SUMMARY (REGULATION 28)**  
**for the period ended 31 December 2012**

|  | Local<br>R         | Percentage<br>of Fair<br>value<br>% | Foreign<br>(Excluding<br>Africa)<br>R | Percentage<br>of Fair<br>value<br>% | Africa<br>R      | Percentage<br>of Fair<br>value<br>% | Total<br>R         |
|--|--------------------|-------------------------------------|---------------------------------------|-------------------------------------|------------------|-------------------------------------|--------------------|
| 1 Balances or deposits, money market instruments issued by a bank including Islamic liquidity management financial instruments | 28 036 913         | 5,82                                | 10 394 891                            | 2,16                                | 95 322           | 0,02                                | 38 527 126         |
| 2 Debt instruments including Islamic debt instruments  | 39 458 051         | 8,20                                | 8 245 186                             | 1,71                                |                  | -                                   | 47 703 237         |
| 3 Equities   | 161 655 385        | 33,58                               | 58 975 372                            | 12,25                               | 6 888 282        | 1,43                                | 227 519 039        |
| 4 Immovable property   | 6 616 703          | 1,37                                | 228 383                               | 0,05                                |                  | -                                   | 6 845 086          |
| 5 Commodities  |                    | -                                   | -                                     | -                                   |                  | -                                   |                    |
| 6 Investment in the business of a participating employer   |                    | -                                   | -                                     | -                                   |                  | -                                   |                    |
| 7 Housing loans granted to members - section 19(5)   |                    | -                                   | -                                     | -                                   |                  | -                                   |                    |
| 8 Hedge funds, private equity funds and any other assets not referred to in this schedule                                      | 1 963 746          | 0,41                                |                                       |                                     |                  |                                     | 1 963 746          |
| 9 Fair value of assets to be excluded in terms of sub-regulation (8)(b) of Regulation 28                                       | 119 686 757        | 24,86                               | 38 335 804                            | 7,96                                | 801 479          | 0,17                                | 158 824 040        |
| <b>TOTAL (equal to the fair value of assets)</b>   | <b>357 417 555</b> | <b>74,25</b>                        | <b>116 179 636</b>                    | <b>24,13</b>                        | <b>7 785 083</b> | <b>1,62</b>                         | <b>481 382 274</b> |