



LA Retirement Fund Annual Financial Statements 30 June 2018

**Yvonne Wilken CA(SA)
Director: Fund Accounting
Verso Financial Services**



IMPORTANT CHANGES FROM THE 2017 TO THE 2018 ANNUAL FINANCIAL STATEMENTS:

- Mr DL Carstens replaced Mr I Du Toit as Chairperson effective 1 July 2018. Mr I Du Toit also resigned as a trustee effective 30 June 2018.
- Mr J Jacobs appointed as additional trustee effective 1 August 2018.
- All references to Financial Services Board replaced with Financial Sector Conduct Authority (FSCA).

IMPORTANT CHANGES SUBSEQUENT TO THE 2018 ANNUAL FINANCIAL STATEMENTS:

- PricewaterhouseCoopers Inc. (PWC) appointed as the Fund's auditors for a three year period with effect from the 30 June 2019 year-end, replacing the previous auditors Ernst & Young (in terms of three-yearly auditor re-broke performed in January 2019).
- Contingent asset of R3.2 million disclosed at 30 June 2018 – a total amount of R1,043,454 has been received subsequently.
- All Newshelf investment properties have been sold, therefore the Fund no longer exceeds the 5% limit in terms of Regulation 28.

AUDIT COMMITTEE

Members of the Audit Committee:

Mr H Botha (Chairperson)

Mrs M Van Zyl (Deputy Chairperson)

Mr W Meiring

Mr D Carstens (Ex-officio: Chairperson of BOT)

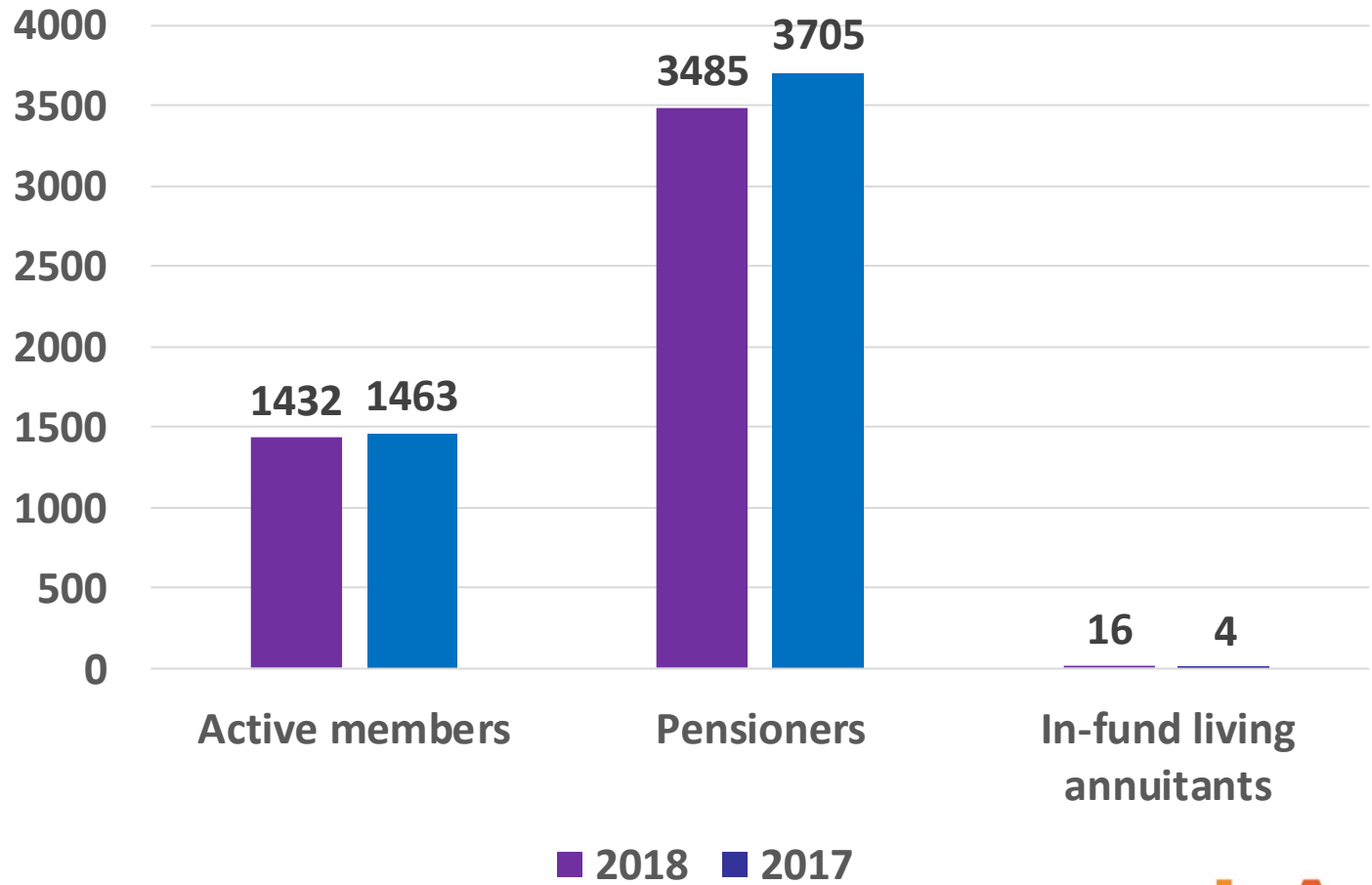
Meetings:

- Three times per annum

Responsibilities with respect to Annual Financial Statements:

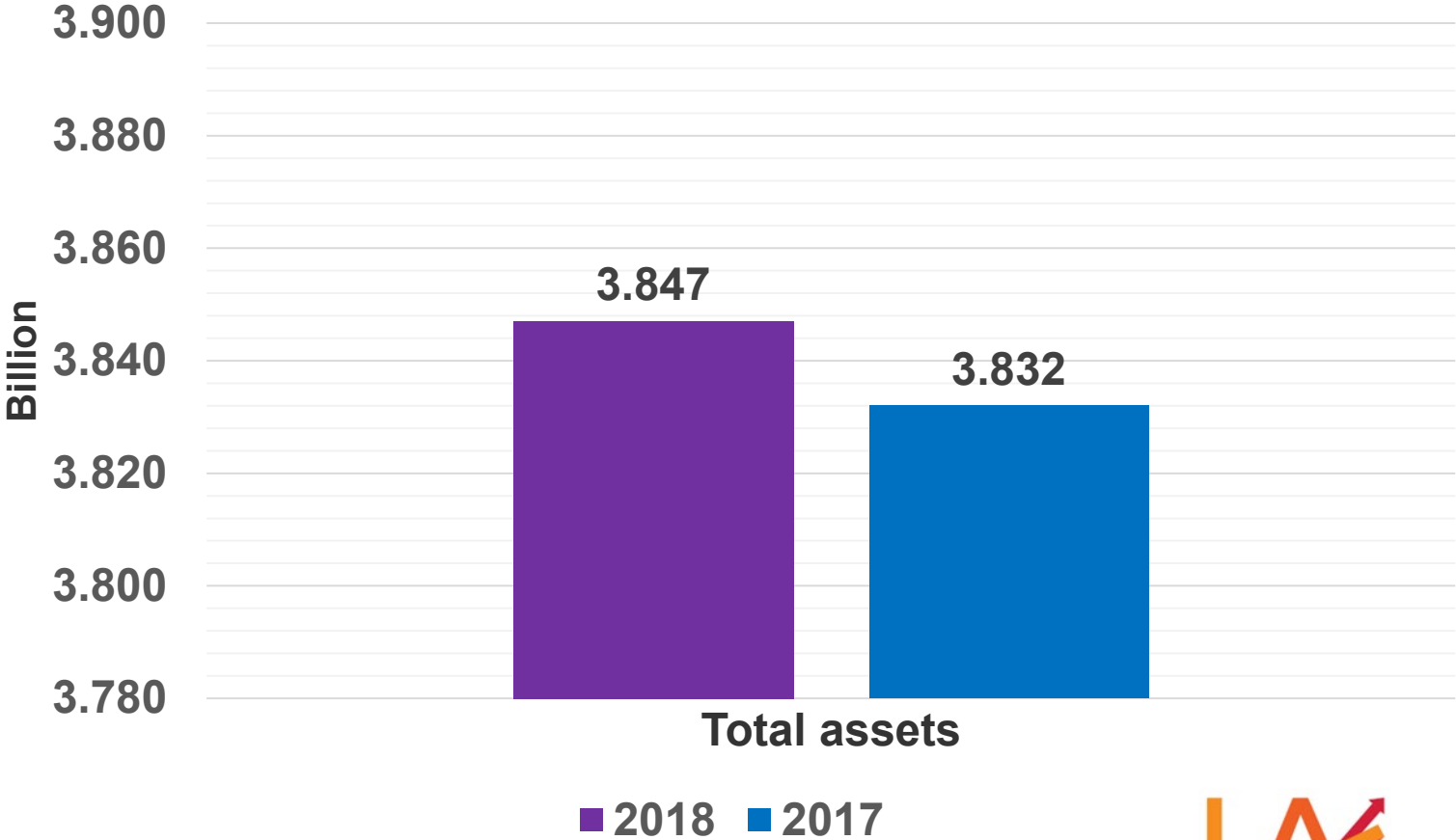
- Review audited annual financial statements and recommend them for approval by the Board (auditors present to the Audit Committee).
- Responsible for all other functions related to the external audit, for example, review of external audit plan, formal review of auditors every three years, review audit and management reports from the external auditors.

MEMBERSHIP (Page 18)



STATEMENT OF NET ASSETS AND FUNDS (Page 20)

Total assets of the fund



STATEMENT OF CHANGES IN NET ASSETS AND FUNDS (Page 21)

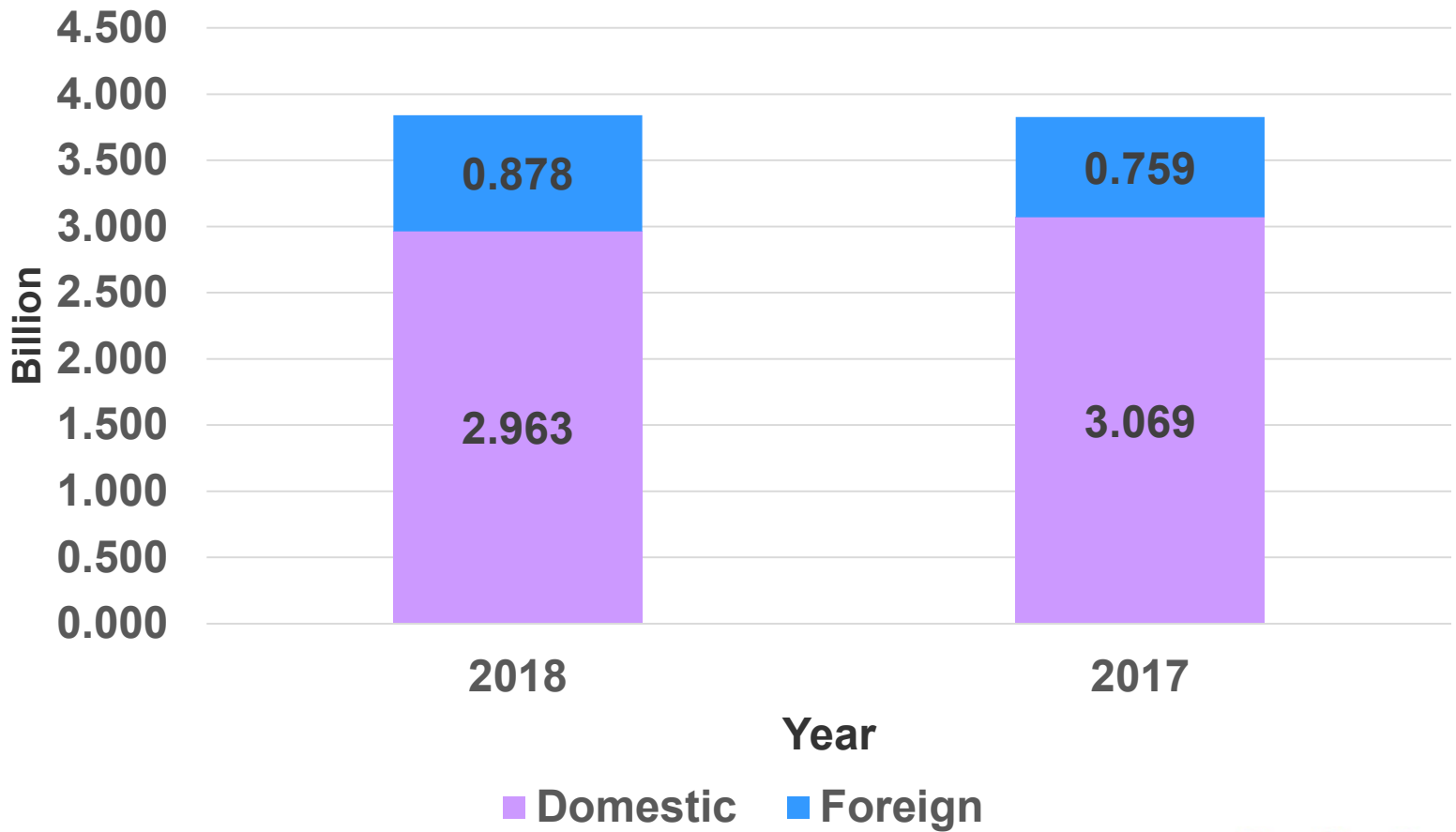
R millions

	2018	2017	Change (R)	Change (%)
Contributions	R 90 m	R 84 m	R 6 m	7%
Net investment income	R 326 m	R 113 m	R 213 m	188%
Benefits paid	R 375 m	R 405 m	(R 30 m)	(7%)
Fund costs	R 14.2 m	R 13.8 m	R 0.4 m	3%

NET INVESTMENT INCOME (Page 31)

Year to 30 June	2018	2017	Change
Income from investments (including LPI on contributions)	R 145 m	R 143 m	1.4%
Adjustment to fair value	R 198 m	R 12 m	1550%
Investment income	R 343 m	R 131 m	162%
Managing fees	(R 17 m)	(R 18 m)	(5.5%)
Net investment income	R 326 m	R 113 m	188%

DOMESTIC AND FOREIGN EXPOSURE OF INVESTMENTS (SCHEDULE IA)



REPORTS ON THE FINANCIAL STATEMENTS ISSUED BY THE INDEPENDENT AUDITORS

1) General audit report on the annual financial statements (Schedule D - pages 11-12)

- Unqualified audit opinion: The financial statements are prepared, in all material respects, in accordance with Regulatory Reporting Requirements for Retirement Funds in South Africa.

2) Factual findings report on agreed-upon procedures (Schedule I - pages 40-45)

- No discrepancies were noted on any of the procedures performed.

REPORTS ON THE FINANCIAL STATEMENTS ISSUED BY THE INDEPENDENT AUDITORS

3) Audit report on assets held in compliance with Regulation 28 (Schedule IB - page 74)

- Unqualified audit opinion:
Schedule IB “Assets held in compliance with Regulation 28” at 30 June 2018 is prepared in all material respects in accordance and compliance with the Regulation.
- Emphasis of matter
The fair value of the investment in Newshelf 922 (Pty) Ltd exceeded the prescribed limit of 5% per issuer by 0.76%.

The total category limit of 15% in respect of unlisted immovable property and shares in property companies was not exceeded. All properties have subsequently been sold, therefore no exception should be reported as at 30 June 2019 .

Thank you!