

FINANCIAL SERVICES BOARD

Riverwalk Office Park Block B 41 Matroosberg Road Ashlea Gardens Extension 6
Pretoria South Africa 0081 PO Box 35655 Menlo Park Pretoria South Africa 0102
Tel +27 12 428 8000 Fax +27 12 346 6941 E-mail info@fsb.co.za
Toll free 0800 110443/0800 202087 Website: www.fsb.co.za



ENQUIRIES:	Alta Marais	D. DIALLING NO.:	012 428 8065
OUR REF:	12/12/25	FAX:	
DATE:	8 February 2018	E-MAIL:	Alta.Marais@fsb.co.za

INFORMATION CIRCULAR PF NO. 2 OF 2018

PENSION FUNDS ACT, 1956

ANNUAL FINANCIAL STATEMENTS PRESCRIBED IN TERMS OF SECTION 15(1)

1. Introduction

The Registrar is in the process of implementing a more pro-active approach to supervision, with a dedicated focus on member protection. This process and approach necessitates comprehensive and timeous reporting by funds.

In order to achieve this objective, the Registrar is considering the implementation of the proposals set out in paragraphs 2 to 4 below.

The public is hereby requested to submit any concerns or comments regarding these proposals to Alta Marais (Alta.Marais@fsb.co.za) by no later than 16 March 2018.

2. Withdrawal of audit exemption and appointment of an auditor

In Board Notice No. 77 of 2014, the Registrar exempted certain funds from the requirement of having their financial statements audited annually as it was considered too costly for such smaller funds to be audited.

The Registrar, therefore, intends to withdraw this exemption for all financial years commencing after 1 January 2019. All funds will then be required to have their annual financial statements audited for financial years commencing after 1 January 2019.

This intended withdrawal of the audit exemption may lead to an increase in the costs of administering smaller funds. Smaller funds, therefore, should consider the viability of continuing as self-standing funds or alternatively consider transferring to an umbrella fund that will be suitable to meet the needs and requirements of the fund, employer and its members, and by ensuring that such umbrella fund offers good value.

3. Submission of annual financial statements

The current practice of certain funds submitting annual returns six to eighteen months after their financial year ends is not conducive to effective supervision. To effectively supervise retirement funds based on more current fund information and financial statements, the Registrar intends to make a proposal to the National Treasury for the amendment of section 15(1) to reduce the period which funds are required to submit their annual financial statements to the Registrar, from 6 months to 3 months. The proposed amendment would be subject to the Parliamentary process and would take effect on the effective date determined by the President.

4. Cash and accrual accounting and disclosure

The Regulatory Reporting Requirements for Retirement Funds as prescribed in Board Notice 14 of 2009 provide that the Registrar could, on application, allow a fund to continue using the non-accrual basis of accounting. However, it is the Registrar's view that funds have now been allowed sufficient time to change their accounting basis to accrual accounting and funds will, therefore, not be allowed to apply the non-accrual basis for financial years commencing on or after 1 January 2019.



OLANO MAKHUBELA
DEPUTY REGISTRAR OF PENSION FUNDS