

## ANNUAL FINANCIAL STATEMENTS

**NAME OF THE RETIREMENT FUND:** DYNAM-IQUE UMBRELLA PENSION FUND

**FINANCIAL SERVICES BOARD**  
**REGISTRATION NUMBER:** 12/8/37635

**SOUTH AFRICAN REVENUE SERVICES**  
**APPROVAL NUMBER:** 18/20/441884

**FOR THE PERIOD:** 1 March 2005 to 28 February 2006

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\* (Not subject to audit)

**DYNAM-IQUE UMBRELLA PENSION FUND**

**SCHEDULE A  
REGULATORY INFORMATION  
for the year ended 28 February 2006**

**REGISTERED OFFICE**

Postal address Postnet Suite No. 306  
Private Bag X30500  
Houghton  
2041

Physical address 3rd Floor North Wing  
Oakhurst  
11 St Andrews Rd  
Parktown

**FINANCIAL REPORTING INFORMATION**

Financial reporting period  
Current 1 March 2005 to 28 February 2006

**BOARD OF TRUSTEES**

Full name	Capacity	Date appointed	Date resigned
T Kamionsky	E & C	1 September 2005	
G Fowler	M	1 September 2005	
S Dube	M	1 September 2005	28 February 2006
R Botha	I	1 September 2005	
O Mokoena	I	1 September 2005	

- 'M' denotes member elected
- 'E' denotes employer appointed
- 'A' denotes alternate
- 'C' denotes chairperson
- 'I' denotes independent

	Principal Officer	Monitoring person*
Full Name:	Simon Ratlala	Geraldine Fowler
Postal Address:	Postnet Suite No. 306 Private Bag X30500 Houghton 2041	Postnet Suite No. 306 Private Bag X30500 Houghton 2041
Physical Address:	3rd Floor North Wing Oakhurst 11 St Andrews Rd Parktown	3rd Floor North Wing Oakhurst 11 St Andrews Rd Parktown
Telephone number:	011- 484 8002	011- 484 8002
Email address:	simon.ratlala@dynam-ique.co.za	geraldine.fowler@dynam-ique.co.za

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

**DYNAM-IQUE UMBRELLA PENSION FUND**

**SCHEDULE A  
REGULATORY INFORMATION (continued)  
For the year ended 28 February 2006**

**PROFESSIONAL SERVICE PROVIDERS**

	<b>Actuary/Valuator</b>	<b>Auditors</b>
Full Name:	Tony Kamionsky	BDO Spencer Steward (Jhb) Inc
Postal Address:	Postnet Suite No. 306 Private Bag X30500 Houghton 2041	Private Bag X60500 Houghton 2041
Physical Address:	3rd Floor North Wing Oakhurst 11 St Andrews Rd Parktown	13 Wellington Road Parktown 2193
Telephone number:	011- 484 8002	011- 643 7271
Qualifications:	FIA BSc (Hons)	Chartered Accountants (SA) Registered Auditors

	<b>Benefit Administrator</b>	<b>Fund Consultants</b>
Full Name:	Dynam-ique SA	Dynam-ique SA
Postal Address:	Postnet Suite No. 306 Private Bag X30500 Houghton 2041	Postnet Suite No. 306 Private Bag X30500 Houghton 2041
Physical Address:	3rd Floor North Wing Oakhurst 11 St Andrews Rd Parktown	3rd Floor North Wing Oakhurst 11 St Andrews Rd Parktown
Telephone number:	011- 484 8002	
Benefit administrator's registration no. in terms of section 13B:		

	<b>Investment Administrators</b>	
Full name:	Allan Gray	
Postal Address:	P O Box 51605 V&A Waterfront Cape Town 8002	
Physical Address:	Granger Bay Court Beach Road V&A Waterfront Cape Town, 8001	
Telephone number:	0860 000 654	
Investment administrator's registration no. in terms of section 13B:		24/403

	<b>Risk insurers</b>
Full name:	Sanlam
Postal Address:	
Physical Address:	
Telephone number:	
FSB approval no.:	1079

**DYNAM-IQUE UMBRELLA PENSION FUND**

**SCHEDULE A  
REGULATORY INFORMATION (continued)  
For the year ended 28 February 2006**

**PARTICIPATING EMPLOYERS**

The following employers participate in the fund in terms of the rules of the fund:

Nettex (Pty) Ltd

Rabie Property Projects (Pty) Ltd

Virgin Nigeria Airways Limited



## DYNAM-IQUE UMBRELLA PENSION FUND

### SCHEDULE B STATEMENT OF RESPONSIBILITY BY THE BOARD OF TRUSTEES For the year ended 28 February 2006

#### Responsibilities

The board of trustees hereby certify to the best of their knowledge and belief that, during the year 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 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 Dynam-ique Umbrella Pension 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 set out on pages 8 to 18 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 page 12 to 13,
- 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, BDO Spencer Steward (Jhb) 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 page 7 .

**DYNAM-IQUE UMBRELLA PENSION FUND**

**SCHEDULE B  
STATEMENT OF RESPONSIBILITY BY THE BOARD OF TRUSTEES (continued)  
For the year ended 28 February 2006**

These financial statements:

- were approved by the board of trustees
- are certified by them to the best of their knowledge and belief to be correct
- fairly represent the net assets of the fund at 28 February 2006 as well as the results of its activities for the period then ended; and
- are signed on the board of trustees behalf by:

\_\_\_\_\_  
Name: \_\_\_\_\_  
Trustee                      Date

\_\_\_\_\_  
Name: \_\_\_\_\_  
Trustee                      Date

\_\_\_\_\_  
Name: \_\_\_\_\_  
Trustee                      Date

\_\_\_\_\_  
Name: \_\_\_\_\_  
Trustee                      Date

\_\_\_\_\_  
\_\_\_\_\_  
Date

**DYNAM-IQUE UMBRELLA PENSION FUND**

**SCHEDULE C  
STATEMENT OF RESPONSIBILITY BY THE PRINCIPAL OFFICER  
For the year ended 28 February 2006**

I confirm that for the year under review Dynam-ique Umbrella Pension Fund has lodged with the Registrar of Pension Funds all such returns, statements, documents and any other information as are required of a pension fund in terms of the Pension Funds Act in South Africa.

\_\_\_\_\_  
Simon Ratlala

**PRINCIPAL OFFICER**

\_\_\_\_\_  
**Date**



**DYNAM-IQUE UMBRELLA PENSION FUND**

**SCHEDULE D  
QUALIFIED REPORT OF THE INDEPENDENT AUDITORS TO THE TRUSTEES OF DYNAM-IQUE UMBRELLA PENSION FUND**

We have audited the annual financial statements of Dynam-ique Umbrella Pension Fund set out on pages 8 to 18 for the year ended 28 February 2006. These annual financial statements are the responsibility of the board of trustees. Our responsibility is to express an opinion on these annual financial statements based on our audit.

We conducted our audit in accordance with International Standards on Auditing. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the annual financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the annual financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the trustees, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

The annual financial statements are prepared for regulatory purposes on the basis of accounting applicable to retirement funds in South Africa as indicated in the principal accounting policies contained in the notes to the annual financial statements.

Rabie Property Projects (Pty) Ltd are not contributing at rates in terms of the rules of the fund. As such we are unable to verify the accuracy and completeness of contributions for the period under review. Furthermore, transfers received have not as yet been approved by the Financial Services Board. During the year under review, no fidelity cover was maintained by the trustees.

Comparatives have not been audited as there was no requirement for the prior period financial statements to be audited. We were unable to obtain sufficient appropriate audit evidence that the opening balances do not contain misstatements relating to the members' accumulated credit carrying amount that materially affects the current period's financial statements.

In our opinion, except for the effect on the financial statements of the matter referred to in the preceding paragraph, the financial statements fairly present, in all material respects, the net assets of the fund at 28 February 2006 and the results of its activities for the then ended in accordance with basis of accounting applicable to retirement funds in South Africa, the financial rules of the fund and the requirements of the Pension Funds Act in South Africa.

**BDO Spencer Steward (Jhb) Inc  
Chartered Accountants (South Africa)  
Registered Auditors  
Per: Richard Henry**

\_\_\_\_\_  
Date

**DYNAM-IQUE UMBRELLA PENSION FUND**

**SCHEDULE E  
REPORT OF THE BOARD OF TRUSTEES  
For the year ended 28 February 2006**

**1. DESCRIPTION OF FUND**

**1.1 Type of fund**

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

**1.2 Benefits**

- 1.2.1 Lump sum payments to retirees or their dependants, as well as death benefits. Retrenchment benefits. Retirement benefits.
- 1.2.2 Unclaimed benefits stay with Investment Managers until the administrator receives notification of the member's exit.
- 1.2.3 In respect of unclaimed benefits, complete records, as prescribed, are maintained as from 31 August 2006.

**1.3 Contributions**

- 1 Members for Nettex (Pty) Ltd contribute at a rate of 7.50% of pensionable salary, for Rabie Properties, Executives 3.67%, Directors 5%, Ex- Century City Staff 0% and Staff 7.5% and for Virgin Nigeria 7.5% .
- 2 Participating employers for Nettex (Pty) Ltd contribute at a rate of 9.00% of pensionable salary, for Rabie Properties, Executives 0%, Directors 0%, Ex-Century City Staff 11% and Staff 4.5% and for Virgin Nigeria 7.5%.

**1.4 Rule Amendments**

No rules were amended during the period under review.

**1.5 Reserves**

No reserves were utilised by the fund during the year under review.

**2. INVESTMENTS**

**2.1 Investment strategy**

The board of trustees have formulated an investment strategy whereby the investments are managed according to the following principles. This investment strategy complies with the provisions of regulation 28 of the Pension Funds Act in South Africa.

**2.1.1 General**

Cash will be invested and disinvested with Allan Gray

**2.1.2 Unclaimed benefits**

They stay with Investment Managers until the administrator receives notification of the member's exit.

**2.2 Management of investments**

The fund's investments consist of unitised investments with Allan Gray. All investment administrators have complete discretion as to the composition of their share of the portfolio within the boundaries allowed by the Pension Funds Act in South Africa. The board of trustees meets twice a year to discuss investment policy and to monitor the asset allocation and performance of the investment administrators against the investment strategy of the fund.

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

	<b>2006</b>
	<b>R</b>
Allan Gray	<u>914,807</u>
Total value of investments managed	<u><u>914,807</u></u>

**DYNAM-IQUE UMBRELLA PENSION FUND**

**SCHEDULE E  
REPORT OF THE BOARD OF TRUSTEES (continued)  
For the year ended 28 February 2006**

**3. MEMBERSHIP**

	<b>Active members</b>
Numbers at the beginning of year	66
Additions	156
Withdrawals	(12)
	<hr/>
Numbers at the end of the year	<u>210</u>

**4. ACTUARIAL VALUATION**

The financial statements summarise the transactions and net assets of the fund. They do not take account of liabilities to pay pensions and other benefits in the future. In accordance with the rules of the fund, the actuarial position of the fund, which does take account of such liabilities, is examined and reported on by the actuary at intervals not exceeding three years. Refer to the report of the valuator on page 19.

**5. HOUSING LOAN FACILITIES**

No loan facilities were made available by the fund during the year under review.

**6. INVESTMENTS IN PARTICIPATING EMPLOYERS**

During the year under review no investments in participating employers were held by fund.

**7. SUBSEQUENT EVENTS**

Since the financial period end there were no subsequent events on which to report.

**DYNAM-IQUE UMBRELLA PENSION FUND**

**SCHEDULE F  
STATEMENT OF NET ASSETS AND FUNDS  
As at 28 February 2006**

	Notes	28 February 2006 R
<b>ASSETS</b>		
<b>Non-current assets</b>		
Investments	2	914,807
<b>Current assets</b>		
Accounts receivable	3	629,543
Contributions receivable	9	165,922
Cash at bank		333,483
		130,138
<b>Total assets</b>		<b><u>1,544,350</u></b>
<b>FUNDS AND LIABILITIES</b>		
<b>Members' funds</b>		
Accumulated funds		1,404,106
<b>Total funds</b>		<b><u>1,404,106</u></b>
<b>Current liabilities</b>		
Benefits payable	6	140,244
Accounts payable	7	36,557
Retirement Fund Taxation	8	102,937
		750
<b>Total funds and liabilities</b>		<b><u>1,544,350</u></b>

**DYNAM-IQUE UMBRELLA PENSION FUND**

**SCHEDULE G  
STATEMENT OF CHANGES IN NET ASSETS AND FUNDS  
For the year ended 28 February 2006**

	Notes	Accumulated funds R
Contributions received and accrued	9	1,708,760
Net investment income	10	47,778
Less:		(368,722)
Re-insurance premiums		(268,596)
Administration expenses	11	(99,376)
Retirement fund taxation	8	(750)
<b>Net income before transfers and benefits</b>		1,387,816
<b>Transfers and benefits</b>		16,290
Transfer from other funds	5	52,847
Benefits	6	(36,557)
<b>Net income after transfers and benefits</b>		1,404,106
<b>Funds and reserves</b>		
Balance at beginning of period		-
<b>Balance at end of period</b>		<u><u>1,404,106</u></u>

## DYNAM-IQUE UMBRELLA PENSION FUND

### SCHEDULE HA NOTES TO THE ANNUAL FINANCIAL STATEMENTS For the year ended 28 February 2006

#### PRINCIPAL ACCOUNTING POLICIES

The following accounting principles are used by the fund:

#### 1 PURPOSE AND BASIS OF PREPARATION OF ANNUAL FINANCIAL STATEMENTS

The financial statements are prepared for regulatory purposes in accordance with the Regulations to the Pension Funds Act. The Regulations require that the basis of accounting applied by the pension funds comprise of general adherence to Generally Accepted Accounting Practice, as applied to retirement funds in South Africa, except for the following requirements applicable to the:

- Disclosure of cash flow information
- Disclosure of prior year adjustments
- Presentation of consolidated financial statements in which investments in subsidiaries are consolidated in accordance with the standard on consolidated and separate financial statements.

The financial statements are prepared on the historical cost basis and going concern basis, modified by the valuation of financial instruments and investment properties to fair value, and the revaluation of land and buildings to market value.

#### 1.1 INVESTMENTS

Marketable securities are carried at market value. Market value is calculated by reference to stock exchange quoted selling prices at the close of business on the balance sheet date.

#### 1.2 FINANCIAL INSTRUMENTS

##### *Measurement*

Financial instruments carried on the balance sheet include cash and bank balances, investments, receivables, trade creditors, leases and borrowings. The particular recognition methods adopted are disclosed in the individual policy statements associated with each item.

Financial instruments are initially measured at cost, which includes transaction costs. Subsequent to initial recognition, these instruments are measured as set out below.

##### *Investments*

Held to maturity investments are measured at amortised cost using effective interest rates. Available for sale investments are measured at fair value. The fair value of marketable securities is calculated by reference to the Stock Exchange quoted selling prices at the close of business on the balance sheet date.

##### *Collective investment scheme*

Collective investment schemes are valued at the repurchase price. The value of unlisted shares is determined by the board of trustees using appropriate valuation methods. Krugerrands are valued at market value.

##### *Asset impairment*

Asset impairment tests are applied annually to assets whose measurement basis is historic cost or historic cost as adjusted for revaluations. An impairment loss is recognised when an asset's carrying value exceeds its recoverable amount. Impairment losses are initially adjusted against any applicable revaluation reserve then expensed in the statement of changes in net assets and funds. If the impairment loss for an asset exceeds the carrying value of the asset the excess is recognised as a provision.

The recoverable value is the higher of the asset's fair value less costs to sell and its value in use. Fair value less costs to sell is the amount obtainable from the sale of the asset in an arm's length transaction between knowledgeable, willing parties, less the cost of disposal. Value in use is the present value of estimated future cash flows expected to flow from continuing use of the asset and from its disposal at the end of its useful life.

If the recoverable amount of an asset subsequently exceeds the carrying value resulting from the application of its accounting policy, an impairment reversal is recognised to that extent. The impairment reversal is applied in reverse order to the impairment loss.

## DYNAM-IQUE UMBRELLA PENSION FUND

### SCHEDULE HA NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued) For the year ended 28 February 2006

#### ***Accounts receivable***

Accounts receivable originated by the fund are stated at amortised cost less provision for doubtful debts.

#### ***Cash and cash equivalents***

Cash and cash equivalents are measured at fair value.

#### ***Accounts payable***

Accounts payable are recognised at amortised cost, namely original debt less principal payments and amortisations.

### **1.3 PROVISIONS**

Provisions are recognised when the fund has a present legal or constructive obligation as a result of past events, for which it is probable that an outflow of economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made. Where the effect of discounting to present value is material, provisions are adjusted to reflect the time value of money.

### **1.4 CONTRIBUTIONS**

Gross contributions are brought to account on the accrual basis except for voluntary contributions, which are recorded in the period in which they are received.

### **1.5 DIVIDEND INCOME, INSURANCE POLICY INCOME, INTEREST AND RENTALS**

Insurance policy income and dividends are recognised when the right to receive payment is established.

#### ***Gains and losses on subsequent measurement***

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

### **1.6 COMPARATIVES**

Where necessary, comparative figures have been adjusted to conform to changes in presentation in the current year. In particular, comparatives have been adjusted or extended to conform to the guidance contained in the SAICA audit and accounting guide on pension funds.

### **1.7 TRANSFER TO AND FROM THE FUND**

Section 14 and 15B transfers to or from the fund are recognised on approval being granted by the Financial Services Board. Individual transfers are recognised when the individual member's transfer is received or paid.

**DYNAM-IQUE UMBRELLA PENSION FUND**

**SCHEDULE HA  
NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)  
For the year ended 28 February 2006**

**2. INVESTMENTS**

**2.1 Investment Summary**

	A		B		A+B		Fair value current period	Categorised per IAS 39
	Local	Foreign	Local	Foreign	Total Current period			
	R	R	R	R	R	R		
Collective investment scheme	914,807	-	-	-	914,807	914,807	At fair value through statement of changes in net assets and funds	
<b>Total</b>	<u>914,807</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>914,807</u>	<u>914,807</u>		

**3. ACCOUNTS RECEIVABLE**

	2006 R
Allan Gray Balanced Investment paid with cash (Nettex)	165,732
Allan Gray Equity Investment paid with cash (Nettex)	190
	<u>165,922</u>

**4. ARREAR CONTRIBUTIONS**

Current contributions by members	154,456
Current contributions by employers	179,027
	<u>333,483</u>

**DYNAM-IQUE UMBRELLA PENSION FUND**

**SCHEDULE HA**

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)**  
**For the year ended 28 February 2006**

**5. TRANSFERS FROM OTHER FUNDS**

Effective date	No. of members	Applied for not yet approved (contingent)	A		B		C		D		A+B+C+D	
			At beginning of the year	Return on Transfers	Transfers approved	Return on Transfers	Assets transferred	At end of year				
		R	R	R	R	R	R	R	R	R	R	R
In terms of section 14												
S14 transfers in (1)	1	-	-	52,847	-	(52,847)	-					
Total	1	-	-	52,847	-	(52,847)	-					
Transfers approved (B)												52,847
Return on transfers (C)												-
<b>Statement of changes in net assets and funds</b>												<u>52,847</u>

**6. BENEFIT PAYMENTS**

**6.1 Benefits - current members**

	A		B		C		D		E		A+B+C-D-E	
	At beginning of year	Benefits for current period	Return allocated	Payments	Transferred to unclaimed benefits	At end of year						
	R	R	R	R	R	R						
Lump sums on retirements												
- Full benefit	-	2,950	-	33,607	-	36,557						
Lump sums before retirement												
- Withdrawal benefits	-	33,607	-	(33,607)	-	-						
		<u>36,557</u>				<u>36,557</u>						
Benefits for current year (B)						36,557						
Return allocated (C)						-						
<b>Statement of changes in net assets and funds</b>						<u>36,557</u>						

**DYNAM-IQUE UMBRELLA PENSION FUND**

**SCHEDULE HA  
NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)  
For the year ended 28 February 2006**

**7. ACCOUNTS PAYABLE**

	<b>2006</b>
	<b>R</b>
Provision for audit fees	28,500
Reinsurance premiums	39,114
SAS Admin Fee payable	17,662
Actuarial Fees payable	14,036
FSB Levies payable	3,625
	<u>102,937</u>

**8. RETIREMENT FUND TAXATION**

	<b>2006</b>
	<b>R</b>
Taxable income	<u>8,333</u>
Retirement fund taxation	<u>750</u>
Retirement fund taxation for the year (as per statement of changes in net assets and funds)	<u>750</u>
Reconciliation of retirement fund tax (receivable) / payable:	
Retirement fund taxation	<u>750</u>
At end of year	<u>750</u>

**9. CONTRIBUTIONS**

	A	B	C	D	A+B+C-D
	At beginning of the year	Towards retirement	Towards re-insurance and expenses	Contributions received	At end of the year
	R	R	R	R	R
Member contributions - received and accrued	-	735,585	-	(581,129)	154,456
Employer contributions - received and accrued	-	633,666	339,509	(973,175)	-
Contributions Towards Expenses	<u>-</u>	<u>-</u>	<u>-</u>	<u>179,027</u>	<u>179,027</u>
	<u>-</u>	<u>1,369,251</u>	<u>339,509</u>	<u>(1,375,277)</u>	<u>333,483</u>
Towards retirement					1,369,251
Towards reinsurance and expenses					339,509
Statement of changes in net assets and funds					<u>1,708,760</u>

**10. NET INVESTMENT INCOME**

	<b>2006</b>
	<b>R</b>
Income from investments	47,814
• Interest	5,231
• Income from insurance policies	42,583
	47,814
Less: Expenses incurred in managing investments	<u>(36)</u>
<b>Total</b>	<u><b>47,778</b></u>

**DYNAM-IQUE UMBRELLA PENSION FUND**

**SCHEDULE HA  
NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)  
For the year ended 28 February 2006**

**11. ADMINISTRATION EXPENSES**

		<b>2006</b>
		<b>R</b>
Administration fees		33,061
Audit fees		28,500
Consultancy fees		37,314
Other expenses		291
Bank Charges		<u>291</u>
Trustees' fees and remuneration	11.1	210
<b>Total</b>		<u><u>99,376</u></u>

**11.1 Trustees' expenses**

		<b>2006</b>
		<b>R</b>
Trustees' fees - expenses		<u>210</u>
<b>Total</b>		<u><u>210</u></u>

**12. 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.

Continuous monitoring by the Board and the fund's actuary takes place to ensure that appropriate assets are held where the funds obligation to members are dependent upon the performance of specific portfolio assets and that a suitable match of assets exists for all other liabilities.

**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.

The board of trustees monitors cash flows by using monthly cash flow projections.

**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.

The board of trustees monitors this aspect of the fund's investments and limits it to 15% of total assets.

## DYNAM-IQUE UMBRELLA PENSION FUND

### SCHEDULE HA NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued) For the year ended 28 February 2006

#### Liquidity risk

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

The fund's liabilities are backed by appropriate assets and it has significant liquid resources.

#### 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.

Continuous monitoring takes place to ensure that appropriate assets are held where the liabilities are dependent upon the performance of specific portfolios of assets and that a suitable match of assets exists for all non-market related liabilities.

### 13. RELATED PARTIES

The following transactions between the participating employer and the fund occurred during the period

- The participating employer made contributions to the fund for members' retirement and towards the fund's expenses to the value of R 633 666 and R 339 509 respectively.

## DYNAM-IQUE UMBRELLA PENSION FUND

### SCHEDULE HB REPORT OF THE VALUATOR

Particulars of financial condition of the fund:

1. Net assets available for benefits as at 01 March 2003 is R 1m<sup>(a)</sup>.
2. The actuarial value of the net assets available for benefits, for the purposes of comparison with the actuarial present value of promised retirement benefits is R as at 01 March 2003.
3. The actuarial present value of promised retirement benefits<sup>(b)</sup>, split into vested<sup>(c)</sup> and non-vested benefits are R and R respectively as at 01 March 2003.
4. Contingency reserve account balances.

<b>Reserve</b>	<b>Balance at year end</b>
	<b>R</b>
5. Details of the valuation method adopted (including that in respect of any contingency reserve) and details of any changes since the previous summary of report.	
6. Details of the actuarial basis adopted (including that in respect of any contingency reserve) and details of any changes since the previous summary of report.	
7. Any other particulars deemed necessary by the valuator for the purposes of this summary.	
8. A statement as to whether the fund was in a sound financial condition for the purposes of the Pension funds Act, 1956.	

Prepared by me:

**Tony Kamionsky**  
**VALUATOR**

Fellow of the Institute of Actuaries  
In my capacity as the valuator of the fund and as an employee of .

#### REMARKS

For the purposes of this summary of report:

- (a) Net assets available for benefits are the fair value of the assets of the fund less liabilities other than the actuarial present value of promised retirement benefits.
- (b) The actuarial present value of promised retirement benefits means:
  - i. The actuarial liabilities in respect of past service benefits (including accrued bonus service) of active members, with due allowance for future salary increases where these affect the benefits in respect of past service, and with due allowance for increases in pension and deferred pensions at rates consistent with the pension increase policy of the fund;
  - ii. The actuarial liabilities in respect of pensions in course of payment and deferred pensions, including any contingent annuity payable on the death of a pensioner, with due allowance for increases at rates consistent with the pension increase policy of the fund; and
  - 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.

**DYNAM-IQUE UMBRELLA PENSION FUND**

**SCHEDULE I**

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

**Scope**

We have performed the procedures agreed with you and enumerated below with respect to the accounting records of Dynam-ique Umbrella Pension Fund for the year ended 28 February 2006 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 summarised in the table below:

	<b>Procedures</b>	<b>Findings</b>
<b>1</b>	We selected 3* participating employers or pay points and for the following two months: October, February, performed the following procedures:	
<b>1.1</b>	We agreed, in total, the data received by the administrator to the cash received by the fund.	We found that the data received by the administrator agreed to the cash received by the fund.
<b>1.2</b>	We inspected the bank statements or mutual building society records, as appropriate, for the date on which the cash was received to determine whether the contributions were deposited with a registered bank or mutual building society in accordance with section 13A of the Act and whether late payment interest has been raised in terms of regulation 33, where applicable.	We found that contributions were not deposited with a registered bank or mutual building society in accordance with section 13A of the Act and that late payment interest had not been raised in terms of regulation 33 where applicable
<b>1.3</b>	We inspected the accounting records of the fund to determine whether amounts disclosed as arrear contributions at year-end have been paid to the fund in accordance with the requirements of section 13A of the Act.	We found that amounts disclosed as arrear contributions at year-end have been paid to the fund in accordance with the requirements of section 13A of the Act.
<b>2</b>	We inspected the list of investments held by the fund for any investments prohibited in terms of section 19 (4) of the Act.	We found that the fund does not hold investments prohibited in terms of section 19(4) of the Act'.
<b>2.1</b>	No investments were held in the participating employer during the under review.	
<b>2.2</b>	We obtained written confirmations of investment balances from the investment managers and agreed details of the confirmations received to the investment balances reflected in the general ledger.	We found that the investment balances agreed to the details in the confirmations received from the investment managers.
<b>3</b>	No housing loan facilities were advanced to members by the fund during the year under review.	

**DYNAM-IQUE UMBRELLA PENSION FUND**

**SCHEDULE IA**

**REPORT OF THE INDEPENDENT AUDITORS TO THE REGISTRAR OF PENSION FUNDS IN TERMS OF SECTION 15 OF THE PENSION FUNDS ACT, 1956 ON FACTUAL FINDINGS (continued) as at 28 February 2006**

	<b>Procedures</b>	<b>Findings</b>
4	No 'other' loans were made available during the year under review which could be checked for compliance with section 19(5) B.	
5	We obtained a written confirmation from the fund's insurer that fidelity insurance cover was in place for the financial year ended 28 February 2006.	We found that the confirmation indicated that fidelity insurance cover was not in place for the financial period ending 28 February 2006.
6	We obtained the list of section 14 transfers to and from the fund for the year ending 28 February 2006 and performed the following procedures:	
6.1	We agreed the section 14 transfers to and from the fund to the approved section 14 documentation received from the Registrar of Pension Funds in respect of each transfer.	We found that the section 14 transfers were not approved by the FSB as yet and for Virgin Airways no application for section 14 transfers have been made as yet.
6.2	We agreed the above list of section 14 transfers to the corresponding account in the general ledger.	We found that the list of section 14 transfers agreed to the corresponding account in the general ledger.
7	****We obtained a list of accumulated member credits as reflected on the administrator's member register as at 28 February 2006	
7.1	We agreed the closing balance on the list to the corresponding account in the general ledger.	"We found that, the closing balance did not agree to the corresponding account in the general ledger."
7.2	We selected a sample of the lesser of 25 or 30% of the members from the list and performed the following procedures for each member:	
7.2.1	We agreed the member and employer contributions received for the selected members per the administrator's system to information supplied by the participating employer for a sample of 3 months.	We found 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.
7.2.2	We recalculated the conversion of contributions at the unit price per the administration system for a selection of 3 dates and determined whether these units were correctly added to the existing units for the full year. We recalculated the conversion of the units at the end of the year at the year end unit price.	We found that the contributions were correctly converted at the unit price per the administration system on the 3 dates selected and were added to the existing units for the full period. At the end of the year, the units were converted at the year end unit price.
7.3	If the member was entitled to an allocation of the fund surplus, we agreed the surplus added to the members records to the surplus allocated in terms of the Registrar of Pension Funds approved surplus apportionment scheme.	There was no surplus in the fund available for allocation.
8	The benefit structure of the fund is based on an accumulation of contributions adjusted only by investment returns and has therefore been exempted from Section 16 of the Pension Funds Act, 1956, valuation requirements.	
9	We obtained a list of lump sum benefits reflected as expenses in the fund's Statement of Changes in Net Assets and Funds (deaths, retirement, withdrawals and retrenchments) and performed the following procedures:	
9.1	We agreed the list to the respective general ledger benefit expense accounts.	We found that the list agreed to the respective general ledger benefit expense accounts
9.2	From the above list we selected the lesser of 10 benefits or 5% of the number of benefits listed and performed the following procedures:	
9.2.1	We agreed the claim to the applicable, authorised supporting documentation.	We found that the claims agreed to the authorised supporting documentation.
9.2.2	We confirmed that no death benefits were claimed during the year under review.	

**DYNAM-IQUE UMBRELLA PENSION FUND**

**SCHEDULE IA**

**REPORT OF THE INDEPENDENT AUDITORS TO THE REGISTRAR OF PENSION FUNDS IN TERMS OF SECTION 15 OF THE PENSION FUNDS ACT, 1956 ON FACTUAL FINDINGS (continued)  
as at 28 February 2006**

	<b>Procedures</b>	<b>Findings</b>
<b>9.2.3</b>	We agreed that the calculation of the benefit payment to the requirements of the rules of the fund.	We found that the calculation of the benefit payment agreed to the requirements of the rules of the fund.
<b>9.2.4</b>	We inspected documentation authorising the payouts made by the fund.	We found that the payouts made by the fund agreed to authorizing documentation.
<b>10</b>	The fund had no pensioners during the year under review.	

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 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.

**BDO Spencer Steward (Jhb) Inc**  
**Chartered Accountants (South Africa)**  
**Registered Auditors**  
**Per: Richard Henry**

\_\_\_\_\_  
**Date**

- \* If there are 10 or less participating employers or pay points, test all of them.
- \*\* If there are 25 or less members, test all of them.
- \*\*\* If there are 25 or less housing loans on the list, test all of them.
- \*\*\*\* This test only applies to defined contribution funds.

**DYNAM-IQUE UMBRELLA PENSION FUND  
 SCHEDULE IA - SCHEDULES PERTAINING TO THE ANNUAL FINANCIAL STATEMENTS  
 For the year ended 28 February 2006**

**INVESTMENTS**

Notes	A		B		C		D		A+B+C+D =X+Y		X		Y		Total percentage of foreign exposure
	Direct Investments	Non-market related insurance policies	Market related insurance policies	Collective investment schemes	Total	Local	Foreign	Total	Local	Foreign	Total	Local	Foreign		
	R	R	R	R	R	R	R	R	R	R	R	R	R	R	
Cash and deposits	130,137	-	-	-	130,137	-	-	130,137	-	-	130,137	-	-	-	--%
Collective investment schemes	-	-	-	914,807	914,807	-	-	914,807	-	-	914,807	-	-	-	--%
<b>Total investments</b>	<b>130,137</b>	<b>-</b>	<b>-</b>	<b>914,807</b>	<b>1,044,944</b>	<b>-</b>	<b>-</b>	<b>1,044,944</b>	<b>-</b>	<b>-</b>	<b>1,044,944</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>--%</b>

**A DIRECT CASH AND DEPOSITS**

	Fair value R
Standard Bank	130,137
<b>Total</b>	<b>130,137</b>

**DYNAM-IQUE UMBRELLA PENSION FUND**  
**SCHEDULE IB - ASSETS HELD IN COMPLIANCE WITH REGULATION 28**  
**For the year ended 28 February 2006**

	R	R
<b>A</b> Total assets of the fund as per Statement of Net Assets and Funds		1,544,350
<b>B</b> Less: Non-investment items of Statement of Net Assets and Funds:		
B.1 Property Plant and Equipment	-	
B.2 Current assets (excluding cash at bank)	(499,405)	(499,405)
	<hr/>	<hr/>
<b>C</b> Subtotal (A-B)		<u>1,044,945</u>

Categories or kinds of Assets	%	Fair value R	% of fair value
1. Deposits in banks, mutual banks, Postbank and SAFEX:	100%	130,137	12.45 %
(a) Deposits and balances in current and savings accounts with a bank or mutual bank, including negotiable deposits and money market instruments in terms of which such bank is liable, or deposits and savings accounts, accounts with the Post Office Savings Bank and margin deposits with Safex:	100%	130,137	12.45 %
(i) Per bank or mutual bank		130,137	12.45 %
• Standard Bank	20%	130,137	12.45 %
11 Fair value of units in a collective investment scheme included in total assets to be excluded in terms of subregulation (2)a(i) of Regulation 28	100%	914,808	87.55 %
<b>TOTAL</b> (equal to the fair value of assets (C) above)		<u>1,044,945</u>	<u>100.00 %</u>

## **DYNAM-IQUE UMBRELLA PENSION FUND**

### **REPORT BY THE INDEPENDENT AUDITORS TO THE REGISTRAR OF PENSION FUNDS IN RESPECT OF REGULATION 28**

We have performed our assurance engagement on Schedule IB, Assets of the Fund Held in Compliance with regulation 28 of the Pension Funds Act of South Africa, of Dynam-ique Umbrella Pension Fund set out on pages 24 at 28 February 2006.

#### **Trustees' responsibility for the Annexure**

The trustees are responsible for the preparation of the Annexure, from information derived from the accounting records of the fund and for ensuring that the Annexure is in compliance with regulation 28 of the Act.

#### **Auditor's responsibility**

Our responsibility is to conclude whether sufficient appropriate evidence has been obtained to support the conclusion expressed in this report. We performed our reasonable assurance engagement in accordance with the International Standard on Assurance Engagements (3000) Assurance Engagements Other Than Audits or Reviews of Historic Financial Information. That standard requires that we comply with ethical requirements and that we plan the engagement so that it will be performed effectively.

Our reasonable assurance engagement involves performing procedures to obtain sufficient appropriate evidence that the amounts and disclosures in the Annexure are in compliance with regulation 28 of the Act. The procedures selected include the assessment of the risk of material misstatement of the information contained in the Annexure, whether due to fraud or error.

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

#### **Conclusion**

In our opinion the return fairly represents the actual percentage of the assets to the total assets of the fund in accordance with regulation 28 of the regulations made under the Pension Funds Act in South Africa.

**DYNAM-IQUE UMBRELLA PENSION FUND**

**REPORT BY THE INDEPENDENT AUDITORS TO THE REGISTRAR OF PENSION FUNDS IN RESPECT OF REGULATION 28  
(Continued)**

**Restriction on distribution and use of this report**

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

**BDO Spencer Steward (Jhb) Inc  
Chartered Accountants (South Africa)  
Registered Auditors  
Per: Richard Henry**

\_\_\_\_\_  
Date

