



## D. KALMIN & COMPANY

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### REPORT OF THE INDEPENDENT AUDITOR TO THE REGISTRAR OF PENSION FUNDS ("THE REGISTRAR") IN TERMS OF THE CONDITIONS DETERMINED UNDER SECTION 13B (1) OF THE PENSION FUND ACT, 1956 ("THE CONDITIONS").

#### 1. System of internal financial control

We have reviewed the system of internal financial control of Dynam-ique SA Consultants and Actuaries Proprietary Limited in respect of the administration of pension funds for the period ended 30 September 2007. These controls are the responsibility of the directors. Our responsibility is to report on the system of internal financial control, based on our review.

#### Scope

We conducted our review in accordance with the Statements of South African Auditing Standards applicable to review engagements. These standards require that we plan and perform the review to obtain moderate assurance with regard to the system of financial control. A review is limited primarily to inquiries of personnel and analytical procedure applied to financial data and thus provides less assurance than an audit. We have not performed an audit, and, accordingly we do not express an audit opinion.

#### Inherent limitations

Because of the inherent limitations of a system of internal financial control, including concealment through collusion or forgery, errors and irregularities may not be prevented or detected. Furthermore, projections of any evaluations of the system of internal financial control to future periods are subject to the risk that internal controls may become inadequate because of changes in circumstances, or that the degree of compliance or procedures may deteriorate.

#### Opinion

Based on our review, nothing of significance has come to our attention that causes us to believe that the system of internal control is inadequate for the size of the business being conducted by Dynam-ique SA Consultants and Actuaries Proprietary Limited.

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#### Partners:

David Kalmin BCom, BCompt (Hons) CA(SA) Managing Partner  
Paul Bloch BCom, BCompt (Hons) CA(SA)  
Simone Fleishman BCom, BCompt (Hons) CA(SA)

#### Assisted by:

Deon Coetzee BCom, BCompt (Hons)  
Erleen Niemach BCompt, BCompt (Hons)  
Sadiyah Rasdien BCom, BCom (Hons)

## **2. Compliance with the conditions**

### **Scope**

As required by Condition 5 of the Conditions, we have performed certain agreed procedures, described below, with respect to the compliance by Dynam-ique SA Consultants and Actuaries Proprietary Limited with the Conditions. Our engagement was undertaken in accordance with the Statements of South African Auditing Standards applicable to agreed-upon procedures engagements. The responsibility for determining the adequacy or otherwise of the procedures agrees to be performed, is that of the Registrar. Our procedures were performed solely to assist the Registrar and evaluating the compliance by the administrator with the Conditions.

### **Agreed procedures and findings**

**Our procedures and findings are as follows:**

- 1. Based on an examination of the original policy documents, we report that the administrator has taken out an Employee's Fidelity Guarantee Policy, no 06/31809SG/123, underwritten by Santam Limited and that the policy ends on the 31<sup>st</sup> day of October 2007.**
- 2. Based on an examination of the original policy documents, we report that the administrator has taken out a Professional Indemnity Policy, no 06/31809SP/124, underwritten by Santam Limited and that the policy ends on the 31<sup>st</sup> day of October 2007.**
- 3. With reference to the audited financial statements for the year ended 28 February 2007, we report that at the year-end the administrator's current assets exceeded its current liabilities as contemplated in Condition 7.2 of the Conditions.**
- 4. With reference to the audited financial statements for the year ended 28 February 2007, we report that at the year-end the administrator's liquid assets did not exceed the amount calculated in accordance with the formula set out in Condition 7.3 of the Conditions. The reason for this is attributable to the fact that the company is a fairly new company that only started to trade during the 2006 financial year and in the future periods the requirements will be met.**
- 5. Based on enquiries from personnel responsible for financial and accounting matters and examination of related correspondence (or based on representation from management), we report that no changes in ownership, directors, members or shareholders having the effect of a de facto change of control of the administrator in question took place during the period 31 December 2006 to 30 September 2007, without the approval of the Registrar.**
- 6. On a test basis, we have examined administration agreements entered into with pension funds during the period ended 30 September 2007 to ensure**

- that they are in writing and confirm to Condition 3 of the Conditions. We report that no exceptions were noted.
7. Based on enquiries from personnel responsible for financial and accounting matters, we report that for the period ended 30 September 2007, the administrator maintained an asset register as contemplated in section 5 (2) of the Pension Funds Act, 1956, Condition 10 of and Annexure A to the Conditions.
  8. Based on enquiries from personnel responsible for financial and accounting matters and an examination of related correspondence, we report that administration agreements were terminated during the period ended 30 September 2007 and in respect of the Condition 4 of the Conditions have not been complied with.
  9. Based on enquiries from personnel responsible for financial and accounting matters, we report that the administrator had conducted its business within the limitations imposed in terms of section 13B (2) of the Pension Funds Act, 1956, and the conditions made under section 13B (1) of the Act except where noted above.



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07 April 2008

