

MINEWORKERS PROVIDENT FUND

Integrated Annual Report

2014

CONTENTS

MISSION STATEMENT	IFC
WHO WE ARE	1
KEY PERFORMANCE HIGHLIGHTS	2
BOARD OF TRUSTEES	4
CHAIRMAN'S REVIEW	8
CHIEF EXECUTIVE OFFICER'S REPORT	10
CORPORATE GOVERNANCE	16
PERFORMANCE REVIEWS	20
STATEMENT OF RESPONSIBILITY BY THE BOARD OF FUND	26
STATEMENT OF RESPONSIBILITY BY THE PRINCIPAL OFFICER	28
REPORT OF THE INDEPENDENT AUDITOR	29
REPORT OF THE VALUATOR	31
ANNUAL FINANCIAL STATEMENTS	34
Statement of net assets and funds	
Statement of changes in net assets and funds	
Notes to the Annual Financial Statements	



INTEGRATED ANNUAL REPORT

This Integrated Annual Report incorporates the financial, operational and non-financial performance of the Fund. The report incorporates its integrated strategic response to material issues faced by the Fund from financial, economic, governance and social perspectives.

The report aims to illustrate how the Fund creates and sustains value for all stakeholders in the short, medium and long term. The Fund is continuing its evolutionary journey to the adoption of integrated reporting and this is an initial step towards providing a balanced, accurate and clear account the Fund's performance relative to its strategy.

MISSION STATEMENT

In line with the requirements of the King Code of Governance for South Africa (King III), Mineworkers Provident Fund continues to produce an integrated annual report. This report provides a consolidated review of the Fund's operational, financial, social, economic and environmental performance for the year ending 31 December 2014. It also incorporates the Fund's integrated strategic response to opportunities and challenges faced by the Fund during the year under review.

In accordance with the stated objectives of integrated reporting, this report focuses on those issues that have material impact on MWPF's ability to create and sustain value for our members, and outlines how these issues have been integrated within our business strategy **GEMS** (Governance, Efficiency, Member Centricity, and Sustainability).

OUR VISION

To be the **Retirement Fund of Choice** in the Mining Industry

OUR MISSION

- To provide Superior Service to our members and their beneficiaries
- To provide sustainable and competitive retirement and auxiliary benefits to members, dependants/beneficiaries
- To provide a standard setting corporate governance structure
- To deliver superior market-related performance and efficient administration services
- To provide dynamic and effective communication to our members and stakeholders

OUR VALUES

Respect, Dignity and Legacy

As this is our second integrated annual report we have maintained last year's approach of only providing summary financial information. The detailed annual financial statements are made available on the fund's website (www.mwpf.co.za) and hard copies are also available on request from the fund.

Please note that the page numbers mentioned in the report of the independent auditor relate to the published financial statements.

MINeworkERS PROVIDENT FUND – WHO WE ARE...

The Mineworkers Provident Fund (MWPF) is one of South Africa's oldest black retirement funds within the financial services arena and is counted amongst the top 10 largest funds in the country. In 2011, the fund moved key services in-house, and in 2012, new leadership came on board. The focus has been on improving administrative processes and establishing effective corporate governance. The Fund is now one of the few financial services companies that truly understands the needs of the working class.

Mineworkers remain the backbone of the South African economy and MWPF was created as a vehicle that would ensure that their retirement fund benefits are of the highest standards. This commitment is embedded in our ethos and values and permeates through all our strategic objectives. Throughout the years we have focused our efforts on ensuring that we remain true to our founding principles of treating our members with respect and restoring their dignity.

In 2014 Mineworkers Provident Fund celebrated 25 years of providing retirement benefits to the most vulnerable of our society, the mineworkers. Our theme for these celebrations were based on commemorating our past, recognising the contributions of our people both past and present, and focusing our thoughts on posterity as we contemplate creating a lasting legacy.

As we celebrate 25 years of our existence we remember where we come from, our humble beginnings where we had no financial acumen, but the will to break the shackles of our current financial reality and create a retirement future befitting the stature of any dignified worker. We salute all the heroes and heroines who despite their degraded social standing, had a vision that would live for decades to come.

We would therefore like to dedicate this report to all mineworkers departed, maimed by the rock fall, poisoned by the inhalation of dust and destructive chemicals. To you we say, today we stand tall on the broad shoulders of giants, and commit to never betraying your vision.

To those who remain committed members of MWPF we will continue to grow from strength to strength through partnerships, and having our ear on the ground. We will seek innovative and cost-effective ways to serve you, but most importantly our eyes will remain focused on creating the retirement fund of choice and providing sustainable returns and benefits.

KEY PERFORMANCE HIGHLIGHTS

TOTAL ASSETS UNDER MANAGEMENT

increased by

49%

over the past five years

EXPOSURE PER PREVIOUSLY DISADVANTAGED ASSET MANAGER

handle

31%

of funds under management

INVESTMENT RETURNS OVER 12 MONTH PERIOD

increased by

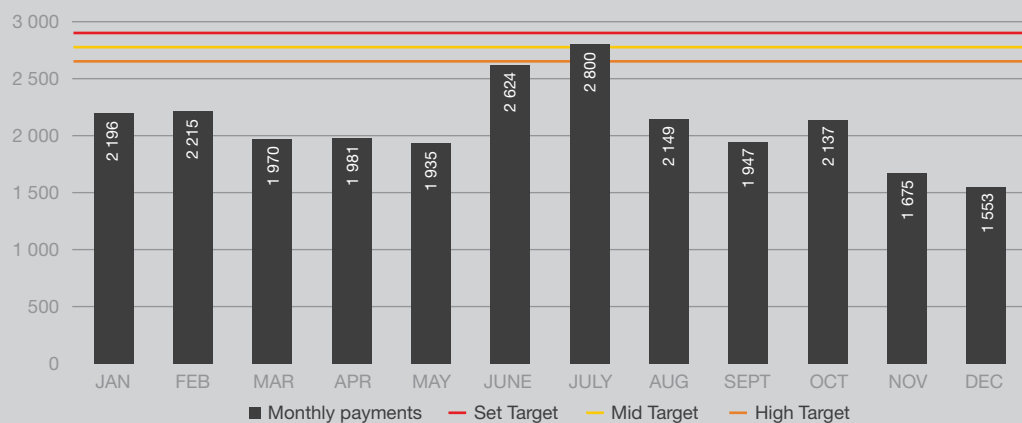
20.86%

TOTAL BENEFIT CLAIMS PAID

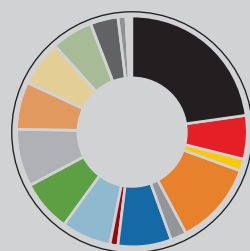
25 182

claims in 2014

BENEFIT PAYMENTS 2014



ASSET MANAGERS



Old Mutual Life Ass. Co. Ltd	23%	Afena Capital Ltd	7.4%
Momentum Asset Management Ltd	6.1%	Kagiso Asset Management	7.9%
Old Mutual Asset Management Ltd (Community Growth)	1.7%	Momentum Group Ltd	6.8%
Coronation Asset Management Ltd	11.5%	Sanlam Life Insurance Ltd	6.2%
Prudential Portfolio Managers Ltd	2.2%	Mergence Invest Managers Ltd	6%
Allan Gray Ltd (Orbis)	7.7%	Stanlib Asset Management Ltd	4%
Investec Asset Management Ltd	1%	Mianzo Asset Management Ltd	0.9%
Argon Asset Management Ltd	6.9%	Prowess Investment Managers Ltd	0.4%
		Balondolzi Investment Services	0.4%

ANNUAL CONTRIBUTIONS

2013

R1 894

million

by 100 136 active members

“ We have established momentum in our business that has the potential to take us much further as we pursue our ambition to be the fund of choice.”

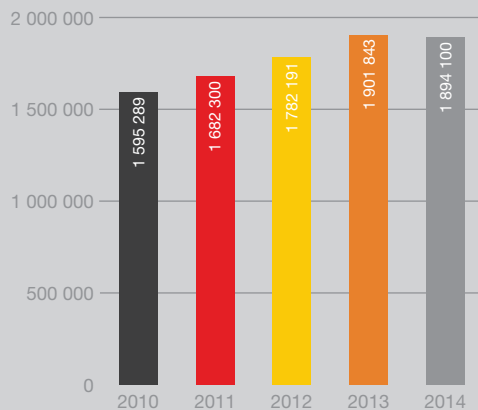
– Mkuseli Mbomvu (CEO)

PREVIOUSLY
DISADVANTAGED ASSET
MANAGER ALLOCATION

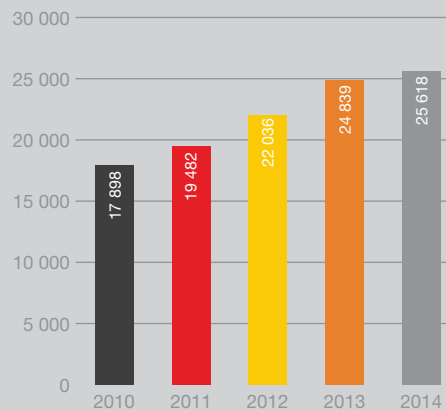
R8

billion

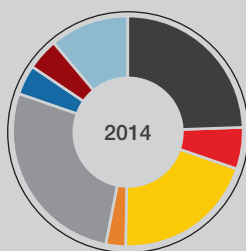
ANNUAL CONTRIBUTIONS (R)



TOTAL ASSETS (Rm)



PARTICIPATING EMPLOYERS



● Harmony Gold Mine	24 060
● Northam Platinum	5 767
● AngloGold Ashanti	19 831
● Tau Leko	2 581
● Sibanye Gold	26 685
● Anglo Coal	4 288
● Rand Uranium	4 301
● Others	10 787

BOARD OF TRUSTEES

Fund structure

The Fund was established on 14 June 1989 and has 100 136 members and assets of R26.6 billion, making it one of the largest funds in the country. The Fund has two main sponsors, the **National Union of Mineworkers South Africa (NUM)** and the **Chamber of Mines of South Africa**. The Fund is managed by a board of 19 trustees, of which nine member trustees are appointed by the National Union of Mineworkers (NUM) to represent members of the Fund and nine appointed by the Chamber of Mines of South Africa to represent members' interest on behalf of the participating employers in the Fund. The board of trustees appoints one independent trustee who is also the Chairperson of the board and one independent Chairperson of the Audit and Risk Management Committee. The Fund is a complete separate legal entity.



Calebo Overmeyer
EMPLOYER TRUSTEE



Dusty Ngwane
MEMBER TRUSTEE



Harry Groenewald
EMPLOYER TRUSTEE

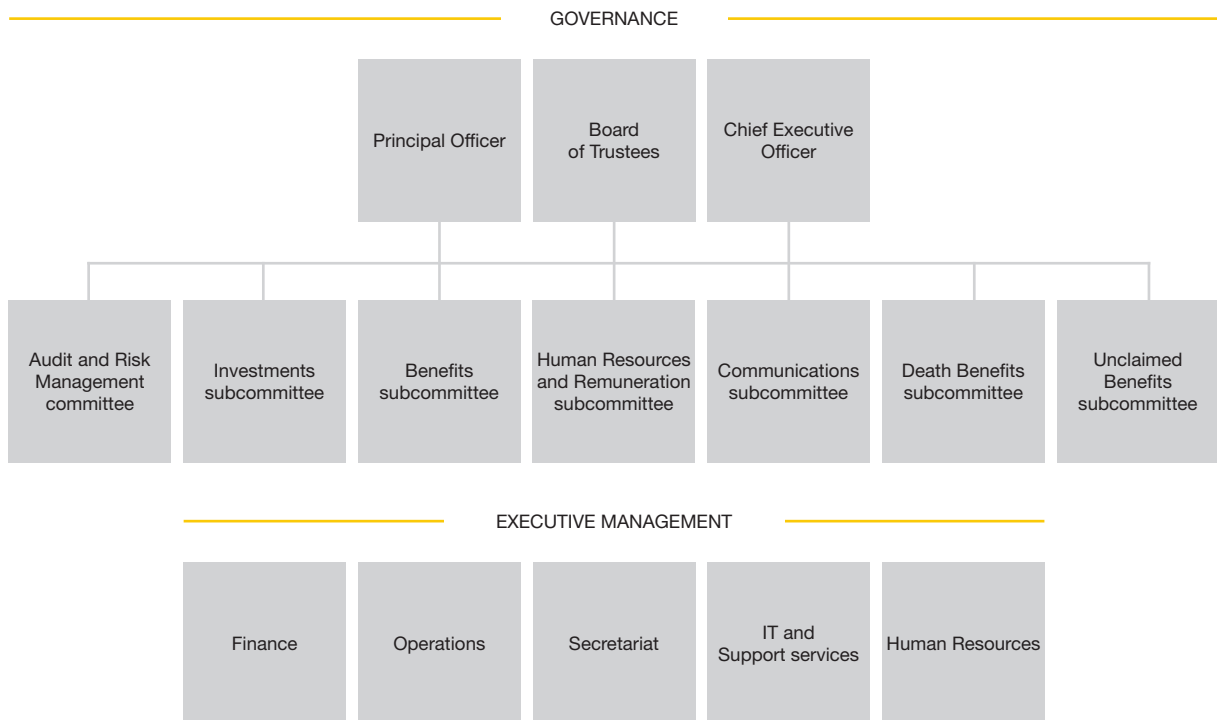


Madoda Nhlanhla
MEMBER TRUSTEE



Mike Brownie
EMPLOYER TRUSTEE

GOVERNANCE AND MANAGEMENT STRUCTURE





Mluleki Senene
MEMBER TRUSTEE



Nkosivumile Madulini
MEMBER TRUSTEE



Stephen Wall
EMPLOYER TRUSTEE



Wessel du Toit
EMPLOYER TRUSTEE



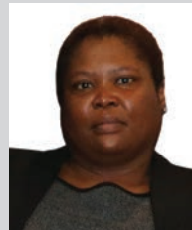
Willem van Heerden
EMPLOYER TRUSTEE



Zolisa Mbokodwa
MEMBER TRUSTEE



Mohamed Mangera
EMPLOYER TRUSTEE



Eva Kekana
MEMBER TRUSTEE



Nonkosi Xhamlo
MEMBER TRUSTEE

Responsibility

Board of trustees (BOT)

The BOT is responsible for formulating strategy in consultation with the board subcommittees, Fund management and industry specialists. The BOT is also responsible for establishing the governance and risk framework.

Executive Committee (Exco)

The Executive Committee is responsible for implementing the strategy and establishing appropriate plans, policies and procedures.

Risk management strategy

Risk management process

The board of trustees of Mineworkers Provident Fund has specific responsibility over risk management in the Fund.

The BOT has delegated this function to the Audit and Risk Management Committee, which regularly reviews significant risks and also the mitigating strategies designed to manage these risks. The Audit and Risk Management Committee subsequently reports to the BOT on material changes in the Fund's profile. The risk management process is facilitated by Exco. However, overall accountability and responsibility for risk management rests with the BOT, Exco, senior management and other officers within MWPF.

The Fund's integrated risk management methodology is based on ISO 31000 and is performed at three main levels:

- Strategic level;
- Fund level; and
- Operational level.

Risk appetite and tolerance

Considerations of risk appetite and risk tolerance are inherent in all business decisions within MWPF. Exco has however, initiated a process to formally define risk appetite and tolerance levels for the Fund. A risk and tolerance statement is included in the Fund's risk management framework.

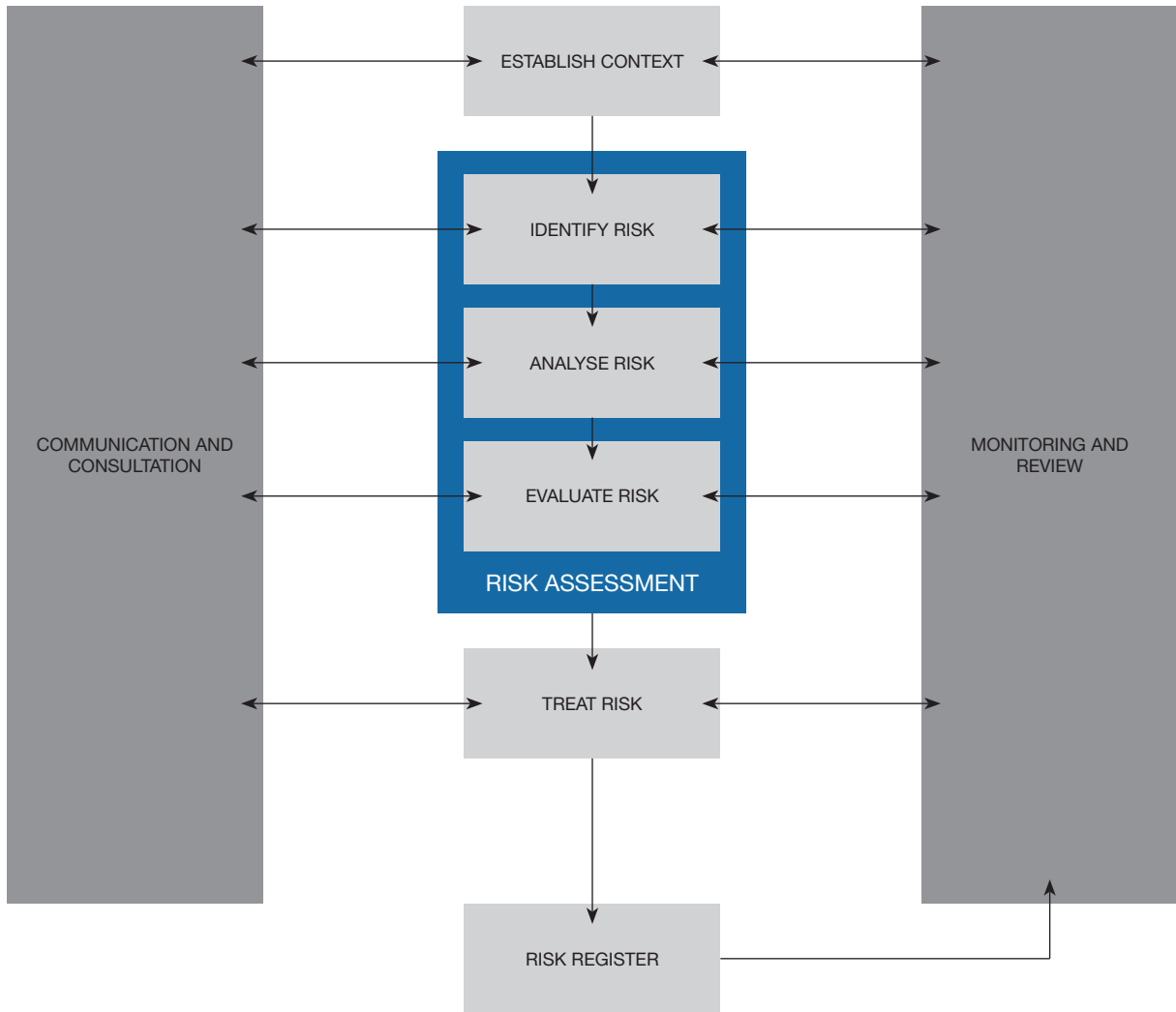
Assurance on the risk management process

Assurance on the Fund's risk management process is ongoing. It is obtained through the following:

- Risk-based internal audits. This entails incorporating identified risks into individual audits that form part of the internal audit plan;
- Risk registers and associated plans. These are maintained at each subcommittee level and departmental level by dedicated managers;
- Annual review conducted by the Chief Financial Officer and reported to Exco and the Audit and Risk Management Committee; and
- Our external auditors annually review all risks within the Fund and these reviews are reported to the BOT.

BOARD OF TRUSTEES (continued)

RISK MANAGEMENT PROCESS (ISO31000)



The Fund has identified the following key major risk categories pertaining to MWPF:

RISK IDENTIFIED	DESCRIPTION
Fund strategic risks	These are high-level associated with MWPF's strategy and objectives. The risks are monitored at board level because of their nature and the accountability structure.
Operational risks	Operational risks are day-to-day business risks managed by MWPF Management. Accountability of effective management of this risks lies with the Exco.
Financial Risks	Risks that falls in this category include risks associated with the market (interest rates risks, foreign currency risks, commodity risks etc), liquidity management (cash management risks, credit risks, insurance-related risks, liquidity risks/access to capital risks etc), accounting and reporting (financial reporting risks, data integrity, regulatory changes, etc) and taxation (income tax returns). The CFO is responsible for monitoring these risks and reporting to Exco and Audit and Risk Management Committee.
Information technology risks	IT Risks associated with the implementation of IT strategy are identified and treated as per the ERM policy and integrated framework. Risk that falls within this category includes risks associated with IT governance, IT strategy and planning (IT organisation risks, asset management risks), IT Architecture, Enterprise security, application and database, Support etc. The Head of IT and Projects is responsible for monitoring and reporting these risks to Exco and Audit and Risk Management Committee.
Compliance risks	Compliance risks relate to risks associated with the non-compliance of relevant applicable legislation and the consequences thereof. Management of these risks is supported by MWPF Legal Compliance Policy and Strategy. The PO is responsible for monitoring and reporting these risks to Exco and Audit and Risk Management Committee.

Investment Strategy

The primary investment objectives of the fund is to earn a net investment return (after investment management fees) which exceeds inflation as measured by the Consumer Price Index (CPI) by at least 4.5% per annum over any rolling five-year period. Another primary investment objective is to earn the return in such a way that the member's benefits are not adversely affected by the market conditions ruling at the time of his/her exit. This implies that investment returns should not exhibit undue volatility from one year to the next.

A further investment objective of the fund is to invest a portion of the fund's assets specifically with the emphasis placed on social responsibility (SRI). The board of trustees is guided by the Growth and Development Summit in this regard and such a portion of the fund's assets will be invested in SRI shares subject to a minimum of 5%.

With these objectives in mind, the board of trustees has formulated an investment strategy whereby approximately 45% of the fund's assets are invested in a core portfolio with a focus on capital protection. The balance of the fund's assets is invested somewhat more aggressively in a market-linked portfolio, where specialist investment managers are used for each asset class. The investment strategy of the fund complies with the provisions of regulation 28 of the Pension Funds Act.



CHAIRMAN'S REVIEW



As MWPF board we continue to provide an integrated annual report that takes cognisance of the impact of broader societal issues on our business. We reflect on how these issues have influenced the strategic decisions adopted by the board, and highlighting our approach to managing our most material sustainability impacts.

In this integrated annual report we have again sought to provide sufficient context in order to enable our stakeholders to understand our strategic intent, key business drivers, governance and environmental trends that may influence our performance positively or negatively.

Since becoming a self-administered fund we have become more efficient and remained firm in our commitment to member centricity. Over and above the statutory audit the Fund commissioned an independent triennial review in order to check alignment to our stated objective of embarking on the self-journey. The result of this audit provides assurance beyond doubt that the fund has significantly improved in servicing our members. Governance structures were also tested and benchmarked against other similar entities and were found to be above par.

The Fund's investments grew by R2 414 billion between 1 January 2014 and 31 December 2014. We ended the year with assets under management of R27 253 billion.

More innovative communication strategies were implemented in order to ensure that members have all the information they require.

BUSINESS UPDATE

We focused our energies over the past year on creating robust operational platforms in order to facilitate consistent service delivery. We are confident that our delivery platforms are beginning to yield results as evidenced through our continued turnaround in performance. This can be seen through a significant increase in benefit payments, consistent returns and our service turnaround times in general. Our employer relations were also strengthened through the implementation of our CRM model.

Despite many adverse conditions and continued pressures on our business the Fund performed well. This solid performance can largely be attributed to a proactive management style that constantly seeks to identify and put in place solutions to many challenges that are facing our business. Many of these initiatives continue to underpin our operational performance.

BOARD ACTIVITIES

Governance

MWPF's board remains the foundation of corporate governance of the Fund. The board strives to ensure that governance processes are enhanced in order to ensure ongoing compliance with relevant legislation and regulation. Management and the board continue to be guided by the governance principles contained in the King III Code, as well as those contained in the Pension Funds Act and PF 130.

We have conducted a board evaluation process where we needed to test our functioning and continued value add. We are very pleased that the survey revealed that our board and its subcommittees work extremely well together in guiding the ship.



STRATEGIC FOCUS

At our annual board strategic planning session, we focused our attention on the Fund sustainability. We recognised that our environment is dynamic and fast paced and therefore requires a learning board that is agile.

In view of the above the following three themes were adopted in order to facilitate an efficient and structured delivery on our strategic goals:

- Transforming our business and leading change;
- Capturing growth and driving efficiencies; and
- Brand repositioning.

Our respective subcommittees continued to support management in ensuring that we remain on course in the delivery of the above themes. Given that this our five-year plan the implementation of these themes is at its infancy, but sufficient traction has been achieved in 2014.

We believe that focusing on the above themes in the long term will enhance the Fund's image as well as create a brand that will outlive many of us.

The board places high premium on improving and enhancing member value. To this end, further progress was made in creating mineworker-centred products which are the first of its nature in the retirement industry.

TRANSFORMATION

The Fund remain true to its transformation agenda. We believe that without truly transforming the society we operate within, our members and the country at large will not fully achieve the fruits of economic emancipation. Not only do we talk on transformation but our actions are aligned to our transformation goals in that we committed to increase our allocation to 50% of our total assets to previously disadvantaged investment managers. Our current allocation to previously disadvantaged managers is 33%.

CONCLUSION

It has once again been an honour and privilege for me to chair the board of MWPF during 2014 financial year. The MWPF board prides itself in the diversity of its board members in terms of backgrounds and orientations. We are confident that all stakeholder voices are fairly represented and therefore we are best placed to respond to the ever-increasing demands of our members.

We are privileged and uniquely positioned to draw on a diverse range of skills, expertise and experience from people of all spheres.

The year under review was challenging as the winds of change continued to batter us from every direction. But we are grateful that our strategic response was equal to the task given our positive results.

As I look back over the year, I am gratified that our board acted with due care, diligence and in good faith in executing our fiduciary duties to you, our members.

I would like to express my sincere gratitude to my fellow board members for their commitment to the Fund and towards the well-being of the members we represent. Let me also extend my humble appreciation to the executive management and staff, for their steadfastness in steering the ship in the right direction.

Mr Martin Kuscus

Independent Board Chairman

CHIEF EXECUTIVE OFFICER'S REPORT



Following from our favourable performance last year the fund delivered solid results for the 2014 financial year. Against the backdrop of an increasingly difficult retirement environment where employment figures continues to decline and struggles between employers and organised labour created uncertainty. The strength of our business model relies heavily on the positive economic climate and 2014 was a particularly difficult as the economy performed poorly. This has a direct impact on the mining houses as most of our participating employers have experienced difficult trading conditions as a result the mining environment remained subdued.

I have great pleasure to report to you on the year that was characterised by a number of milestones for the MWPF. Whilst the previous financial year was dedicated to implementing our turnaround strategy, 2014 was a year of growth and stabilisation.

We focused our efforts on improving member servicing experience and reducing unclaimed benefits burden. We also kept our eyes firmly on delivering sustainable returns for our members. We experienced a continued turnaround, building on the foundation that was set in 2013. This can be seen through reduced cycle times in

processing member requests as well as above average returns of 21% for the year.

We have established a momentum in our business that has the potential to take us much further as we pursue our ambition to be the fund of choice in the retirement industry. The year ended in 2014 has seen us make significant strides towards our stated objectives in spite of major headwinds.

Our long-term plans remain dynamic and will evolve as we build resilience in our business in order to respond to new challenges in our environment. We have made significant strides in realising our transformation objectives within the financial services industry however we still have a long way to go given where we come from.

We will now unpack in detail the various aspects of the environment that significantly influenced our results for the year under review.

ENVIRONMENTAL OVERVIEW

Economic Outlook – Global Economy

Mixed investor sentiment and asset price movements characterised the first quarter of 2014, underpinned by the spillover of 2013's themes (i.e. quantitative easing tapering and emerging market currency weakness) coupled with new themes that emerged at the beginning of the year (i.e. "Fragile Five" and geopolitical risk). For the year, the US market saw a recovery in its economic outlook with the MSCI World Index ending off in positive territory. The chart below is indicative of this.





The US Dollar made a comeback in Q3 2014, improving against major developed market currencies, i.e. GBP and Euro, as well as major emerging market currencies, including the Rand. This was on the back of an improvement in economic fundamentals in the U.S.

The Eurozone fragility, with stagnant growth below target inflation and poor equity market performance, persisted in the latter half of 2014. These challenges caught the attention of policy makers, with the ECB pursuing measures to the Eurozone's economy by cutting interest rates and proclaiming a quantitative easing programme in September 2014.

Economic Outlook – Emerging Markets

Concerns around investing in emerging markets surfaced during the first quarter, with various economic issues such as geopolitical risk, currency depreciation and poor sovereign financial health driving investors' sentiment of emerging markets.

The term "Fragile Five" was given to the five emerging markets that had unusually large trade and current account deficits, the so-called twin deficits, namely India, Indonesia, Brazil, Turkey and South Africa. The deficits of these countries instilled fear into investors and resulted in them changing their outlook of emerging economies as safe haven investments. This not only resulted in currency depreciation, it also led to capital outflows to developed markets. Capital flight from emerging markets was intensified by tapering in the US, where the US became a more attractive investment destination.

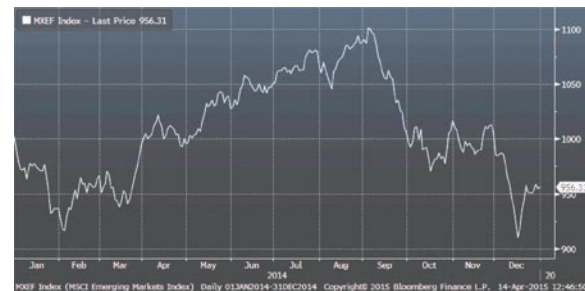
Large twin deficits are problematic for a country from an investment perspective, providing reason for credit rating agencies to lower a country's creditworthiness status and drive foreign investors to sell out of markets (thereby reducing prices), resulting in even more capital outflows. These outflows have a weakening effect on a country's currency, creating inflationary pressures and triggering monetary authorities to pursue measures

to curb inflation pressures, which can have a negative effect on economic growth.

Tensions in Ukraine concerning Russia's takeover of Ukraine's Crimea regions have created a rift between U.S. and Russia, resulting in sanctions being imposed on Russia by the former. This poses a major risk to the Eurozone's chance of a full recovery.

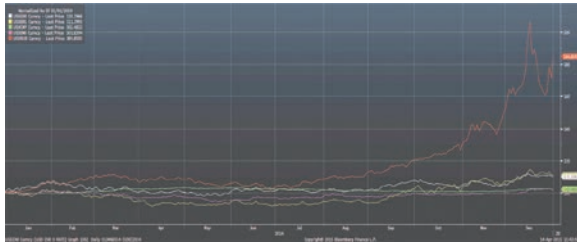
Coupled with slowing growth from China, emerging market volatility has been an issue for investors seeking yield in these types of markets. Given the concerns of investing in emerging markets, developed markets (MSCI World Index) outperformed emerging markets (MSCI EM Index) over the year.

The graph below is a depiction of the performance of MSCI Emerging Markets Index for the 2014 calendar year.



The appreciation of the US Dollar, however, had several implications. The prices of several major commodities, such as gold, platinum, iron ore, copper and oil plunged. Emerging markets, particularly those reliant on commodities, such as Brazil and South Africa, particularly felt the pinch of a stronger Dollar. This can be seen in the graph below, where the South African and Brazilian currencies lost value against the Dollar. The Russian Ruble saw the greatest loss in value against the Dollar.

CHIEF EXECUTIVE OFFICER'S REPORT (continued)



Commodities

Oil tumbled noticeably for the fourth quarter of 2014 and fell close to 50% for the 2014 calendar year. This drop was the highest annual price fall since 2008. Key to the price drop was the slowing demand from China and the burgeoning shale oil production in the U.S. With the Organisation of the Petroleum Exporting Countries' (OPEC) reluctance to reduce oil supply to stabilise the oil price, it is evident that the oil price was impacted by demand side pressures.

OPEC's largest oil producer, Saudi Arabia, adopted this approach as the kingdom feared losing market share to competitors, amid unwillingness of other OPEC countries to reduce output. The decision of OPEC not to reduce oil supply led to oil inventories building up in the U.S. in November and December. This will ultimately benefit consumers. However, with oil prices dropping, the viability of pursuing high cost shale production has come under question. The possibility of job losses in the U.S. is real should the oil price fall below a feasible level of \$54, according to estimates by the U.S. Department of Energy.

The performance of commodities in the second half of 2014 was particularly dismal. This resulted in pessimistic sentiment from investors as precious metals and oil prices dropped significantly. Particular importance is being placed on China as the emerging markets superpower has been a significant commodity consumer. However, China's growth is slowing down and this slowdown is likely to significantly impact producers of these commodities.

The charts below are a point in case of the plummeting commodity prices.



Economic Outlook – Local Economy

The South African economy was hit by a crippling five-month platinum mine strike in the first half of 2014. The strike contributed to a 24.7% decline in mining activity to the end of the second quarter of 2014. Collectively, platinum companies involved in the strike forfeited \$2.25 billion in revenue.

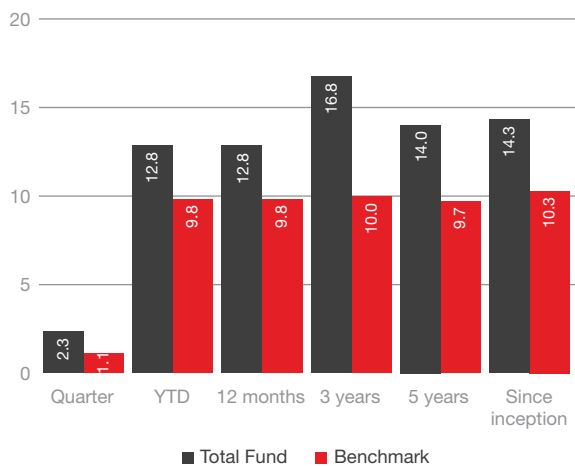
Further to the strain that the South African economy experienced as a result of the strike action, given that South Africa is heavily dependent on trade with Europe and China, the local economy came under pressure as a result of the slowdown in these two markets. Capital flight from the South African bond market in particular, to the more attractive US market, exacerbated the South African economic position.

African Bank Investments Limited (ABIL) was brought under curatorship by the SARB due to the severe decline of its share price after a trading statement was released by ABIL on 6 August 2014, i.e. from approximately R7.20 to 31 cents on 8 August 2014.



Confidence by the market in ABIL dropped significantly, prompting the SARB to step in and provide support measures to increase ABIL's probability of survival.

The FTSE/JSE All Share Index (ALSI) tumbled by 0.8% for the six months to December 2014. A major driver of the ALSI's performance was Resources, with the FTSE/JSE Resources 20 Index realising a return of -25.1% for the period under consideration. The graph below shows the performance of the ALSI in 2014. Overall for the year, the index ended off stronger.



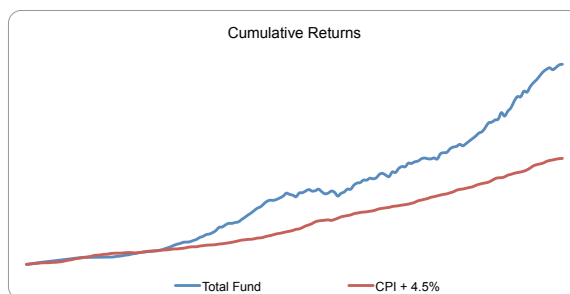
MINEWORKERS PROVIDENT FUND'S PERFORMANCE UPDATE

Investments

The Mineworkers Provident Fund has delivered superior returns against its benchmark of CPI + 4.5% p.a. under each of the periods under consideration. The column graph below shows that the Fund performed well ahead of its benchmark, including in the 2014 calendar year.

Total fund performance (%)

The following graph shows that on a cumulative basis, the Fund performed well-ahead of its benchmark.



The table below provides detail of the Fund's closing market values for December 2013 and 2014, as well as a percentage change in market value between the respective years.

Strategy	Asset Manager	31 December 2014	31 December 2013	% Change in Market Value
Core Assets	Old Mutual Stable	R6 124.00	R5 491.90	11.51%
	Sarlam Smooth Bonus	R1 638.70	R1 413.10	15.96%
	MOM Smooth Growth	R1 800.10	R1 485.80	20.34%
	Mergence	R1 583.20	R1 488.20	8.51%
	Balondolazi	R105.90	R0.00	N/A
Market-Related Assets	Argon	R1 825.90	R1 462.80	24.82%
	Afena	R1 972.90	R1 828.90	7.87%
	Coronation	R3 063.90	R2 976.20	2.96%
	Kagiso	R2 110.90	R1 949.50	8.28%
	Community Growth	R218.20	R1 372.20	-84.10%
	Community Gilt	R241.60	R219.70	9.97%
	Momentum Bond	R1 627.20	R1 715.80	-5.16%
	Prudential	R587.60	R575.90	2.03%
	Stanlib	R1 050.30	R982.30	9.14%
	Investec	R261.00	R24.10	982.99%
	Orbis	R2 051.00	R1 882.90	8.93%
Mianzo	R236.80	R0.00	N/A	
Provest	R110.10	R0.00	N/A	
Total Fund		R26 618.30	R24 839.30	7.16%



CHIEF EXECUTIVE OFFICER'S REPORT (continued)

It is evident from the above that the Fund grew by 7.16% from 2013 to 2014 in terms of asset size.

Incubation Managers

In February 2014, the Investment subcommittee implemented an Incubation Policy. The objective of the Policy is to allocate a portion of the Fund's assets to up-and-coming previously disadvantaged managers with the objective of having them graduate to the pool of leading Asset Managers in the South African market. The Fund appointed the following three managers as part of their Incubation Policy:

- Balondolozzi Investment Services;
- Prowess Investment Managers; and
- Mianzo Asset Management.

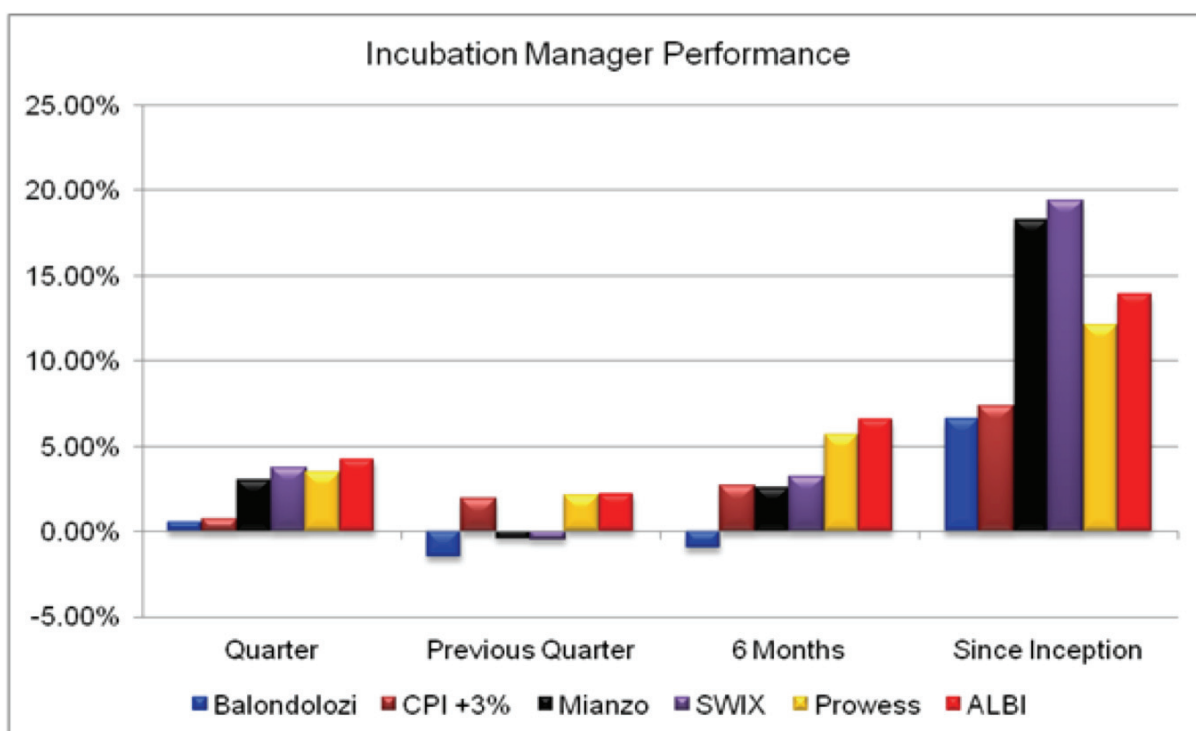
Since their appointment, the Incubation Managers have realised the following returns against their respective benchmarks:

On the whole, the performance of each of the Incubation Managers has been competitive.

The following are initiatives that the Fund has been involved in over the past year or so and which have been directed by Alexander Forbes Asset Consultants:

- The Investment Committee completely overhauled the Fund's investment Policy Statement to ensure it remained compliant with Regulation 28 of the Pension Fund's Act, and accurately documented the matters of policy agreed by the Trustees;
- The investment Committee updated the Fund's Investment Strategy. This ensured that the Fund's assets are appropriately managed to meet the investment objectives. This too was formally documented for approval by the Trustees;

	Balondolozzi	CPI +3%	Mianzo	SWIX	Prowess	ALBI
Quarter	0.51%	0.74%	3.02%	3.75%	3.48%	4.25%
Previous Quarter	-1.49%	1.90%	-0.41%	-0.50%	2.11%	2.21%
6 Months	-0.99%	2.66%	2.60%	3.24%	5.67%	6.56%
Since Inception	6.59%	7.36%	18.25%	19.41%	12.02%	13.84%



- After significant education and training on private equity and unlisted debt, the Fund has appointed two asset managers to manage assets on behalf of the Fund. These investments will improve diversification for Fund and will look to generate returns in excess of what can be generated by the relevant listed markets. These managers are:
 - Ashburton (private equity);
 - Vantage Capital (unlisted debt);
- Implemented and monitored the Incubator Portfolios. The incubator programme was designed to give a “leg-up” to high quality empowerment businesses who are looking to grow and achieve critical mass. These portfolios have been in place for almost 18 months now and the managers’ assets have changed as follows over this period:

Manager	AUM at start	AUM at end
Prowess	R388 million	R871 million
Balondolozzi	R600 million	R2 billion
Mianzo	R1.2 billion	R2.9 billion

The Fund is proud of how it has helped develop the empowered asset management industry.

- Recommended the Fund remain in the ring-fenced Sanlam Smooth Bonus portfolio rather than joining the Sanlam Smooth Bonus pool. This has generated outperformance over the past 12 months of 0.38% which added an approximate R6 million to the value of the Fund;
- Developed the Proxy Voting Policy. This enables the Trustees to be involved in voting at, or directing decisions at shareholding meetings and voting against decisions that company directors may want to take that are not in the best interests of shareholders;
- Very thorough due diligences of the Fund’s asset managers;
- Reviewing the investment case for the Fund purchasing its own building from which to service members;
- Formalised a disinvestment strategy for the Fund for when benefit payments are required;
- Formalised rebalancing rules for the portfolio;

- Other general education:
 - Lifestaging and life-stage structures
 - Exchange traded Funds
 - Investing in Africa
 - The concept of Risk Budgeting
 - Optimal offshore allocation based on Mean-Variance optimisation.

TEAM WORK

None of what we have achieved in 2014 could have been possible without an unprecedented co-operation with the board and the people at all levels within our business. It was teamwork that enabled us to overcome our teething problems after we commenced self-administration in 2011. I would like to acknowledge the fact that each and every member of the MWPF team regardless of role and/or responsibilities, made a vital contribution to our success. Many thanks to all the ‘GEM’ers.

LOOKING AHEAD

I would like to conclude 2014’s overview by assuring stakeholders that they could look ahead to 2015 with confidence. I believe that both the industry and the fund will take a hard long look at themselves in order to ensure that we all create a healthier future. We will continue to lead the business and ensure that we are more attuned and better equipped to meet and exceed stakeholder expectations.

While our 2014 results were very satisfactory, we look forward to our 2015 given that we are finding more and more effective ways of adding value to our stakeholders especially our members.

In 2014 MWPF reached a significant milestone as the fund has been in existence for 25 years. It was on 1 July 1989 when the fund first opened its doors in a journey that would transform the lives of many. A number of activities were planned given where we come from it was important to mark this event and celebrate.

Mkuseli Mbomvu
Chief Executive Officer

CORPORATE GOVERNANCE



COMPLIANCE, GOVERNANCE AND ETHICS

Mineworkers Provident Fund continues in its journey to earn and maintain trust amongst its members, stakeholders and the industry at large. The Fund continues to strengthen its policies and practices to meet and exceed the expectations of its stakeholders and work hard to adhere to the highest business and ethical standards. We monitor our compliance with ethical and sound governance practices in which a culture of discharging our responsibilities with integrity is embedded and enforced across the entire Fund, from the board of trustees to our most junior staff members.

Our stakeholder value is immensely increased by our deliberate compliance to highest governance standards. We continually open ourselves to the regulator's reviews, over and above the mandatory reviews, to ensure that we do the right thing even when nobody is watching. Below are some of the tools assisting the board in its governance endeavours.

- The Funds 19-member board is chaired by an independent trustee;
- Sound induction sessions for new trustees and a simplified code of conduct;

- The Audit and Risk Committee is chaired by an independent chairman;
- The decisions of the board are made on majority vote, although seldom used as the board always pursue the consensus route;
- Board representation caters for all unions with clearly defined membership requirements.

While we service our members within the framework of applicable laws and regulations for MWPF, compliance with the legislation is adequate as we aim for more than that. Through our code of conduct and our policies, we aim to create a service touch point that treats our members with dignity, creates wealth for them and transforms our industry.

MEMBERS' VOICE IN THE BOARD

The board is fortunate to benefit from a strong contingent of member trustees who do not compromise in their contribution from a member perspective and the understanding of employer-appointed trustees that they represent the Fund's interest that is aligned to members. The Fund is governed and managed in accordance with members' interests and is a critical member voice in retirement fund matters.

The board of trustees comprises individuals with diverse backgrounds, skills, experience and competencies who all contribute equally to robust deliberations and enriched decision making processes.

BOARD'S CAPACITATION

The board's capacitation is considered to be an essential ingredient to the board's effectiveness to discharge MWPF duties. The board has adopted a training policy and included in the year planner are training sessions that are monitored.

LEGISLATIVE UPDATES

The board keeps itself abreast of legislative updates from its legal division and its deployment of its members to key industry bodies. In this regard, the board not only reacts to legislative developments, but participates in its formulation.

STAKEHOLDER ENGAGEMENT

The board engages its stakeholders quarterly in a consistent and respectful manner.

THE BOARD OF TRUSTEES (BOT)

Composition

Employer Trustees (Chamber of Mines of South Africa)	9
Employee Trustees (NUM and AMCU)	9
Independent Chairperson	1
<i>*18 Alternate Trustees are appointed in the equal split as above</i>	
Meetings held	6
Attendance	66%

Term of office

The trustees term of office is three (3) years and trustees are eligible for reappointment.

Duties

The role of the board of trustees continues to be increasingly challenging given their Fiduciary obligations, the changing labour landscape (emergence of AMCU) and the Fund's organisational strategy.

The board also sets the tone in the governance framework and interconnected risk management. Overseeing management and providing strategic guidance is a key component of the boards functions, of which results in this annual report are largely based on.

The board's approach to risk management is based on the following key factors:

- Understanding the Fund's risk philosophy and appetite;
- Interrogating management's risk management;
- Compare the Fund's risk to its appetite;
- Being appraised of most significant risks and management's response to them.

Delegated authority and evaluations

The board has delegated its functions to seven (7) subcommittees of the Fund whose performance is evaluated annually. The subcommittee's terms of reference are approved and continually reviewed by the board for effectiveness. The board also evaluates itself annually and includes the Chairman, CEO and the Principal Officer.

The board has not delegated its responsibilities and as a collective to the committees and continue to apply itself on all recommendations of the committees with due care, diligence and in accordance with their legal obligations.

THE AUDIT AND RISK MANAGEMENT COMMITTEE

Composition

Employer Trustees/Alternates	5
Employee Trustees/Alternates	5
Independent Chairperson	1
Meetings held	7
Attendance	66%

Duties

The role of the Audit and Risk Committee (the Committee) is to promote effective governance by assisting the board of trustees to discharge its responsibility relating to establishing and maintaining an effective control environment over all operations of the Mineworkers Provident Fund (the Fund), particularly the financial control and reporting process.

The Committee evaluates whether discipline and control is maintained by the Fund's management and the administrators to ensure:

- The reliability and integrity of information, particularly the quality of financial information;
- Compliance with policies, plans, laws, rules and regulations;
- The safeguarding of assets;
- Effective management of risk;
- Compliance with corporate governance.

Key achievements for the year under review

- Strengthening of risk management;
- Self-administration review and benchmarking exercise;
- Implementation of key financial policies;
- Setting up an appropriate internal audit function;
- Completion of an administration system that is responsive to members' needs and technological advances.

INVESTMENTS SUBCOMMITTEE

Composition

Employer Trustees/Alternates	5
Employee Trustees/Alternates	7
Independent Chairperson	1
Meetings held	6
Attendance	77%

CORPORATE GOVERNANCE

(continued)

Duties

- Develop, regularly review and recommend to the board the Investment Policy Statement for the Fund: review the Statement of Investment Principles on an annual basis;
- Recommend to the board the appointment or termination of asset managers;
- Ensure that proper contractual arrangements are in place for all the asset managers and to monitor that these managers adhere to their mandates;
- Monitor that the appointed asset managers operate in a manner that is consistent with the principles laid down in the Investment Policy Statement and the mandates, and that any policies on shareholder activism, proxy voting and other related issues are adhered to by the managers;
- Monitor the overall performance of the Fund's investment portfolios relative to the particular performance objective and risk constraints.

Key achievements for the year under review

- Review of the Fund's Investment Policy to explicitly include a 50% (currently 30%) to total Fund's assets allocations to previously disadvantage managers over the next three years;
- Implementation of the Fund's incubation policy aimed at assisting previously disadvantaged start-up managers;
- Consistently generating an outperformance of the Fund's target of inflation plus 4.5% since the inception of the Fund, having never declared a negative return to the members.

BENEFITS SUBCOMMITTEE

Composition

Employer Trustees/Alternates	4
Employee Trustees/Alternates	6
Meetings held	6
Attendance	73%

Duties

- The consideration and recommendation of rule changes where appropriate and applicable, and benefits proposals;
- Investigate and consider all other issues related to benefits provided by the Fund, except issues related to Section 37C of the Pension Funds Act related to death benefit distributions;

- Exercise their delegated authority in accordance with:

- 1.1 Statutory provisions;
- 1.2 Common-law principles;
- 1.3 Fund documentation, ie the Rules of the Fund, the policy documents of the Fund (as appropriate) and other contracts and/or agreements.

Key achievements

- Appropriate deployment of trustees and alternates to sub committees of the board according to skills, competence and experience;
- Reviewing of the Fund's benefits and improving the funeral benefit to R30 000;
- Development of the Fund's Corporate Social Policy;
- Designing mineworker-specific retirement annuity products;
- To contribute to the country's economy through paying R1.8 billion in benefits, excluding death benefits payments.

HUMAN RESOURCES AND REMUNERATION SUBCOMMITTEE

Composition

Employer Trustees/Alternates	7
Employee Trustees/Alternates	6
Meetings held	6
Attendance	63%

Duties

- Influences and approves human resource policies and strategies and monitors compliance with all relevant legislation, statutory requirements and best corporate practices;
- Determines executive management remuneration and the remuneration policy framework and makes recommendations to the board of trustees in this regard;
- Ensures the executive management remuneration policy and practices are in accordance with best corporate practices.

Key achievements

- Alignment of Fund's remuneration to market-related rates;
- Evaluation of the board and subcommittees;
- Executive team profile assessments;
- Implementation of the Trustees' training policy.

COMMUNICATIONS SUBCOMMITTEE

Employer Trustees/Alternates	7
Employee Trustees/Alternates	6
Meetings held	6
Attendance	64%

Duties

- The implementation of the Fund's Communication Strategy as amended by the board from time to time;
- Any communication matters referred to the subcommittee by the board or any communications matters that the subcommittee deem necessary, provided the approval of the board is obtained.

Key achievements

- Review and the implementation of the Fund's Communication Strategy;
- Winning three communication awards from the Institute of Retirement Funds (IRF);
- Planning and execution of the Fund's 25th celebrations;
- Improved stake holder engagements.

DEATH BENEFITS SUBCOMMITTEE

Employer Trustees/Alternates	4
Employee Trustees/Alternates	8
Meetings held	4
Attendance	75%

Duties

- To take on death benefit claims requiring some degree of discretion for purposes of making a recommendation to the board for ratification;
- To assist the board of trustees of the Fund with development of the guidelines and administrative procedures for the payment of death benefits;
- To gather and make available to the board of trustees of the Fund any relevant information relating to death benefit payments and their impact on the Fund.

Key achievements

- Improved death distribution processes with meetings held almost daily;
- R539 million paid to beneficiaries for the year under review;

- 53% of 2014 death cases were paid in 2014 with some paid within three months of the member's death;
- A total of 1969 death cases were processed, of which 1 437 were unclaimed;
- 6 746 beneficiaries were paid in 2014, of which 4 924 were related to unclaimed benefits.

UNCLAIMED BENEFITS

Employer Trustees/Alternates	4
Employee Trustees/Alternates	5
Meetings held	4
Attendance	68%

Duties

- To make recommendations to the board regarding matters related to unclaimed benefits that fall outside of this mandate, including any amendment of the rules dealing with unclaimed benefits;
- To assess and appoint tracers in consultation with the Death Claims subcommittee and to provide such tracers with contractual mandates and set budgetary and other limitations to their authority to act;
- Request external professional advisers to provide advice or, where deemed necessary or appropriate, to attend meetings to advise on any matter relating to the management and payment of the unclaimed benefits;
- Take decisions on behalf of the Fund with regards to the unclaimed benefits, subject thereto that the subcommittee shall provide detailed reporting on the decisions taken by them in terms of this mandate to enable the board to ratify the decisions, where necessary, or monitor performance in terms of the delegated authority.

Key achievements

- Adoption and implementation of a progressive unclaimed strategy;
- Decentralising the service by opening offices in rural areas;
- A total of 4 189 unclaimed cases were paid in 2014.

Sipho Sidu

Principal Officer

FINANCIAL UPDATE 2014



“Our external auditors have for the fourth year running since the fund went into self-administration issued a clean audit opinion on the fund’s financial statements”
Sam Bandah (CFO)

2014 has seen great improvements in our financial strategy and this has resulted in achieving success in the following areas:

- We have remained conscious of and committed to good corporate governance;
- We have implemented a rigorous system of proactive internal controls and ensured that fraud is detected early or eliminated. Our controlled environment has resulted in fewer audit management items;
- We have introduced and implemented a Risk Management Strategy based on ISO31000;
- We have continued to enhance our financial management and leadership skills;
- We have continuous and consistent development and optimisation of member relationships, values, ethics and business practices and ongoing development of finance staff.

Our financial performance has seen us operate within set budgets, reduce our costs and meet our deliveries.

- For the fourth year since self-administration our annual financial statements have been given a clean audit opinion by our auditors and have been submitted to the Financial Services Board within the stipulated regulatory timeframe.
- Income from new revenue streams now stands at over R30 million.
- Our Treasury Management Solution has been very successful resulting in additional positive cash flows.

Sam Bandah FCCA
Chief Financial Officer

STATEMENT OF NET ASSETS AND FUNDS FIVE-YEAR FINANCIAL REVIEW

	31 Dec 2014	31 Dec 2013	31 Dec 2012	31 Dec 2011	31 Dec 2010
	R	R	R	R	R
ASSETS					
Non-current assets	26 619 254 121	24 840 099 056	22 037 415 073	19 485 252 589	17 900 972 972
Plant and equipment	790 977	702 793	1 834 643	3 467 228	2 984 998
Investments	26 618 463 144	24 839 396 263	22 035 580 430	19 481 785 361	17 897 987 974
Current assets	237 709 499	198 716 775	233 395 403	251 497 476	362 604 891
Transfers receivable	1 533 806	600 689	355 789	–	–
Accounts receivable	55 194 975	57 946 564	81 490 485	102 031 391	171 501 844
Contributions receivable	113 087 972	106 991 301	111 187 954	113 837 634	107 826 259
Cash at bank	67 892 746	33 178 221	40 361 175	35 628 451	83 276 788
Total assets	26 856 963 620	25 038 815 831	22 270 810 476	19 736 750 065	18 263 577 863
FUNDS AND LIABILITIES					
Members' funds and reserve accounts	18 553 377 812	18 265 516 704	15 136 527 672	13 376 687 406	12 642 377 039
Members' individual accounts	17 650 835 857	16 984 784 729	14 206 348 433	12 506 979 834	12 625 161 830
Amounts to be allocated	902 519 977	1 280 733 975	930 179 239	869 707 572	17 215 209
Reserves					
Reserve accounts	3 482 888 868	2 783 475 820	2 209 883 289	2 162 487 348	2 294 453 313
Total funds and reserves	22 036 266 680	21 046 992 524	17 346 455 961	15 539 174 754	14 936 830 352
Non-current liabilities	3 222 350 547	2 700 765 746	3 009 122 164	2 634 755 161	1 578 486 412
Provisions	2 757 401	1 936 864	832 251	496 121	–
Unclaimed benefits	3 219 593 146	2 698 828 882	3 008 289 913	2 634 259 040	1 578 488 412
Current liabilities	1 598 346 393	1 289 057 561	1 915 277 351	1 562 820 150	1 748 261 099
Transfers payable	20 662 610	14 594 400	20 667 037	122 015 027	52 920 282
Benefits payable	1 531 119 971	1 223 522 666	1 826 142 757	1 398 250 952	1 658 736 937
Accounts payable	46 563 812	50 940 495	68 467 557	42 554 171	36 603 880
Total funds and liabilities	26 856 963 620	25 038 815 831	22 270 810 476	19 736 750 065	18 263 577 863

OUR TECHNICAL EDGE



“The transition to a member-centric IT model represents a major evolution in how we currently conduct business and deliver the mission of the fund” Nathan Williams (Head of IT & Projects)

Over the past year, IT worked to increase the value that IT, IA, and IM provide to the Mineworkers Provident Fund mission.

We articulated a future state in which IT support to the Fund’s mission is optimised. This future state aims to maximise IT effectiveness and efficiency, and reduce the time to market for IT solutions.

In the 24 months since the formation of the IT Department, significant steps have been taken to reorientate and reprioritise the role of IT at MWPF. The transition to a member-centric IT model represents a major evolution in how we currently conduct business and deliver the mission of the Fund. At an enterprise-level services are coordinated in partnership with departmental units delivering distinct services to our members.

Most of our stakeholders will not feel the impact of this transition for another year or two, but the following accomplishments from the past year are clear evidence of a new approach to enterprise-level IT at MWPF.

- Substantial IT cost reduction exercise, by streamlining support services;

- Fully automated query management solution;
- Integrated document management scanning solution;
- E-wallet payment capability platform for our members and beneficiaries;
- Employer portal where our participating mines can upload and submit documentation directly into our member platform;
- Fully automated leave application platform;
- Fully integrated recruitment platform;
- We redesigned the look and feel of the MWPF website;
- A unified and integrated USSD platform where members can communicate with the fund directly;
- Voice over IP (VOIP) telephony platform;
- VOIP-enabled call centre management solution;
- Business intelligence reporting tool;
- Front-end automated workflow engine;
- Fully automated claims management process;
- Integrated account verification system (AVS);
- Fully automated fleet management system.

I am very optimistic that our new 2015/2016 IT roadmap will provide the necessary IT infrastructure that will enable the fund to accelerate its service offerings and allow us to offer more effective and sustainable member benefits, and continue to be the fund of choice within the mining sector and beyond.

Nathan Williams
Head of IT and Projects

HUMAN CAPITAL – OUR PEOPLE



Our people vision continues to empower our people to do excellent work.

The people strategy for Mineworkers Provident Fund is underpinned by four areas of focus.

1. **Building our HR capability**
2014 has seen various initiatives take place in order to improve efficiencies in our HR systems, processes and procedures. Further to that, automation has also assisted in ensuring HR provides an efficient and effective capability for the business.
2. **Grow and develop our leadership and management capacity**
Various initiatives have been taken based on our learning and development strategy. The chief objective was to empower and impart our leaders with the appropriate skills and competencies for current and future leadership business demands.

3. **Employee growth and development**
Employees have been exposed to internal and external learning and training interventions. This was geared towards improving our industry knowledge and overall development of our employees in order to realise a positive servicing experience for our members. MWPF has also bedded down practices that will elevate the growth and development of employees.
4. **Change management and transformation**
The challenge of operating in a fast-paced and competitive industry can only be stemmed by the ability to manage change effectively and continue to transform the business through appropriate interventions. The main objective for change management and transformation is the development of organisational culture and human capability. During 2014 MWPF has witnessed steady progress in dealing with both health and effective business challenges. The business has also adopted current models and practices that are designed to take the organisation forward.
5. **Our commitment to transformation**
Our unwavering commitment to transform our business has lead to a range of initiatives in preparing and shifting our environment into a customer or member-centric culture. All efforts, which include excellent customer/member service experience and establishing a high performance culture. These are geared towards transforming the environment and have involved all employee in their respective levels. We are starting to yield positive results from a health and effective perspective.
6. **Outlook**
We will continue to invest time and effort in transforming the business and realising our four-pillared people-plan objectives. This will go a long way to help our employees to continue contributing towards both a vision-led and values-driven organisation, fully engaging them towards a culture of excellence.

Lungelo Solombela

Human Resources Manager

SERVICE EXCELLENCE



“The essence of what it takes to accomplish our goals is anchored on a disciplined execution, displayed by our greatest asset, our people. As a team we adopted shared ownership as a value where we hold each other accountable for both failures and successes.”
Lihle Khoza (COO)

The year 2014 has been a period of significant developments as our operational strategy matures. The last few years our business focused on building delivery platforms and I am delighted to give an update on the progress so far.

SERVICE IN FOCUS

As stated in the previous financial year, we enhanced our client facing operations with the introduction of Client Relationship Managers (CRM). The reason for this intervention was to bolster our relationship with the employers. This intervention has yielded results in that we were able to proactively identify and mitigate service delivery gaps.

Together with mining officials we were able to perform root cause-analysis and timeously implement remedial actions. As a result of this collaboration we have been able to create knowledge hub that continues to benefit both parties.

Our operational team shifted gears in how we deliver to our members as we moved from only measuring quantity, but significantly reduced turnaround times and improved on quality. This has been achieved through a deliberate staff engagement process and ongoing feedback from members and stakeholders.

In effort to improve our efficiencies we have embarked on a system transformation journey. We have chosen a unique project name that defines our overall objective in embarking on this journey, Project Procence.

The critical elements that are encapsulated in this name are defined below:

- INTELLIGENCE;
- INFLUENCE behaviour both internal and external;
- DILIGENCE;
- Provide the Fund with COMPETENCE and
- Enable the Fund to achieve EXCELLENCE in service delivery.

We believe that Project Procence will revolutionise the way we deliver services to our members.

Preparatory work in terms of data sanitisation and due diligence was conducted in an effort to select a suitable administration platform.

UNCLAIMED BENEFITS

Our agile response in reducing Unclaimed Benefit saw us taking measured strides in successfully conducting roadshows beyond the RSA borders. As a result of our strategic alliance with our partners in the form of Labour departments and other parties our members continue to enjoy access to MWPF services despite our absence.

As a follow up to the road show effort the following initiatives were conducted in 2014:

1. Deliberate and targeted visits were conducted in Swaziland and Lesotho which resulted to a payment of 562 beneficiaries to the value of R11 million.
2. Conducting roadshows in the Eastern Cape with an objective of tracing former mineworkers or beneficiaries. This exercise resulted in over 7 000 individuals consulted.
3. Introduced cost effective and innovative banking solution in a form of e-wallet for purposes of expediting benefit payments to those members who had challenges with opening bank accounts.
4. Implementation of the internal tracing team with a focus on desktop mining of contacts of former members.

The essence of what it takes to accomplish our goals is anchored on a disciplined execution, displayed by our greatest asset, our people. As a team we adopted shared ownership as a value where we hold each other accountable for both failures and successes.

We allowed our staffs to experiment with innovative methods which in the long term will result in improving our member experience. We create value based transparency in our communication thereby creating a vibrant culture of sharing with no victimisation.

We are confident that as our Business Operating Model matures, we will continue to reduce our unit costs without compromising quality and service delivery to our members.

Lihle Khoza
Chief Operations Officer



STATEMENT OF RESPONSIBILITY BY THE BOARD OF FUND

FOR THE YEAR ENDED 31 DECEMBER 2014

RESPONSIBILITIES

The Board of Fund hereby confirm to the best of their knowledge and belief that, during the year under review, in the execution of their duties they have complied with the duties imposed by Pension Funds Act legislation and the rules of the fund, including the following:

- 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 Fund;
- 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 and all applicable legislation;
- ensured that fidelity cover was maintained and that 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 Mineworkers Provident Fund are the responsibility of the Board of Fund. The Board of Fund 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 30 have been prepared for regulatory purposes in accordance with the Regulatory Reporting Requirements for Retirement Funds in South Africa, the Rules of the fund and the Pension Funds Act. The Board of Fund is not aware of any instances of non-compliance during the financial year nor during the year up until the signature of these financial statements.

These annual financial statements have been reported on by the independent auditors, Ernst & Young Inc., who was given unrestricted access to all financial records and related data, including minutes of all relevant meetings. The Board of Fund believes that all representations made to the independent auditors in the management representation letter during their audit were valid and appropriate. The report of the independent auditors is presented on page 5.

INSTANCES OF NON-COMPLIANCE

The following instances of non-compliance with acts, legislation, regulations and rules, including the provisions of laws and regulations that determine the reported amounts and disclosures in the financial statements came to our attention and were rectified before the Board of Fund's approval of the financial statements:

NATURE AND CAUSE OF NON-COMPLIANCE	IMPACT OF NON-COMPLIANCE MATTER ON THE FUND	CORRECTIVE COURSE OF ACTION TAKEN TO RESOLVE NON-COMPLIANCE MATTER
1. Twelve Section 14 transfers were not submitted to the Financial Services Board within the 180 days' timeframe.	The Fund is in breach of the Pensions Funds Act with regard to the submission of Section 14 transfers.	Processes have been put in place by the Principal Officer to ensure that all Section 14 transfers are submitted to the Financial Services Board within the 180 days' timeframe.
2. The actual transfer values for two transfers to the fund were not received within 60 days of the approved Section 14 application by the Financial Services Board.	There is no impact on the Fund. A receivable amount has been reflected in the financial statements.	
3. Eight (8) Section 14 transfers from the fund had not been paid within 60 days of the approved Section 14 application by the Financial Services Board.	The Fund is in breach of the Pensions Funds Act with regard to the payments of actual member values to the transferee fund.	The process to ensure that adherence to payment within the prescribed 60 days has been improved by obtaining the required information prior to the Section 14 application.
4. Rule 3(1) (a) and (b) requires the fund to be administered and controlled by nineteen Trustees of whom nine shall be known as the Member Trustees and nine shall be known as Employer Trustees. At the end of the reporting period, the Board of Fund consisted of eight Member Trustees and eight Employer Trustees.	The Fund is in breach of the Rules of the Fund with regard to the requirement for the number of Board trustees.	The Chamber of Mines and the National Union of Mineworkers were notified of the non-compliance and have not to date appointed the new trustee members. The Fund is currently following up on this issues with the relevant organisations.
5. Rule 4 requires the Board of Trustees to appoint the Independent Trustee and his alternate by consensus. At the end of the reporting period an alternate independent trustee has not been appointed by the Board of Fund.	There is no impact on the Fund.	The independent chair of the Audit and Risk Management Committee was appointed by the Board of the Fund as the alternate.
6. The Fund transferred assets of nine members to another approved fund without obtaining the final approval from the Financial Services Board as required by the Pension Fund Act.	The Fund is in breach of the Pensions Fund Act and must report the breach to the Financial Services Board.	The refund of the transferred funds has been requested and will be transferred again on receipt of the correct approval and the Principal Officer will accordingly report the breach to the FSB and confirm the remedial action taken.

These annual financial statements:

- were approved by the Board of Fund on 31 March 2015;
- are to the best of the Board members knowledge and belief confirmed to be complete and correct;
- fairly represent the net assets of the fund at 31 December 2014 as well as the results of its activities for the year then ended; and
- are signed on behalf of the Board of Fund by:



**M J Kuscus (Reappointed
27/03/2014)**
Chairperson

25 June 2015



S Wall (Reappointed 01/09/2014)
Employer Trustee

25 June 2015



**M Senene (Reappointed
02/05/2012)**
Member trustee

25 June 2015

Mineworkers Head Office – Sage Building

25 June 2015

STATEMENT OF RESPONSIBILITY BY THE PRINCIPAL OFFICER

FOR THE YEAR ENDED 31 DECEMBER 2014

I confirm that for the year under review the Mineworkers Provident Fund has timeously submitted all regulatory and other returns, statements, documents and any other information as required in terms of the Pension Funds Act and to the best of my knowledge all applicable legislation except for the following:

SPECIFIC INSTANCES OF NON-COMPLIANCES	REMEDIAL ACTION TAKEN
1. Twelve (12) Section 14 transfers were not submitted to the Financial Services Board within the 180 days time frame.	The 12 Section 14 transfers were all submitted to the Financial Services Board.
2. The actual transfer values for two (2) transfers to the fund were not received within 60 days of the approved Section 14 application by the Financial Services Board.	These have not yet been received but the fund is following up with the transferor fund.
3. Eight (8) Section 14 transfers from the fund had not been paid within 60 days of the approved Section 14 application by the Financial Services Board.	The fund has put in place measures that no transfers will be processed without option form or tax number.
4. Rule 3(1) (a) and (b) requires the fund to be administered and controlled by nineteen Trustees of whom nine shall be known as the Member Trustees and nine shall be known as Employer Trustees. At the end of the reporting period, the Board of Fund consisted of eight Member Trustees and eight Employer Trustees.	The Chamber of Mines and the National Union of Mineworkers were notified of the non-compliance and have not to date appointed the new trustee members.
5. Rule 4 requires the Board of Trustees to appoint the Independent Trustee and his alternate by consensus. At the end of the reporting period an alternate independent trustee has not been appointed by the Board of Fund.	The independent chair of the Audit and Risk Management Committee was appointed by the Board of the Fund as the alternate.
6. The Fund transferred assets of nine members to another approved fund without obtaining the final approval from the Financial Services Board as required by the Pension Fund Act.	The refund of the transferred funds has been requested and will be transferred again on receipt of the correct approval and the principle officer will accordingly report the breach to the FSB and confirm the remedial action taken.



Siphon Sidu
Principal Officer

25 June 2015

REPORT OF THE INDEPENDENT AUDITORS TO THE BOARD OF FUND OF THE MINEWORKERS PROVIDENT FUND AND THE REGISTRAR OF PENSION FUNDS

We have audited the annual financial statements of the Mineworkers Provident Fund, which comprise the statement of net assets and funds as at 31 December 2014, the statement of changes in net assets and funds for the period ended 31 December 2014, and the notes to the financial statements, which include the principal accounting policies and other explanatory information, as set out on pages 18 to 40. The financial statements are prepared for the purpose of reporting to the Registrar of Pension Funds.

BOARD OF FUND' RESPONSIBILITY FOR THE ANNUAL FINANCIAL STATEMENTS

The Board of Fund is responsible for the preparation of these financial statements in accordance with the Regulatory Reporting Requirements for Retirement Funds in South Africa. The Board of Fund are also responsible for compliance with the requirements of the Rules of the Fund and the Pension Fund Act and for such internal control as the Board of Fund 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 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 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 judgment, 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 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 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.

OPINION

In our opinion the financial statements of the Mineworker's Provident Fund for the period ended 31 December 2014 have been prepared, in all material respects, in accordance with the Regulatory Reporting Requirements for Retirement Funds in South Africa.

REPORT OF THE INDEPENDENT AUDITORS TO THE BOARD OF FUND OF THE MINEWORKERS PROVIDENT FUND AND THE REGISTRAR OF PENSION FUNDS (continued)

FINANCIAL REPORTING FRAMEWORK

Without modifying our opinion, we draw attention to note 1.1 of the notes to the annual financial statements which describes the financial reporting framework prescribed by the Registrar of Pension Funds. Consequently, the financial statements and related auditor's report may not be suitable for another purpose.

OTHER MATTERS

The supplementary information contained in Schedule IA as set out in pages 57 to 80 to these annual financial statements, has been extracted from the underlying Fund's accounting records that were the subject of our engagement. We have compared the totals reflected in Schedule IA to the totals reflected in the underlying Fund's accounting records to determine whether such totals have been correctly extracted. However, we have not performed any additional procedures to substantiate the disclosures of the individual totals included in Schedule IA. We do not express an audit opinion on this schedule.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Note 9 of the report to the Board of Fund describe instances of non-compliance with laws and regulations. There are no additional matters that came to our attention during the course of our audit of the financial statements.

REPORTABLE IRREGULARITY

In accordance with our responsibilities in terms of section 45 of the Auditing Profession Act, we report that we identified certain unlawful acts and omissions omitted by persons responsible for the management of the Mineworkers Provident Fund, which constitute a reportable irregularity in terms of the Auditing Profession Act. We have reported such matter to the Independent Regulatory Board for Auditors. The assets of the members were transferred to the other approved fund without obtaining the final approval from the Register as required by the Pension Fund Act of South Africa section 14(1) of the Act.

Ernst & Young Inc.

Ernst & Young Inc.
Director – Maria Catharina Eygelsheim
Registered Auditor
Chartered Accountant (SA)
102 Rivonia Road
Sandton

25 June 2015

REPORT OF THE VALUATOR

FOR THE YEAR ENDED 31 DECEMBER 2014

Effective date of statutory actuarial valuation:
31 December 2012 ("the valuation date")

Particulars of financial condition of the Mineworkers Provident Fund ("the Fund")

1. The net market value of assets, amounted to R22 201 511 000 at the valuation date.
2. For the purposes of the actuarial valuation of the Fund as at 31 December 2012, the Fund's investments were brought into account at 100% of their market value and, together with cash at bank and sundry debtors and creditors and adding back provisions in the financial statements for unclaimed benefits, benefits payable and transfers payable, amounted to R22 201 511 000.
3. Liabilities:

Members' fund credits	R13 961 221 000
Benefits due (administration system)	R4 977 438 000
Total liabilities	R18 938 659 000
4. Each member's fund credit is the total of the member's portion, the employer's portion, the member's transfer portion, the employer's transfer portion and the member's voluntary portion together with any interest and profit earned on these accounts.
5. The benefits due are the provisions in the administration system for unclaimed benefits, benefits payable and transfers payable.
6. Contingency reserves:

Data reserve	R568 160 000
Risk reserve	R1 262 950 000
Processing error reserve	R378 773 000
Total	R2 209 883 000
7. The data reserve makes provision for data errors to the extent which the actuary deems reasonable after assessing the quality of the data submitted. There was uncertainty concerning the completeness of records taken over from the previous administrator, in particular the large backlog of benefits payable and partly paid claims.
8. The risk reserve represents the funds available to meet the cost of death benefits in excess of members' fund credits. The reserve comprises contributions towards risk benefits, transfers to the reserve less insurance premiums and benefits paid from the reserve, accumulated with investment returns.

REPORT OF THE VALUATOR (continued)

FOR THE YEAR ENDED 31 DECEMBER 2014

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9. The processing error reserve makes provision for mismatching and for timing differences in the actual Investment or disinvestment of monies from the times when they are deemed to have occurred in the calculation of benefits or the accrual of investment returns.
10. The total liabilities and contingency reserved accounts amounted to R21 148 542 000 (R18 938 659 000 plus R2 209 883 000) as at the valuation date.
11. Amounts to be allocated:
- | | |
|-------------------------------|----------------|
| Returns to be allocated | R503 060 000 |
| Group life to be allocated | R117 951 000 |
| Contributions to be allocated | R84 393 000 |
| Unallocated amounts | R347 565 000 |
| Total | R1 052 969 000 |
12. Returns to be allocated represents the effect of the inevitable lag in the loading of the 31 December 2012 unit price onto the administration system. These returns need to be allocated to member's fund credits, unclaimed benefits, benefits and transfers payable, and allocated to the contingency reserves as at the valuation date.
13. Group life to be allocated represents group life proceeds accrued for but not loaded as a benefit payable as at the valuation date. It included the self-insurance component.
14. Contributions to be allocated represent contributions accrued for but not loaded on the administration system as at the valuation date.
15. The unallocated amounts represent the balance of the amounts to be allocated. These were distributed after the valuation period to active members of the Fund as at 31 December 2013 by crediting the unit price at that date.
16. The financial position or solvency of the Fund is assessed by comparing the total assets of the Fund with the liabilities. The Fund is solvent when the value of the assets is equal to or in excess of the value of the liabilities, i.e. a funding level of 100% or greater. The Fund's assets exceeded the liabilities and the Fund had a funding level of 101.6% at the valuation date.
17. I certify that as at 31 December 2012 the assets of the Fund were sufficient to cover member's fund credits, the risk reserve and the recommended contingency reserves. I can thus confirm that, in my opinion, the Fund was in a sound financial condition as at the valuation date in terms of section 16 of the Act.



D Henderson

Fellow of the Actuarial Society of South Africa

In my capacity as the valuator of the Fund and as an employee of Alexander Forbes Financial Services (Pty) Ltd

Sandton

23 October 2015



STATEMENT OF NET ASSETS AND FUNDS

AS AT 31 DECEMBER 2014

	Notes	31-Dec-14	31-Dec-13
		R	R
ASSETS			
Non-current assets		26 619 254 121	24 840 099 056
Plant and equipment	2	790 977	702 793
Investments	3	26 618 463 144	24 839 396 263
Current assets		237 709 499	198 716 775
Transfers receivable	6	1 533 806	600 689
Accounts receivable	5	55 194 975	57 946 564
Contributions receivable	11	113 087 972	106 991 301
Cash at bank		67 892 746	33 178 221
Total assets		26 856 963 620	25 038 815 831
FUNDS AND LIABILITIES			
Members' funds and reserve accounts		18 553 377 812	18 265 516 704
Members' individual accounts		17 650 857 835	16 984 782 729
Amounts to be allocated	18	902 519 977	1 280 733 975
Reserves			
Reserve accounts	17	3 482 888 868	2 783 475 820
Total funds and reserves		22 036 266 680	21 048 992 524
Non-current liabilities		3 222 350 547	2 700 765 746
Provisions		2 757 401	1 936 864
Unclaimed benefits	9	3 219 593 146	2 698 828 882
Current liabilities		1 598 346 393	1 289 057 561
Transfers payable	7	20 662 610	14 594 400
Benefits payable	8	1 531 119 971	1 223 522 666
Accounts payable	10	46 563 812	50 940 495
Total funds and liabilities		26 856 963 620	25 038 815 831

STATEMENT OF CHANGES IN NET ASSETS AND FUNDS

FOR THE YEAR ENDED 31 DECEMBER 2014

	Notes	Members' individual accounts and amounts to be allocated	Reserve accounts (Refer to note 17)	Total current year 2014	Total previous year 2013
		R	R	R	R
Contributions received and accrued	11	1 338 220 475	555 879 772	1 894 100 247	1 901 663 708
Contributions transferred from reserve accounts	16	(1 280 733 975)	–	(1 280 733 975)	–
Reinsurance proceeds		–	249 442 609	249 442 609	327 613 802
Net investment income	12	–	2 953 103 486	2 953 103 486	4 206 274 326
Allocated to unclaimed benefits	9	490 098 923	(490 098 923)	–	–
Other income	13	–	181 759	181 759	158 514
Less:					
Reinsurance premiums		(561 902 872)	(373 842 774)	(935 745 646)	(375 043 543)
Administration expenses	14	–	(90 844 093)	(90 844 093)	(81 223 091)
Net income before transfers and benefits		(14 317 449)	2 803 821 836	2 789 504 387	5 979 623 099
Transfers and benefits		(3 116 069 074)	(149 975 473)	(3 266 044 547)	(2 146 623 929)
Transfer from other funds	6	1 201 362	–	1 201 362	4 873 322
Transfer to other funds	7	(36 090 377)	–	(36 090 377)	(59 341 182)
Benefits	8	(3 081 180 059)	(149 975 473)	(3 231 155 532)	(2 092 156 069)
Net (loss)/income after transfers and benefits		(3 130 386 523)	2 653 846 363	(476 540 160)	3 832 999 170
Funds and reserves					
Balance at the beginning of the year	16	18 265 516 704	2 783 475 820	21 048 992 524	17 346 410 961
Transfers between reserve accounts	16	2 452 647 609	(988 790 105)	857 504	–
Investment return allocated					
Risk reserve 1times group life	16	63 080 045	(63 080 045)	–	(130 417 607)
Allocations to/from surplus accounts					
Benefit enhancements		902 519 977	(902 519 977)	–	–
Balance at the end of the year		18 553 377 812	3 482 932 056	22 036 309 868	21 048 992 524

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2014

1. PRINCIPAL ACCOUNTING POLICIES

The following are the principal accounting policies used by the fund. These policies have been applied consistently to all years presented, unless otherwise specifically stated.

1.1 Purpose and basis of preparation of annual financial statements

The annual financial statements are prepared in accordance with the Regulatory Reporting Requirements for Retirement Funds in South Africa, the rules of the fund and the provisions of the Pension Funds Act.

The annual financial statements are prepared on the historical cost and going-concern bases, except where specifically indicated otherwise in the accounting policies below:

1.2 Plant and equipment

All plant and equipment are initially recorded at cost. Land and buildings are subsequently shown at market value, based on triennial valuations by external independent valuers, less subsequent depreciation. The remaining plant and equipment is stated at historical cost less depreciation. Increases in the carrying amount arising on revaluation are credited to the revaluation reserve.

Decreases that offset previous increases of the same asset are charged against the revaluation reserve; all other decreases are charged to the income statement. Each period the difference between depreciation based on the revalued carrying amount of the assets (the depreciation charged to the Statement of Changes in Net Assets and Funds) and depreciation based on the asset's original cost is transferred from the revaluation reserve to accumulated funds.

Depreciation is calculated on the straight-line method to write off the cost of each asset, or the re-valued amounts, to their residual values over their estimated useful life as follows:

Motor vehicle	5 years
Leasehold improvements	n/a
Furniture and fittings	3
Office equipment	3
Computer equipment and software	3

Land is not depreciated as it is deemed to have an indefinite life.

Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount. Impairment losses are recognised.

Gains and losses on disposal of plant and equipment are determined by reference to their carrying amount and are taken into account in determining the net surplus or deficit.

Maintenance and repairs, which neither materially add to the value of assets nor appreciably prolong their useful lives, are charged against income.

1.3 Financial instruments

Measurement

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 derecognised 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.

1.3.1 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.

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.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2014

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.

Investment property

A property held for long-term yields or capital appreciation that is not occupied by the fund is classified as investment property. Investment properties comprise investments in commercial properties, residual properties, industrial properties and hospitals. Investment properties are carried at fair value.

Investment properties are reflected at valuation on the basis of open-market fair value at the statement of net assets and funds date. In the open-market valuation information cannot be reliably determined; the fund uses alternative valuation method such as discounted cash flow projections or recent prices on active markets for transactions of similar nature. The fair values are the estimated amounts for which a property could be exchanged on the date of valuation between a willing buyer and a willing seller in an arm's length transaction.

The open-market fair value is determined annually by independent professional valuers.

Changes in fair value are recorded by the fund in the statement of changes in net assets and funds.

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 changes in net 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 recognised in the statement of changes in net 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.

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.

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

Investment in participating employers

Investments in participating employer(s) comprise loans, investments in listed and unlisted equities and other investments. Refer to respective policies for basis of accounting.

1.3.2 Housing loans

Housing loans are measured at fair value. Housing loans are derecognised when the right to receive cash flows from the member has expired or been transferred and the fund has also transferred substantially all risks and rewards of ownership.

1.3.3 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.

1.3.4 Cash and cash equivalents

Cash and equivalents 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.

1.3.5 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.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2014

1.4 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 year in which such income and expenses accrue to the fund.

1.5 Provisions, contingent liabilities and contingent assets

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.

Contingent liabilities

A contingent liability is not recognised in the statement of net assets and funds, but disclosed in the notes to the financial statements, unless the possibility of an outflow of resources embodying economic benefits is remote.

Contingent assets

A contingent asset is not recognised in the statement of net assets and funds, but disclosed in the notes to the financial statements when an inflow of economic benefits is probable.

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

Contributions transferred from surplus accounts

Contributions transferred from surplus accounts include any contributions that are funded from the surplus accounts and relates to contribution holiday after surplus apportionment has been approved and the corresponding approval of the utilisation of the employer and member surplus accounts.

Interest charged on late payment of contributions

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

1.7 Foreign currencies

Transactions in foreign currencies are accounted for at the ruling rate of exchange on the transaction date. Assets and liabilities in foreign currencies are converted at the ruling rate of exchange on the statements of net assets and funds date.

Gains and losses on conversion are dealt with in the statement of changes in net assets and funds.

Income and expenditure relating to foreign investments are converted to South African currency at appropriate weighted average exchange rates, for the period.

1.8 Investment Income

Dividends

Dividend income is recognised in the statement of changes in net assets and funds when the right to receive payment is established – this is the last date to trade for equity securities. For financial assets designated at fair value through the statement of changes in net assets and funds, the dividend income forms part of the fair value adjustment.

Interest

Interest income in respect of financial assets held at amortised cost is accounted for in the statement of changes in net assets and funds using the effective interest rate method.

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.

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 year in which they arise.

Expenses incurred in managing investments

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

1.9 Benefits

Benefits payable and pensions are measured in terms of the rules of the fund.

Benefit payments and monthly pension 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 year 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.

1.10 Transfers to and from the fund

Section 14 and 15B transfers to or from the fund are recognised on the date of approval of the scheme/ arrangement of transfer of business by the Financial Services Board, as contained in the approval certificate from the Registrar.

Individual transfers (Section 13A(5) transfers) are recognised on the earlier of receipt of the written notice of transfer (Recognition of Transfer) or receipt of the actual transfer value.

All the above transfers are measured at the values as per the section 14 application or the value of the transfer at effective date of transfer adjusted for investment return or late payment interest as guided by the application.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2014

1.11 Administration expenses

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

In the event that an expense has not been paid at the end of a reporting year 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.

1.12 Related parties

In considering each possible related-party relationship, attention is directed to the substance of the relationship and not merely the legal form.

If there have been transactions between related parties, the fund shall disclose the nature of the related party relationship as well as the following information for each related party relationship:

- the amount of the transactions;
- the amount of outstanding balances;
- their terms and conditions, including whether they are secured, and the nature of the consideration to be provided in the settlement;
- details of guarantees given or received;
- provisions for doubtful debts related to the amount of outstanding balances; and
- the expense recognised during the year in respect of bad or doubtful debts due from related parties.

1.13 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 years affected by the change.

1.14 Leases

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement/agreement at the inception date. The arrangement is assessed for whether fulfilment of the arrangement is dependent on the use of a specific asset(s) or the arrangement conveys a right to use the asset(s), even if that right is not explicitly specified in the arrangement.

Operating lease payments made by the Fund are recognised as an administration expense in the Statement of Changes in Net Assets and Funds when the expense is incurred and not on a straight-line basis over the lease term.

	Plant	Computer equipment and software	Office equipment	Furniture and fittings	Total
	R	R	R	R	R
2. PLANT AND EQUIPMENT					
2.1 Current year					
Gross carrying amount					
Cost at beginning of the year	156 499	2 569 003	666 518	2 314 146	5 706 166
Additions	–	379 679	309 113	70 848	759 640
At end of year	156 499	2 948 682	975 631	2 384 994	6 465 806
Accumulated depreciation and impairment					
At beginning of year	(86 074)	(2 245 034)	(572 573)	(2 099 692)	(5 003 373)
Depreciation charges	(31 300)	(403 553)	(90 058)	(141 978)	(666 889)
At end of year	(117 374)	(2 648 587)	(662 631)	(2 241 670)	(5 670 262)
Net carrying amount at end of year	39 123	300 097	308 435	143 322	790 977

	Plant	Computer equipment and software	Office equipment	Furniture and fittings	Total
	R	R	R	R	R
2.2 Prior year					
Gross carrying amount					
At beginning of period	156 499	2 291 375	568 350	2 115 941	5 132 165
Additions	–	277 628	98 168	198 205	574 001
At end of year	156 499	2 569 003	666 518	2 314 146	5 706 166
Accumulated depreciation and impairment					
At beginning of period	(54 774)	(1 405 547)	(412 347)	(1 424 854)	(3 297 522)
Depreciation charges	(31 300)	(839 487)	(160 225)	(674 839)	(1 705 851)
At end of year	(86 074)	(2 245 034)	(572 573)	(2 099 692)	(5 003 373)
Net carrying amount at end of period	70 425	323 969	93 945	214 454	702 793

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2014

Investments	Notes	Local R	Foreign R
3. INVESTMENTS			
3.1 Investment summary			
Cash		910 590 000	–
Debt instruments including Islamic debt instruments		3 793 013 801	–
Equities (including demutualisation shares)		8 495 511 106	–
Insurance policies *		9 562 848 136	–
Collective investment schemes		459 792 052	2 050 972 155
Derivative market investments		–	–
Investment in participating employer(s)	3.2	1 080 934 894	–
Other		264 801 000	–
Total		24 567 490 989	2 050 972 155

* Included in non-linked insurance policies are non-vested bonuses amounting to R623 763 670 (2013: R1 474 861 791).

The guaranteed value of these policies as at 31 December 2014 is R9 562 848 136 (2013: R8400 759 673).

Total current year	Total previous year	Fair value current year	Categorised per IAS 39
R	R	R	
910 590 000	321 946 779	910 590 000	At fair value through statement of changes in net assets and funds
3 793 013 801	3 644 249 000	3 793 013 801	At fair value through statement of changes in net assets and funds
8 495 511 106	7 674 088 562	8 495 511 106	At fair value through statement of changes in net assets and funds
9 562 848 136	8 400 759 673	9 562 848 136	At fair value through statement of changes in net assets and funds
2 510 764 207	3 474 806 013	2 510 764 207	At fair value through statement of changes in net assets and funds
–	(16 785 139)	–	At fair value through statement of changes in net assets and funds
1 080 934 894	1 174 426 200	1 080 934 894	At fair value through statement of changes in net assets and funds
264 801 000	165 905 175	264 801 000	At fair value through statement of changes in net assets and funds
26 618 463 144	24 839 396 263	26 618 463 144	

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2014

	At beginning of year	Additions	Repaid/ Disposals	Other ad- justments	At end of year
	R	R	R	R	R
3.2 Investment in participating employer/s					
Debt Instruments including					
Islamic debt	39 390 614	19 346 123	(32 092 673)	2 508 026	29 152 090
Participating employer/s					
Anglo American plc	582 062 503	109 341 295	(262 877 214)	15 565 486	444 092 070
Anglo American Platinum	44 834 048	73 738 958	(10 109 293)	(16 878 110)	91 585 603
Anglogold – Ashanti Limited	16 949 379	9 455 035	(7 397 816)	(6 905 721)	12 100 877
BHP Billiton plc	219 886 006	43 401 095	(63 432 545)	(34 893 424)	164 961 132
Gold Fields Mining Limited	5 352 683	11 461 408	(7 036 913)	2 412 464	12 189 642
Exxaro Resources Limited	113 709 347	76 411 494	(10 356 549)	(48 290 830)	131 473 462
African Rainbow Minerals	105 654 024	59 063 005	(91 295 114)	(21 823 991)	51 597 924
Aquaries Platinum Limited	22 117 598	19 713 713	(5 794 105)	(2 125 125)	33 912 081
Glencore Xstrata plc	–	100 796 129	(31 091 780)	(6 010 753)	63 693 596
Northam Platinum Limited	24 469 998	28 737 472	(5 377 275)	(1 653 778)	46 176 417
Total	1 174 426 200	551 465 727	(526 861 277)	(118 095 756)	1 080 934 894

4. HOUSING LOAN FACILITIES

4.1 Housing loan guarantees

The fund has granted guarantees to The Standard Bank of SA Limited (Value of loans R3 54 038) for loans granted to 400 members. A guarantee amounting to R4 100 000 is renewable on 30 June 2015.

The fund has granted guarantees to Ubank (Value of loans R19 551 348) for loans granted to 1 009 members. The guarantee amount is limited and the facility does not require renewal. The fund terminated the housing loan facility effective 05 January 2015.

The fund has granted guarantees to ABSA Pension Powered Home Loans (Value of loans R90 315 946) for loans granted to 2 003 members). A guarantee amounting R11 385 000 000 00 is renewable on 5 October 2015.

The amount of the guarantee may not exceed 60% of an amount paid to the member's withdrawal benefit on the date of the loan application is made. The board is in the process to limit Ubank to 60% guarantee amount for loan applications.

	31-Dec-14	31-Dec-13
	R	R
5. ACCOUNTS RECEIVABLE		
Reinsurance proceeds	51 651 827	55 156 161
Staff expenses – Study loans	42 125	17 207
Prepaid expenses	1 476 132	2 076 202
Eris – Rent refunds	154 399	–
Staff expenses – Remuneration	–	23 104
Contributions late payment interest	970 881	673 890
Refunds – Mineworkers birthday account	899 611	–
Total	55 194 975	57 946 564

		A	B	C	D	A+B+C-D
	Effective	At	Transfers	Return on	Assets	At end of
	date	beginning	approved	Transfers	transferred	year
	members	of the year				
			R	R	R	R
6. TRANSFERS FROM OTHER FUNDS						
In terms of section 14						
Samancor						
Manganese Provident						
Fund (Various dates of application)	2	600 689	-	-	-	600 689
Crown Pension Fund	6	-	197 000	71 245	(268 245)	-
Transfers in terms of section 15B						
Sentinel Mining Industry Retirement Fund	19/11/2013	5	181 914	-	-	181 914
Sentinel Mining Industry Retirement Fund	20/12/2013	3	113 901	-	-	113 901
Old Mutual Superfund – Barberton (various dates)		9	637 302	-	-	637 302
Total	25	600 689	1 130 117	71 245	(268 245)	1 533 806
Transfers approved (B)						1 130 117
Return on transfers (C)						71 245
Statement of changes in net assets and funds						1 201 362

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2014

	Effective date	No. of members
7. TRANSFERS TO OTHER FUNDS		
In terms of section 14		
Amplats Retirement Fund	01/07/2009	1
Mine Employees Pension Fund	10/11/2012	66
Mine Employees Pension Fund	31/01/2002 to 31/08/2009	3
Mine Employees Pension Fund	01/01/2006	79
Sentinel Mining Industry Retirement Fund	01/01/2006	159
Sentinel Mining Industry Retirement Fund	06/01/2012	223
Sentinel Mining Industry Retirement Fund	01/09/2011 to 06/10/2011	75
Sentinel Mining Industry Retirement Fund	01/11/2011 to 28/02/2012	62
Mine Employees Pension Fund	01/07/2012 to 01/09/2012	37
NBC Umbrella Retirement Fund	30/11/2011	1
MRR Retirement Fund	Various dates as per application	43
Barberton Retirement Fund	Various dates as per application	46
Sentinel Mining Industry Retirement Fund (Various Dates)	01/04/2012	143
Sentinel Mining Industry Retirement Fund	Various Dates	14
Sentinel Mining Industry Retirement Fund	Various Dates	26
Sentinel Mining Industry Retirement Fund	Various Dates	126
FundAtWork Umbrella Pension Fund	01/10/2013	12
Amplats Retirement Fund	30/11/2011	1
Chamber of Mine Retirement Fund	01/07/2013	4
NBC Umbrella Retirement Fund	20/12/2013	1
NBC Umbrella Retirement Fund	01/07/2012	1
FundAtWork Umbrella Pension Fund	01/03/2014	1
MRR Retirement Fund	01/12/2002	1
Sentinel Mining Industry Retirement Fund	01/01/2008	2
BECSA Provident Fund	01/02/2008	1
MRR Retirement Fund	30/06/2011	1
Sentinel Mining Industry Retirement Fund	27/10/2011	1
Barberton Retirement Fund	15/03/2008 to 15/08/2010	8
Individual transfers out		10
Prospective approvals in terms of section 14		388
Amplats Retirement Fund	01/11/2002 to 01/11/2005	2
Mine Employees Pension Fund	01/11/2011 to 28/02/2012	28
ISCOR Employees Umbrella Provident Fund	07/01/2012	1
ISCOR Employees Umbrella Provident Fund	31/07/2012	1
ISCOR Employees Umbrella Provident Fund	30/04/2007	2
Sentinel Mining Retirement Fund (01/03/2013 – 30/09/2013)	02/01/2008	56
Billiton Retirement Fund	01/07/2013	1
Sentinel Mining Retirement Fund	18/02/1997	1
Sentinel Mining Retirement Fund (Various Dates)	01/01/2008	255
AF Access Retirement Fund	01/11/2011 to 28/02/2012	41
Total		1 536
Transfers approved (B)		
Return on transfers (C)		

Statement of changes in net assets and funds

Applied for not yet approved (contingent)	A	B	C	D	A+B+C-D
	At beginning of the year	Transfers approved	Return on Transfers	Assets transferred	At end of year
R	R	R	R	R	R
–	9 349	–	1 607	–	10 956
–	1 490 792	–	34 549	(873 643)	651 698
–	153 925	–	17 184	(79 757)	91 352
–	1 251 449	–	208 275	(1 459 724)	–
–	2 746 348	–	423 109	(1 350 562)	1 818 895
–	534 618	–	76 578	(400 254)	210 942
–	521 390	–	(388 136)	(133 254)	–
–	51 718	–	–	(51 718)	–
–	2 400 246	–	404 437	(684 814)	2 119 869
–	93 715	–	17 275	–	110 990
–	79	–	(79)	–	–
–	86 648	–	–	(86 648)	–
–	5 254 123	–	625 525	(3 086 892)	2 792 756
–	–	2 545 617	27 158	(1 212 840)	1 359 935
–	–	4 550 741	577 021	(1 769 873)	3 357 889
–	–	17 724 162	3 445 870	(15 216 650)	5 953 382
–	–	2 244 308	131 934	(2 376 242)	–
–	–	239 266	45 555	(284 821)	–
–	–	868 107	278 908	(891 207)	255 808
–	–	527 707	53 099	(580 806)	–
–	–	213 825	82 613	(296 438)	–
–	–	84 122	3 831	(87 953)	–
–	–	1 377 881	255 720	–	1 633 601
–	–	339 224	(287 664)	(51 560)	–
–	–	110 247	68 545	–	178 792
–	–	115 360	(102 080)	–	13 280
–	–	312 037	28 725	(340 762)	–
–	–	565 416	175 936	(638 887)	102 465
–	–	3 716 521	78 431	(3 794 952)	–
256 063	–	–	–	–	–
3 453 726	–	–	–	–	–
53 969	–	–	–	–	–
120 300	–	–	–	–	–
87 109	–	–	–	–	–
9 274 517	–	–	–	–	–
256 000	–	–	–	–	–
200 751	–	–	–	–	–
34 652 978	–	–	–	–	–
6 143 531	–	–	–	–	–
54 498 944	14 594 400	29 806 451	6 283 926	(30 022 167)	20 662 610
					29 806 451
					6 283 926
					36 090 377

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2014

	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
8. BENEFIT PAYMENTS						
8.1 Benefits – current members						
Lump sums on retirements						
– Full benefit	236 065 050	346 031 647	41 405 150	(519 971 064)	(25 962 660)	77 568 123
Lump sums before retirement						
– Disability benefits	61 673 633	519 140 045	69 341 105	(503 021 386)	(25 863 505)	121 269 892
– Death benefits	754 145 698	606 195 864	66 211 891	(538 962 847)	–	887 590 606
– Withdrawal benefits	57 981 491	802 265 156	65 841 336	(217 154 448)	(439 247 993)	269 685 542
– Retrenchment benefits	113 656 794	632 663 041	82 060 297	(626 233 013)	(27 141 311)	175 005 808
Total	1 223 522 666	2 906 295 753	324 859 779	(2 405 342 758)	(518 215 469)	1 531 119 971
Benefits for current year (B)						2 906 295 753
Return allocated (C)						324 859 779
Statement of changes in net assets and funds						3 231 155 532

	31-Dec-14	31-Dec-13
	R	R
9. UNCLAIMED BENEFITS		
Balance at the beginning of the year	2 698 828 882	3 008 289 913
Transferred from benefits payable	322 184 931	(287 665 974)
Investment income allocated	490 098 923	415 393 488
Less:		
– Benefits paid	(291 519 590)	(437 188 545)
Balance at the end of the year	3 219 593 146	2 698 828 882

	31-Dec-14	31-Dec-13
	R	R
10. ACCOUNTS PAYABLE		
Re-insurance premiums	34 590 045	28 326 760
South African Revenue Services – PAYE	6 709 127	17 372 007
Audit fees	1 394 949	1 291 620
IT related expenses and licence fees	2 206 766	2 488 225
Tracing fees	283 278	534 376
Staff remuneration	118 517	300 348
Trustee expenses	26 128	147 933
Investment consultancy fees	237 500	146 300
Consultancy fees	301 848	109 267
Printing and stationery	22 597	38 058
Actuarial fees	45 600	45 600
Telephone and postage	237 811	5 410
Legal expenses	–	10 824
Principal officer expenses	1 563	9 685
Other payables	123 764	114 082
Staff travel and related expenses	6 344	–
Payroll expenses	24 217	–
Cleaning services	68 515	–
Rent and related expenses	74 825	–
Standard Bank housing loans	90 418	–
Total	46 563 812	50 940 495

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2014

	At beginning of the year	Towards retirement	Towards re- insurance and expenses	Contributions received	At end of the year
	R	R	R	R	R
11. CONTRIBUTIONS					
Member contributions received and accrued	31 169 952	559 248 148	–	(555 954 299)	34 463 801
Employer contributions received and accrued	75 180 437	767 905 813	555 879 773	(1 321 015 328)	77 950 695
Additional voluntary contributions – members	640 912	11 066 513	–	(11 033 949)	673 476
Total	106 991 301	1 338 220 474	555 879 773	(1 888 003 576)	113 087 972
Towards retirement					1 338 220 474
Towards reinsurance and expenses					555 879 773
Statement of changes in net assets and funds					1 894 100 247

	31-Dec-14	31-Dec-13
	R	R
12. NET INVESTMENT INCOME		
Income from investments	2 259 088 814	1 923 322 744
– Dividends	298 999 494	222 066 949
– Interest	1 289 551 747	249 900 205
– Collective investment schemes distribution	125 874 639	79 071 047
– Income from insurance policies	544 662 934	1 372 284 543
Interest on late payment of contributions	367 770	179 384
Adjustment to fair value	798 119 037	2 372 750 905
	3 057 575 621	4 296 253 033
Less: Expenses incurred in managing investments	(104 472 135)	(89 978 707)
Total	2 953 103 486	4 206 274 326

	31-Dec-14	31-Dec-13
	R	R
13. OTHER INCOME		
Eris Property	168 970	156 142
Profit on sale of assets	737	–
Ubank housing loan fees	–	2 372
Fixed asset insurance claims	12 052	–
Total	181 759	158 514

		31-Dec-14	31-Dec-13
		R	R
14. ADMINISTRATION EXPENSES			
Actuarial fees		501 600	678 243
Audit fees – expenses		1 418 006	1 448 244
Consultancy fees		2 747 378	645 280
Depreciation – at revaluation		666 892	1 705 851
Fidelity insurance		1 821 243	1 864 322
Levies		2 377 314	2 261 596
Other expenses		40 901 555	39 013 263
Bank charges		353 836	285 156
Legal fees		–	271 936
Telephone and postage		1 578 043	824 999
Printing and stationery		1 266 770	1 392 022
Tracing expenses		188 225	643 157
Security expenses		224 844	219 002
IT related expenses and licences		34 252 777	31 440 757
Recruitment expenses		35 051	113 082
Other expenses		247 056	–
– Vehicle running expenses		373 093	112 989
Consulting fees (Independent Chairperson audit)		178 240	175 962
Independent chairperson fees – board		110 327	221 807
Benefit write off account		(257 059)	556 137
Investment consultants' fees		1 022 727	1 199 784
Travel – roadshow expenses		587 456	–
Cleaning services		416 413	390 248
General staff expenses (incl travel)		–	399 012
Office refit expenses		67 173	622 269
Payroll management fees		166 165	144 944
Standard Bank housing loans			
Office expenses		112 312	1 147 793
Operating lease payments		4 138 791	3 976 105
Penalties		–	350 983
Board of fund expenses	14.1	876 682	1 023 155
Staff expenses	14.2	33 843 324	25 920 724
Principal officer expenses	14.3	1 438 996	1 187 532
Standard Bank housing loans		90 418	–
Total		90 844 093	81 223 091

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2014

	31-Dec-14	31-Dec-13
	R	R
14.1 Board of fund expenses		
Meeting allowances	166 486	119 627
Expenses	368 213	73 132
Other payments	341 983	830 396
Total	876 682	1 023 155
	31-Dec-14	31-Dec-13
	R	R
14.2 Staff expenses		
Staff expenses – Remuneration	27 920 804	22 031 206
Staff expenses – Contributions to retirement fund	5 333 887	2 480 182
Staff expenses – Training expenses	296 326	40 339
Staff expenses – Other payments	292 307	1 368 997
Total	33 843 324	25 920 724
	31-Dec-14	31-Dec-13
	R	R
14.3 Principal officer expenses		
Principal officer expenses – Remuneration	1 366 174	1 062 385
Principal officer expenses – Allowances	72 822	125 147
Total	1 438 996	1 187 532
Financial liabilities and provisions	31-Dec-14	31-Dec-13
	R	R
14.4 Provisions		
Staff leave pay provision	2 757 401	1 936 864
Total	2 757 401	1 936 864

15. FINANCIAL LIABILITIES

	31-Dec-14	31-Dec-13
	R	R
16. OPERATING LEASE COMMITMENTS		
Within one year	3 206 599	3 189 589
Between two and five years	1 008 281	4 214 881
Total	4 214 880	7 404 470

	Members' Funds	Amounts to be allocated	Reserve accounts Total	Investment reserve	Risk reserve
	R	R	R	R	R
17. RESERVES					
At beginning of year	6 984 782 729	1 280 733 975	2 783 475 820	1 043 036 935	1 740 438 885
Contributions received and accrued	1 338 220 475	-	555 879 772	-	555 879 772
Invested return allocated during the year	-	(1 280 733 975)	-	-	-
Reinsurance proceeds	-	-	249 442 609	-	249 442 609
Net investment income	-	-	2 953 103 486	2 953 103 486	-
Allocated to unclaimed benefits	490 098 923	-	(490 098 923)	(490 098 923)	-
Other income:	-	-	181 759	181 759	-
- Eris Property	-	-	168 970	168 970	-
- Profit on sale of assets	-	-	737	737	-
- Fixed asset insurance claims	-	-	12 052	12 052	-
Less:	(561 902 872)	-	(464 686 867)	(90 844 093)	(373 842 774)
- Re-insurance premiums	(561 902 872)	-	(373 842 774)	-	(373 842 774)
- Administration costs	-	-	(90 844 093)	(90 844 093)	-
Net income before transfers and benefits	18 251 199 255	-	5 587 297 656	3 415 379 164	2 171 918 492
Transfers and benefits	(3 116 069 074)	-	(149 975 473)	-	(149 975 473)
Transfers from other funds	1 201 362	-	-	-	-
Transfers to other funds	(36 090 377)	-	-	-	-
Benefits	(3 081 180 059)	-	(149 975 473)	-	(149 975 473)
Net income after transfers and benefits	15 135 130 181	-	5 437 322 183	3 415 379 164	2 021 943 019
Transfer of 1time group life benefit from risk reserve	63 080 045	-	(63 080 045)	-	(63 080 045)
Net investment return	2 452 647 609	67 492 296	(988 833 293)	(1 237 319 088)	248 485 795
Amounts to be allocated	-	-	(902 519 977)	(902 519 977)	-
Amounts to be allocated	-	825 054 700	-	-	-
Group Life Payable	-	9 972 981	-	-	-
At end of year	17 650 857 835	902 519 977	3 482 888 868	1 275 540 099	2 207 348 769

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2014

	31-Dec-14	31-Dec-13
	R	R
18. AMOUNTS TO BE ALLOCATED		
Opening balance	1 280 733 975	–
Investment return allocated during the year	(1 280 733 975)	–
Investment return for December to be allocated	67 492 296	870 685 905
Contributions for December to be allocated	–	14 712 520
Group Life Assurance proceeds to be allocated	–	127 387 319
Other amounts to be allocated	825 054 700	267 948 231
Group Life Payable	9 972 981	–
Total amounts to be allocated	902 519 977	1 280 733 975

EXECUTIVE MANAGEMENT TEAM



Mkuseli Mbomvu
Chief Executive Officer



Sam Bandah FCCA
Chief Financial Officer



Siphon Sidu
Principal Officer



Lihle Khoza
Chief Operations Officer



Nathan Williams
Head of IT and Projects



Lungelo Solombela
Human Resources Manager





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