

ANNUAL FINANCIAL STATEMENTS

IN TERMS SECTION 15 OF THE PENSION FUNDS ACT NO 24, 1956
AS AMENDED (PENSION FUNDS ACT)

NAME OF RETIREMENT FUND: Eskom Pension and Provident Fund

FINANCIAL SERVICES BOARD
REGISTRATION NUMBER: 12/8/564/2

FOR THE PERIOD: 1 JULY 2015 to 30 JUNE 2016

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* Not subject to any engagement by an auditor

ESKOM PENSION AND PROVIDENT FUND**SCHEDULE A
REGULATORY INFORMATION
FOR THE YEAR ENDED 30 JUNE 2016****REGISTERED OFFICE OF THE FUND**

Postal address: PRIVATE BAG X50
BRYANSTON
2021

Physical address: ISIVUNO HOUSE, EPPF OFFICE PARK
24 GEORGIAN CRESCENT EAST
BRYANSTON EAST
2152

FINANCIAL REPORTING PERIODS

Current year: 1 July 2015 to 30 June 2016
Prior year: 1 July 2014 to 30 June 2015

BOARD OF FUND

Full name	E-mail Address	Capacity*	Date appointed/ re-appointed	Date resigned / Term expiry
Mr. HC Mathebula *	makhuva@iafrica.com	E & C	1 November 2013	31 May 2016
Ms. JL Kilani	kilani@eskom.co.za	E	1 June 2016	29 July 2016
Ms. SM Mamorare	mamorasm@eskom.co.za	E	1 June 2012	31 May 2016
Mr. MM Mojapelo	mojapem@eskom.co.za	M	1 June 2012	31 May 2016
Ms. B Smith	smithba@eskom.co.za	E	1 June 2012	15 January 2016
Adv. NK Tsholanku	tsholank@eskom.co.za	E	1 June 2012	31 May 2016
Dr. WJ Swart	wessel.swart@gmail.com	M	1 June 2012	31 May 2016
Mr. WE Green	tedgreen@webmail.co.za	M	1 June 2012	31 May 2016
Mr. GJ Kruger	krugergj@eskom.co.za	M	1 June 2012	30 September 2015
Ms. LM Khangala	laviniakhangala@gmail.com	E	1 June 2012	31 May 2016
Mr. D Macatha	gmacatha@num.org.za	M	1 June 2012	31 May 2016
Mr. IG Smith	ivan.smith@eskom.co.za	M	1 June 2016	
Ms. TF Madlala	MadlaTF@eskom.co.za	M	1 June 2016	
Mr. L Maleka	MalekaL@eskom.co.za	E	1 June 2015	31 May 2016
Ms. M Bhana	Bhanam@eskom.co.za	E	1 June 2016	
Ms. DV Jackson	jacksoDV@eskom.co.za	E	1 June 2016	
Ms. S Mvana	MvanaS@eskom.co.za	E	1 June 2016	
Ms. JM Maisela	mantuka@khomolema.com	E	1 June 2016	
Mr. K Shandu	ShanduNK@eskom.co.za	M	1 June 2016	
Mr. A Morgan	AllenM@imalivest.co.za	M	1 June 2016	
Mr. BI Steyn	bensteyn@mweb.co.za	M	1 June 2016	
Ms. H Diatile	hdiatile@num.org.za	M	1 June 2016	
Ms. P Ndlela	NdlelaPA@eskom.co.za	M	1 June 2016	
Mr. DM Maleka	MalekaDM@eskom.co.za	E	1 June 2016	

- * - 'M' denotes member elected
- 'E' denotes employer appointed
- 'C' denotes chairman
- '*' Mr HC Mathebula remained in office post 31 May 2016

Governance note: schedule of meetings* held by the Board of Fund in terms of the rules of the Fund

Meeting date	Place of meeting	Quorum (yes/no)
4 September 2015	Khumo House, EPPF OFFICE Park, 24 Georgian Crescent East, Bryanston East	Yes
30 September 2015	Khumo House, EPPF OFFICE Park, 24 Georgian Crescent East, Bryanston East	Yes
13 November 2015	Khumo House, EPPF OFFICE Park, 24 Georgian Crescent East, Bryanston East	Yes
14 December 2015	Khumo House, EPPF OFFICE Park, 24 Georgian Crescent East, Bryanston East	Yes
8 February 2016	Khumo House, EPPF OFFICE Park, 24 Georgian Crescent East, Bryanston East	Yes
5 March 2016	Khumo House, EPPF OFFICE Park, 24 Georgian Crescent East, Bryanston East	Yes
16 May 2016	Khumo House, EPPF OFFICE Park, 24 Georgian Crescent East, Bryanston East	Yes
27 May 2016	Khumo House, EPPF OFFICE Park, 24 Georgian Crescent East, Bryanston East	Yes

* Only meetings held by the Board of Fund and does not include meetings held by the sub-committees

ESKOM PENSION AND PROVIDENT FUND

**SCHEDULE A
REGULATORY INFORMATION (continued)
FOR THE YEAR ENDED 30 JUNE 2016**

FUND OFFICERS

Principal Officer

Full name	Postal address	Physical address	Telephone number	E-mail address
Penuell Cornwell Sibusiso Luthuli	Private Bag X50, Bryanston, 2021	Isivuno House, EPPF Office Park, 24 Georgian Crescent East, Bryanston East, 2152	(+27) 11 709 7579	sbu@eppf.co.za

Monitoring Person*

Full name	Postal address	Physical address	Telephone number	E-mail address
Penuell Cornwell Sibusiso Luthuli	Private Bag X50, Bryanston, 2021	Isivuno House, EPPF Office Park, 24 Georgian Crescent East, Bryanston East, 2152	(+27) 11 709 7579	sbu@eppf.co.za

*(In terms of Section 13A of the Pension Funds Act)

PROFESSIONAL SERVICE PROVIDERS

Actuary/Valuator

Full name	Postal address	Physical address	Telephone number	E-mail address
David Keith Little (BSc, FASSA) Willis Towers Watson	Private Bag X30, Rondebosch, 7701	Level 4, MontClare Place, 23 Main Road, Claremont, 7700	(+27) 21 681 3700	david.little@willistowerswatson.com

Auditor

Full name	Postal address	Physical address	Telephone number	E-mail address
GJ Kapp CA(SA) Registered Auditor PricewaterhouseCoopers Inc.	Private Bag X36, Sunninghill, 2157	2 Eglin Road, Sunninghill, Johannesburg, 2157	(+27) 11 797 4000	gert.kapp@pwc.com

Benefit Administrator

Full name	Postal address	Physical address	Telephone number	Registration number in terms of section 13B
Self Administered	Private Bag X50, Bryanston, 2021	Isivuno House, EPPF Office Park, 24 Georgian Crescent East, Bryanston East, 2152	(+27) 11 709 7400	12/8/564/2

Custodian and/or Nominee

Full name	Postal address	Physical address	Telephone number	FSP approval no
Nedbank Nominees Ltd	P O Box 1144, Johannesburg, South Africa, 2000	2nd Floor, 16 Constantia Boulevard, Constantia Kloof, 1709	(+27) 11 294 4444	9363
State Street Bank and Trust Company	Liesbeek House, River Park Office Complex, Mowbray, CapeTown, 7700	Liesbeek House, River Park Office Complex, Mowbray, CapeTown, 7700	(+27) 21 681 2001	42671

ESKOM PENSION AND PROVIDENT FUND

**SCHEDULE A
REGULATORY INFORMATION (continued)
FOR THE YEAR ENDED 30 JUNE 2016**

PROFESSIONAL SERVICE PROVIDERS (continued)

Asset Managers

Full name	Postal address	Physical address	Telephone number	FAIS registration number
Aberdeen Asset Managers Ltd	Bow Bells House, 1 Bread Street, London, EC4M 9HH	Bow Bells House, 1 Bread Street, London, EC4M 9HH	(+44) 20 7463 6000	43675
Afena Capital (Pty) Ltd	P O Box 23883, Claremont, 7735	5th Floor, MontClare Place, Cnr Campground & Main Roads, Claremont, 7708	(+27) 21 657 6255	25033
Allianz Global Investors Europe GMBH	Bockenheimer Landstrasse 42-44 60323 Frankfurt am Main, Germany	Bockenheimer Landstrasse 42-44, 60323 Frankfurt am Main, Germany	(+49) 69 244312451	44825
Argon Asset Management (Pty) Ltd	P O Box 23254, Claremont, 7735	Colinton House, 1st Floor, The Oval, 1 Oakdale Road, Newlands, 7700	(+27) 21 670 6570	835
Ashmore Group Plc	61 Aldwych, London, WC2B 4AE, United Kingdom	61 Aldwych, London, WC2B 4AE, United Kingdom	(+44) 20 3077 6130	45547
Benguela Global Fund Managers (Pty) Ltd	PO Box 1035, Rivonia, 2191	The Avenue North, 6 Mellis Road, Rivonia, 2191	(+27) 10 596 8500	45122
Black Rock Investment Management (UK) Ltd	12 Throgmorton Avenue, London, EC2N 2DL	12 Throgmorton Avenue, London, EC2N 2DL	(+44) 20 7743 4888	43288
Blue Ink Investments (Pty) Ltd	Private Bag X8, Tygervally, 7536	55 Willie van Schoor Avenue, Bellville, Cape Town, 7530	(+27) 21 673 3333	712
Catalyst Fund Managers SA (Pty) Ltd	P O Box 44854, Claremont, 7708	6th Floor Protea Place, Protea Road, Claremont, 7735	(+27) 21 657 5500	36009
Coronation Fund Managers (Pty) Ltd	P O Box 44684, Claremont, 7735	7th Floor, MontClare Place Cnr Campground & Main Roads, Claremont, 7708	(+27) 21 680 2240	548
Duet Asset Management Ltd	27 Hill Street, Mayfair, London, EC2N 2DL, United Kingdom	27 Hill Street, Mayfair, London, EC2N 2DL, United Kingdom	(+44) 20 3077 6147	45458
First Avenue Investment Management (Pty) Ltd	Private Bag X11, Birnam Park, 2015	21 Stricker Road, Illovo, 2195	(+27) 11 772 2482	42693
Old Mutual Investment Group (Pty) Ltd	PO Box 878, Cape Town, 8000	West Campus, Entrance 1, Jan Smuts Drive, Pinelands, Cape Town, 8000	(+27) 21 509 3034	604

ESKOM PENSION AND PROVIDENT FUND

SCHEDULE A

REGULATORY INFORMATION (continued)
FOR THE YEAR ENDED 30 JUNE 2016

PROFESSIONAL SERVICE PROVIDERS (continued)

Investec Asset Management (Pty) Ltd	PO Box 1655, Cape Town, 8000	36 Hans Strijdom Avenue, Foreshore, Cape Town, 8001	(+27) 21 416 1680	587
Kagiso Asset Management (Pty) Ltd	PO Box 1016, Cape Town, 8000	5th Floor MontClare Place, Cnr Campground and Main Roads , Clarewont, 7708	(+27) 21 673 6305	784
Legacy African Fund Managers (Pty) Ltd	4th Floor, The Firs, Cnr Biermann Lane & Cradock Avenue, Rosebank, 2196	4th Floor, The Firs Cnr Biermann Lane & Cradock Avenue, Rosebank, 2196	(+27) 11 759 4000	44651
Matrix Fund Managers (Pty) Ltd	Postnet Suite 80, Private Bag X1005, Claremont, 7708	2nd Floor, The Terraces, 25 Protea Road, Claremont, 7708	(+27) 21 673 7800	44663
Mazi Capital (Pty) Ltd	PO Box 785419, Sandton, 2196	4th Floor, North Tower, 90 Rivonia Road, Sandton, 2146	(+27) 11 245 8912	27404
Meago Trading (Pty) Ltd	P O Box 1180, Edenvale, 1610	73 Oxford Road, Saxonwold, Johannesburg	(+27) 11 447 3658	24919
Mianzo Asset Management (Pty) Ltd	PO Box 1210, Milnerton, 7435	Unit GG01, The Forum, North Bank Lane, Cenury City, 7441	(+27) 21 552 3555	43114
Morgan Stanley Investment Management Ltd	7th Floor, 25 Cabot Square, Canary Wharf, London, E144QA	7th Floor, 25 Cabot Square, Canary Wharf, London, E144QA	+44 20 7677 7678	9752
Oasis Group Holdings (Pty) Ltd	P O Box 1217, Cape Town, 8000	96 Upper Roodebloem Road, University Estate 7925	(+27) 21 413 7860	603
Pan-African Asset Management (Pty) Ltd	Private Bag X9962, Sandton, 2146	6 On Blackpool Road, Bryanston, 2021	(+27) 11 463 0303	620
Pinebridge Investments Europe Ltd	6th Floor, Exchequer Court, 33 St Mary Avenue, London, EC3A 8AA	6th Floor, Exchequer Court, 33 St Mary Avenue, London, EC3A 8AA	(+44) 20 7398 6096	45464
Aeon Investment Management (Pty) Ltd	PO Box 24020, Claremont, 7735, Cape Town	5th Floor, The Citadel, 15 Cavendish Street, Claremont, 7708	(+27) 21 204 6061	27126
Aluwani Capital Partners (Pty) Ltd	Postnet Suite 8, Private Bag X75, Bryanston, 2021	EPPF Office Park, 24 Georgian Crescent, Bryanston East 2152	(+27) 21 204 3801	46196

ESKOM PENSION AND PROVIDENT FUND

SCHEDULE A

REGULATORY INFORMATION (continued) FOR THE YEAR ENDED 30 JUNE 2016

PROFESSIONAL SERVICE PROVIDERS (continued)

Drakens Capital (Pty) Ltd	191 Jan Smuts Avenue, Parktown North, Johannesburg	191 Jan Smuts Avenue Parktown North, Johannesburg	(+27) 10 140 6600	45511
Cachalia Capital (Pty) Ltd	Sinosteel Plaza, 12th Floor, 159 Rivonia Road, Morningside Ext, Sandton, 2146	Sinosteel Plaza, 12th Floor, 159 Rivonia Road, Morningside Ext, Sandton, 2146	(+27) 11 326 6598	43755
Mergence Investment Managers (Pty) Ltd	PO Box 8275, Roggebaai, 8012	Unit 601, 5th Floor, The Equinox, 154 Main Road, Sea Point, Cape Town, 8005	(+27) 21 433 2960	16134
Perpetua Investment Managers (Pty) Ltd	PO Box 44367, Claremont, 7735	5th Floor, The Citadel, 15 Cavendish Street, Claremont, 7708	(+27) 21 180 4917	29977
SEI Investments(Europe) Ltd	1st Floor Alphabeta, 14-18 Finsbury Square, London, EC2A 1BR, United Kingdom	1st Floor Alphabeta, 14-18 Finsbury Square, London, EC2A 1BR, United Kingdom	(+44) 20 3810 8000	9796
Stanlib Asset Management Ltd	PO Box 202, Melrose Arch, 2076	17 Melrose Boulevard, Melrose Arch, 2196	(+27) 11 448 5127	719
Sygnia Asset Management (Pty) Ltd	P O Box 51591, Waterfront, Cape Town, 8002	The Foundry, 7th Floor, Prestwich Street, Green Point, Cape Town, 8001	(+27) 21 446 4985	2935
Veritas Asset Management	1st Floor, 90 Long Acre, London, WC2E 9RA	1st Floor, 90 Long Acre, London, WC2E 9RA	(+44) 20 3758 9900	45383

PARTICIPATING EMPLOYERS

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

- Eskom Holdings SOC Ltd
- Eskom Pension and Provident Fund
- Eskom Rotek Industries SOC Ltd

ESKOM PENSION AND PROVIDENT FUND

SCHEDULE B

STATEMENT OF RESPONSIBILITY BY THE BOARD OF FUND FOR THE YEAR ENDED 30 JUNE 2016

Responsibilities

The Board of Fund hereby confirms 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 Eskom Pension and 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 11 to 37 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, PricewaterhouseCoopers Inc, who were 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 pages 9 - 10.

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
Subsequent to 30 June 2016 there was one employer appointed trustee vacancy on the Board that remained vacant for more than 90 days.	None	The participating employer Eskom Holdings SOC Ltd has filled the vacancy with effect from 1 December 2016.

ESKOM PENSION AND PROVIDENT FUND

SCHEDULE B

STATEMENT OF RESPONSIBILITY BY THE BOARD OF FUND (continued)
FOR THE YEAR ENDED 30 JUNE 2016

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 not rectified before the Board of Fund's approval of the financial statements:

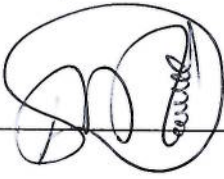
Nature and cause of non-compliance	Possible impact of non-compliance matter on the Fund	Corrective course of action to resolve non-compliance matter
Non compliance with Fund rule 3.4(2): The registered Rules of the Fund, do not permit a member of the Board to serve more than two consecutive terms of office. In this regard when the term of office of all Board members who served two consecutive terms of office came to an end, new board members were appointed on 1 June 2016. Subsequent to 30 June 2016, after deliberating on the matter, the Board received external legal advice which indicated that the current Chairman's position as non-executive Chairman did in fact end on 31 May 2016 when the term of office of the previous Board expired as he had already served two consecutive terms of office. An employer appointed Board member vacancy has arisen.	None	The Board is advising Eskom Holdings SOC LTD as the participating employer to fill the vacancy that has arisen and in terms of the Rules recommend a Chairman for Board consideration and approval.

These annual financial statements:

- were approved by the Board of Fund on 5 December 2016;
- 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 30 June 2016 as well as the results of its activities for the year then ended; and
- are signed on behalf of the Board of Fund by:



Ms. JM Maisela
Employer Trustee



Mr. DM Maleka
Employer Trustee



Ms. TF Madlala
Member Trustee

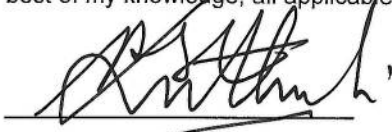
5 December 2016

ESKOM PENSION AND PROVIDENT FUND

SCHEDULE C

STATEMENT OF RESPONSIBILITY BY THE PRINCIPAL OFFICER
FOR THE YEAR ENDED 30 JUNE 2016

I confirm that for the year under review the Eskom Pension and 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.

A handwritten signature in black ink, appearing to read 'Penuehl Cornwell Sibusiso Luthuli', written over a horizontal line.

Penuehl Cornwell Sibusiso Luthuli
PRINCIPAL OFFICER

5 December 2016



SCHEDULE D

INDEPENDENT AUDITOR'S REPORT TO THE BOARD OF THE ESKOM PENSION AND PROVIDENT FUND

Report on the Financial Statements

We have audited the financial statements of the Eskom Pension and Provident Fund (the "Fund") set out on pages 16 to 37, which comprise the statement of net assets and funds as at 30 June 2016, the statement of changes in net assets and funds for the year then ended, and the notes to the financial statements which include the principal accounting policies and other explanatory information. The financial statements are prepared for the purpose of reporting to the Registrar of Pension Funds.

Board of Fund's Responsibility for the 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 is also responsible for compliance with the requirements of the Rules of the Fund and the Pension Funds Act of South Africa and for such internal control as the Board of Fund determines 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 about 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 judgement, 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 overall presentation of the financial statements.

*PricewaterhouseCoopers Inc., 2 Eglin Road, Sunninghill 2157, Private Bag X36, Sunninghill 2157, South Africa
T: +27 (11) 797 4000, F: +27 (11) 797 5800, www.pwc.co.za*

Chief Executive Officer: T D Shango
Management Committee: S N Madikane, J S Masondo, P J Mothibe, C Richardson, F Tonelli, C Volschenk
The Company's principal place of business is at 2 Eglin Road, Sunninghill where a list of directors' names is available for inspection.
Reg. no. 1998/012055/21, VAT reg.no. 4950174682



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 Eskom Pension and Provident Fund for the year ended 30 June 2016 have been prepared, in all material respects, in accordance with the Regulatory Reporting Requirements for Retirement Funds in South Africa.

Financial Reporting Framework

Without modifying our opinion, we draw attention to the principal accounting policies in which the applicable financial reporting framework is identified, as prescribed by the Registrar. 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 on pages 53 to 64 to these financial statements, has been extracted from the Fund's underlying 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

The Statement of Responsibility by the Board of Fund describes instances of non-compliance with laws and regulations, including those that determine the reported amounts and disclosures in the financial statements that have come to the attention of the Board of Fund and the corrective action taken by the Board of Fund. There are no additional instances of non-compliance with the Pension Funds Act that came to our attention during the course of our audit of the financial statements.

A handwritten signature in black ink, appearing to read 'GJ Kapp', written over the printed name of the director.

PricewaterhouseCoopers Inc.

Director: GJ Kapp

Registered Auditor

Johannesburg

9 December 2016

ESKOM PENSION AND PROVIDENT FUND

SCHEDULE E

REPORT OF THE BOARD OF FUND FOR THE YEAR ENDED 30 JUNE 2016

1. DESCRIPTION OF FUND

1.1. Type of fund in terms of the Income Tax Act, 1962

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

1.2. Benefits

Summary in terms of the rules of the Fund:

The Fund provides benefits based on the final year's average pensionable emoluments and pensionable service for early, normal, ill-health retirement and death in service. Penalties are levied for early retirement, however, there are no penalties for early retirement from the age of 63 years to normal retirement date. Resignation/dismissal benefits represent either the repayment of employee contributions plus interest, or the prescribed actuarial value of the member's accrued benefit, whichever is the greater.

The Fund is a defined benefit pension fund with defined employer and employee contribution rates. In the event of an actuarial deficit, this will be funded by either increases in future contributions or reductions in benefits, as approved by the Fund's Board, in accordance with the Fund's rules.

1.2.1. Unclaimed benefits

Strategy of the fund towards unclaimed benefits:

Unclaimed benefits are dealt with in terms of rule 41 of the rules of the Fund. In terms of the provisions of this rule, a benefit that has not been claimed by or on behalf of a member or pensioner of the Fund within 2 years of the date on which the benefit became payable, will be transferred to an unclaimed benefits account ("Reversion Account") to which shall be credited the full amount of the benefit due plus such interest as the Board of Fund, acting on the advice of the Fund's actuary, shall determine. The balance standing to the credit of this Reversion Account shall become payable by the Fund at the time when a valid claim is submitted to the Fund.

If a member who becomes entitled to a lump sum benefit dies before payment of the benefit to him or her is completed, the Fund shall pay such amount to the estate of the deceased former member. In the case of a member or pensioner, the benefit payable will be, subject to the provisions of Section 37C of the Pension Funds Act, 1956.

In respect of unclaimed benefits, complete records as prescribed are maintained and all efforts are made by the Fund to trace the beneficiaries of any benefits.

1.3. Contributions

1.3.1 Description in terms of the rules of the Fund.

1.3.1.1 Active members' contributions

Active members contribute at a rate of 7,3% of pensionable emoluments. Members may make additional voluntary contributions as per the rules of the Fund. There is a very small group of members who contribute at lower rates. At the current valuation there are 33 such members, 28 of whom contribute at 6% of annual pensionable salaries and five of whom contribute at 4.0% of annual pensionable salaries.

1.3.1.2 Employers' contributions

Participating employers contribute at a rate of 13,5% of pensionable emoluments.

1.4. Rule Amendments

1.4.1. Amendments

Rule amendment No.	Description and motivation	Date of board of resolution	Effective date	Date registered by the Financial Services Board
1	To align with the provisions of the Financial Services Laws General Amendment Act 45 of 2013.	27/05/2016		

1.4.2. Revised rules

During the current financial year the Fund embarked on a process to amend the rules in order to align them with provisions of the Financial Services General Amendment Act 45 of 2013. The amended rules were submitted to the Registrar of Pension Funds on 25 July 2016.

SCHEDULE E
REPORT OF THE BOARD OF FUND (continued)
FOR THE YEAR ENDED 30 JUNE 2016

All rule amendments are available for inspection at the Fund's registered office.

1.5. Reserves and specified accounts established in terms of the rules of the Fund

The Fund's rules make provision for reserves and specific accounts as listed below.

1.5.1. Reserves

Data Contingency Reserve Account (Data Reserve)

This reserve makes provision for an amount determined by the Board of Fund on the advice of the Fund's actuary in respect of the risks to the Fund for incorrect or incomplete data relating to the Fund's liabilities.

Contingency Reserve Account (Solvency Reserve)

This reserve makes provision for the difference between the value of the Fund's accrued liabilities determined on a solvency basis and the value of the Fund's liabilities determined on the Fund's best estimate basis. The value standing to this account may be used by the Board of Fund on advice of the actuary.

Contribution Shortfall Reserve Account (In Service Contribution Reserve)

This reserve makes provision for an amount determined by the Board of Fund on advice of the Fund's actuary for the protection of the current benefit structure for members in respect of their future potential service in the Fund.

Pension Increase Affordability Reserve (Pensioner Solvency Reserve)

This reserve will be utilised to provide future increases to pensioners as required by section 14B (4) of the Act. The reserve will be credited with amounts determined by the Board of Fund on the advice of the actuary.

Investment Reserve

This reserve will be utilised to provide for the smoothing of interest rates on the accumulated member's contributions and contributions in terms of rule 18. The Board of Fund, on advice of the actuary, will calculate any amounts to be allocated to this reserve.

1.5.2. Specified Accounts

Employer Surplus Account

As defined by the Act. This account is currently not used.

Member Surplus Account

The member surplus account shall be credited with any amount allocated in terms of section 15B of the Act to be used for the benefit of members in terms of a surplus apportionment scheme approved by the Registrar. This account is currently not used.

2. INVESTMENTS

2.1 Investment strategy

The Board of Fund has formulated an investment strategy that complies with the provisions of Regulation 28 to the Pension Funds Act. In terms of this strategy the investments are managed according to the following principles.

2.1.1. General

To earn a net real rand investment return of at least 4.5 percent per annum – in other words, to earn at least an annual return of 4.5 percent after inflation (as measured by the South African Consumer Price Index), applicable taxes, and investment fees and costs.

2.1.2. Unclaimed benefits

Amounts representing unclaimed benefit balances are invested as part of the normal investment operations of the Fund.

2.1.3. Reserve accounts

Amounts representing the value of the reserve accounts are invested as part of the normal investment operations of the Fund.

SCHEDULE E

REPORT OF THE BOARD OF FUND (continued)
FOR THE YEAR ENDED 30 JUNE 2016

2.1.4. Derivative Instruments

The Board of Fund utilises derivative instruments as part of their investment strategy. The Board of Fund ensures that the following have been complied with:

- The exposure of the asset class does not exceed the maximum percentages as prescribed to the underlying asset as set out in Regulation 28.
- The investment mandate is in place and reviewed by the Board of Fund on a regular basis to ensure compliance with the requirements as prescribed by Regulation 28 and the relevant Notice.
- The investments are monitored for compliance with the provisions of Regulation 28 and adherence to the investment mandate.

2.1.5. Hedge funds

The Board of Fund utilises hedge funds as part of their investment strategy. The Board of Fund ensures that the following have been complied with:

- The exposure of the asset class does not exceed the maximum percentages as prescribed to the underlying asset as set out in Regulation 28.
- The investment mandate is in place and reviewed by the Board of Fund on a regular basis to ensure compliance with the requirements as prescribed by Regulation 28 and the relevant Notice.
- The investments are monitored for compliance with the provisions of Regulation 28 and adherence to the investment mandate.

2.1.6. Private Equity Funds

The Board of Fund utilises private equity funds as part of their investment strategy. The Board of Fund ensures that the following have been complied with:

- The exposure of the asset class does not exceed the maximum percentages as prescribed to the underlying asset as set out in Regulation 28.
- The investment mandate is in place and reviewed by the Board of Fund on a regular basis to ensure compliance with the requirements as prescribed by Regulation 28 and the relevant Notice.
- The investments are monitored for compliance with the provisions of Regulation 28 and adherence to the investment mandate.

2.1.7. Securities Lending Transactions

The Board of Fund utilises securities lending transactions as part of their investment strategy. The Board of Fund ensures that the securities lending transactions are in compliance with the relevant conditions as prescribed by the relevant Notice.

2.2. Management of investments

The Fund applies a core-satellite approach to portfolio structuring; core to provide stability of returns and satellite to enhance returns above applicable benchmarks. Specialist portfolio mandates are awarded to asset managers after a thorough research and evaluation process. Where it is value enhancing and cost effective, certain portfolios are managed in-house. All portfolio mandates have robust performance and risk benchmarks by which performances are evaluated. The Strategic Investment Committee directs and monitors investments and investment activities on behalf of the Board of Fund.

This committee meets at least four times per year to review investment performance, asset allocation and investment strategy and regularly reports to the Board. At year-end, approximately 38% of total assets were managed in-house.

All investment managers are remunerated on a fee basis and are paid at regular intervals in accordance with the terms of their contracts.

The fair value of the Fund's investment, administered by the investment administrators and asset managers at the end of the year was:

	2016 R'000	2015 R'000
Aberdeen Asset Managers Ltd	4 390 974	4 394 134
Aeon Investment Management (Pty) Ltd	742 214	-
Afena Capital (Pty) Ltd	814 763	795 828
Allianz Global Investments Europe GMBH	4 849 372	5 290 896
Aluwani Capital Partners (Pty) Ltd	2 861 417	2 535 951
Argon Asset Management (Pty) Ltd	3 492 923	2 356 791
Ashmore Group Plc	617 904	357 610
Benguela Global Fund Managers (Pty) Ltd	157 392	100 000
Black Rock Investment Management (UK) Ltd	4 738 648	6 766 930
Blue Ink Investments (Pty) Ltd	-	499 350

ESKOM PENSION AND PROVIDENT FUND

SCHEDULE E

REPORT OF THE BOARD OF FUND (continued)
FOR THE YEAR ENDED 30 JUNE 2016

Cachalia Capital (Pty) Ltd	219 323	-
Catalyst Fund Managers SA (Pty) Ltd	1 584 664	1 239 538
Coronation Fund Managers (Pty) Ltd	4 481 974	4 577 578
Drakens Capital (Pty) Ltd	490 233	-
Duet Asset Management Ltd	1 438 881	711 312
First Avenue Investment Management (Pty) Ltd	2 454 040	918 251
Investec Asset Management (Pty) Ltd	6 908 112	4 908 908
Kagiso Asset Management (Pty) Ltd	5 503 643	10 303 118
Legacy African Fund Managers (Pty) Ltd	259 398	150 000
Matrix Fund Managers (Pty) Ltd	691 599	641 424
Mazi Capital (Pty) Ltd	4 812 603	2 748 608
Meago Trading (Pty) Ltd	1 140 402	554 980
Mergence Investment Managers (Pty) Ltd	1 093 085	-
Mianzo Asset Management (Pty) Ltd	257 567	-
Morgan Stanley Investment Management Ltd	5 224 205	4 950 751
Oasis Group Holdings (Pty) Ltd	2 545 980	2 477 898
Old Mutual Investment Group (Pty) Ltd	1 879 186	746 574
Pan-African Asset Management (Pty) Ltd	1 115 565	1 044 829
Perpetua Investment Managers (Pty) Ltd	271 413	-
Pinebridge Investments Europe Ltd	912 735	242 755
SEI Institutional Group	5 262 133	6 671 867
Stanlib Asset Management Ltd	2 910 310	1 930 888
State Street Bank and Trust Company - Custodian	46 356	1 275 733
Sygnia Asset Management (Pty) Ltd	1 448 973	903 043
27 Four Investment Managers	-	162 922
Veritas Asset Management LLP	4 206 804	3 473 205
In house managed assets	50 124 865	46 077 964
Total value of investments managed	129 949 656	119 809 636

3. MEMBERSHIP

	Active members	Deferred pensioners	Pensioners	Other beneficiaries	Unclaimed benefits
Number at the beginning of year	46 462	2 941	33 328	3 563	2 017
Adjustments	-	-	23	-	(88)
Additions	2 585	40	2 121	264	37
Transfers in	8	-	-	-	-
Transfers out	(156)	-	-	-	-
Withdrawals	(1 024)	-	-	-	-
Retirements	(657)	(173)	-	-	-
Deaths and disability	(237)	(27)	(1 342)	(5)	-
Settled in full	-	-	(780)	(404)	-
Transfers (from)/to deferred pensioners	(40)	-	-	-	-
Unclaimed benefits paid	-	-	-	-	(40)
Number at the end of the year	46 941	2 781	33 350	3 418	1 926
Number at end of year (South African citizen)	46 870	2 770	33 123	3 406	1 850
Number at end of year (non-South African citizen)	71	11	227	12	76

Notes:

(a) Pensioners include child pensioners receiving benefits from a trust account.

(b) The adjustment represents corrections to the opening balances to be in line with actuarial data and opening balances changes due to back dating of movements.

(c) Absconded members are included in withdrawals.

ESKOM PENSION AND PROVIDENT FUND

SCHEDULE E REPORT OF THE BOARD OF FUND (continued) FOR THE YEAR ENDED 30 JUNE 2016

4. ACTUARIAL VALUATION

The annual financial statements summarise the transactions and net assets of the Fund. They do not take into account the liabilities to pay pensions and other benefits in the future. In accordance with the rules of the Fund, the actuarial position of the Fund, which does take account of such liabilities, is examined and reported on by the actuary at intervals not exceeding three years. An actuarial valuation was performed as at 30 June 2015. According to the actuary per the statutory valuation performed as at 30 June 2015, the Fund's assets are sufficient to cover the accumulated liabilities on the best estimate basis, plus the required contingency reserves in respect of in-service members and pensioners. The Fund is therefore financially sound by this criterion.

The next statutory valuation will be performed as at 30 June 2018.

5. SURPLUS APPORTIONMENT

Nil scheme

The valuation of the Fund for surplus apportionment as at 30 June 2003 revealed that the Fund had no surplus to apportion. A "nil scheme" was subsequently submitted on 1 December 2004 and was noted by the Registrar on 14 July 2005.

6. HOUSING LOAN FACILITIES

The Fund does not grant housing loans or guarantees to members in terms of Section 19(5) of the Pension Funds Act.

7. INVESTMENTS IN PARTICIPATING EMPLOYERS

Investments in terms of section 19(4A) of the Act

Details of investments held in participating employers are provided in note 3.2 to the financial statements.

8. SIGNIFICANT MATTERS

Status of Fund

The Fund is a defined benefit pension fund. In terms of the Rules of the Fund the employers' contributions to the Fund are limited to 13,5% of the members' pensionable emoluments and in the case of an actuarial deficit in the Fund, the Rules provide that contributions will be increased or benefits will be reduced.

The funding level has decreased from 110% to 106% since the previous valuation and there is now a moderate surplus. The Fund is financially sound in that its assets are sufficient to cover its accrued liabilities.


The going-concern basis has been adopted in preparing the annual financial statements. The Board of Fund has no reason to believe that the Fund will not be a going concern in the foreseeable future, based on forecasts and available cash resources. This view is endorsed by the Audit and Risk Committee. The annual financial statements support the viability of the Fund.


9. SUBSEQUENT EVENTS

The Fund is not aware of any material subsequent events that have taken place since the date of this report and the financial year except for the item detailed below:

Non compliance with Fund rule 3.4(2): The registered Rules of the Fund, do not permit a member of the Board to serve more than two consecutive terms of office. In this regard when the term of office of all Board members who served two consecutive terms of office came to an end, new board members were appointed on 1 June 2016. Subsequent to 30 June 2016, after deliberating on the matter, the Board received external legal advice which indicated that the current Chairman's position as non-executive Chairman did in fact end on 31 May 2016 when the term of office of the previous Board expired as he has already served two consecutive terms of office. This has resulted in an employer appointed Board member vacancy and the Board is advising Eskom Holdings SOC LTD as the participating employer to fill the vacancy that has arisen and in terms of the Rules recommend a Chairman for Board consideration and approval.


Ms. JM Maisela
Employer Trustee


Mr. DM Maleka
Employer Trustee


Ms. TP Madlala
Member Trustee

ESKOM PENSION AND PROVIDENT FUND

SCHEDULE F
STATEMENT OF NET ASSETS AND FUNDS
AS AT 30 JUNE 2016

	Note	2016 R'000	2015 R'000
ASSETS			
Non-current assets		129 958 018	119 813 128
Plant and equipment	2	8 362	3 492
Investments	3	129 949 656	119 809 636
Current assets		2 033 946	1 860 407
Accounts receivable	4	1 481 602	1 614 254
Arrear contributions	10	537 517	239 650
Cash at bank		14 827	6 503
Total assets		131 991 964	121 673 535
FUNDS, SURPLUS AND LIABILITIES			
Funds and surplus account			
Accumulated funds		95 935 712	87 512 375
- Normal retirement		90 873 847	82 879 495
- Additional voluntary contribution scheme		520 577	452 513
- Performance bonus scheme		4 541 288	4 180 367
Total reserves			
Reserve accounts	19	33 543 000	31 569 000
Total funds and reserves		129 478 712	119 081 375
Non-current liabilities			
Unclaimed benefits	8	134 566	135 198
Current liabilities		2 378 686	2 456 962
Transfers payable	6	883	17 239
Benefits payable	7	991 691	864 826
Accounts payable	9	1 347 014	1 541 898
Accruals	15	39 098	32 999
Total funds and liabilities		131 991 964	121 673 535

ESKOM PENSION AND PROVIDENT FUND

SCHEDULE G
STATEMENT OF CHANGES IN NET ASSETS AND FUNDS
FOR THE YEAR ENDED 30 JUNE 2016

	Note	Normal retirement	Additional Voluntary Contribution Scheme	Performance Bonus Scheme	Accumulated funds	Reserve accounts Refer note 19	Total 2016	Total 2015
		R'000	R'000	R'000	R'000	R'000	R'000	R'000
Contributions received and accrued	10	3 015 620	26 458	374 741	3 416 819	-	3 416 819	2 989 554
Net investment income	11	11 488 093	-	-	11 488 093	-	11 488 093	8 451 667
Allocated to unclaimed benefits	8	(17 125)	-	-	(17 125)	-	(17 125)	-
Other income	12	25 078	-	-	25 078	-	25 078	26 492
Less:								
Administration expenses	13	(174 829)	-	-	(174 829)	-	(174 829)	(180 770)
Net income before transfers and benefits		14 336 837	26 458	374 741	14 738 036	-	14 738 036	11 286 943
Transfers and benefits								
Transfer from other funds	5	(4 007 759)	(29 472)	(322 835)	(4 360 066)	-	(4 360 066)	(4 058 687)
Transfer to other funds	6	(315 912)	12 656	-	12 656	-	12 656	5 433
Benefits	7	(3 691 847)	(42 128)	(322 835)	(4 056 810)	-	(4 056 810)	(202 480)
Net income after transfers and benefits		10 329 078	(3 014)	51 906	10 377 970	-	10 377 970	7 228 256
Funds and reserves								
Balance at the beginning of the year	19	82 879 495	452 513	4 180 367	87 512 375	31 569 000	119 081 375	111 805 257
Transfer between accumulated funds	19	279 866	5 135	(285 001)	-	-	-	-
Unclaimed benefit adjustments	8	-	-	-	-	-	-	-
Prior period adjustments	14	19 367	-	-	19 367	-	19 367	8 266
Transfers between reserve accounts	19	(1 974 000)	-	-	(1 974 000)	1 974 000	-	39 596
Investment return allocated								
Current members		(659 959)	65 943	594 016	-	-	-	-
Balance at the end of the year		90 873 847	520 577	4 541 288	95 935 712	33 543 000	129 478 712	119 081 375

**SCHEDULE HA
NOTES TO THE ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016**

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 basis, except where specifically indicated in the accounting policies below:

1.2. PLANT AND EQUIPMENT

The Fund carries assets classified as plant and equipment at historical cost less accumulated depreciation and impairment. Historical cost includes expenses that are directly attributable to the acquisition of the items.

Subsequent costs are included in the assets's carrying amount or are recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Fund and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the statement of changes in net assets and funds during the financial period in which they are incurred.

Assets are depreciated on a straight line basis at rates calculated to reduce the book value of these assets to estimated residual values over their expected useful lives.

The periods of depreciation used are as follows:

	Years
Motor vehicles	5
Furniture & fittings	5
Office equipment	5
Computer equipment	2-3

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each statement of net assets and funds date. Assets that are subject to depreciation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. The recoverable amount is the higher of the asset's fair value less costs to sell and value in use. Gains or losses on disposals are determined by reference to the carrying amount of the asset and the net proceeds received, and are recorded in statement of changes in net assets and funds on disposal.

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, receivables and accounts payable.

Financial instruments are initially measured at cost as of trade date, which includes transaction costs.

Profit or loss on the sale / redemption of investments are recognised in the statement of changes in net assets and funds at transaction date.

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.

SCHEDULE HA
NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 30 JUNE 2016

1.3.1. Investments (continued)

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 amortised cost.

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.

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 classified as investment property. Investment properties comprise freehold land and buildings and 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.

SCHEDULE HA
NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 30 JUNE 2016

1.3.1. Investments (continued)

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.

Private Equity

Private equity investments are investments in equity capital that is not quoted on a public exchange. Private equity investments are valued in accordance with the International Private Equity and venture Capital Valuation Guidelines.

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.

Exchange traded funds

Investments in exchange traded funds are valued at fair value which is the quoted unit values, as derived by the exchange traded fund scheme administrator with reference to the rules of each particular fund, multiplied by the number of units.

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.

Derivative Market Instruments

Derivative market instruments consist of options, equity linked instruments, futures/forwards – SAFEX/foreign, currency swaps and interest rate swaps.

Derivatives are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at their fair value. Fair values are obtained from regulated exchange quoted market prices in active markets, including discounted cash flow models and option pricing models, as appropriate. All derivatives are carried as assets when fair value is positive and as liabilities when fair value is negative. The fund does not classify any derivatives as hedges in a hedging relationship.

The best evidence of the fair value of a derivative at initial recognition is the transaction price (i.e. the fair value of the consideration given or received) unless the fair value of that instrument is evidenced by comparison with other observable current market transactions in the same instrument (i.e. without modification or repackaging) based on a valuation technique whose variables include only data from observable markets.

Options

Options are valued using option pricing modules.

Futures/forward contracts

The fair value of publicly traded derivatives is based on quoted closing prices for assets held or liabilities issued, and current offer prices for assets to be acquired and liabilities held.

Swaps

Swaps are valued by means of discounted cash flow models, using the swap curve from a regulated exchange (BESA) to discount fixed and variable rate cash flows, as well as to calculate implied forward rates used to determine the floating interest rate amounts. The net present values of the fixed leg and variable leg of the swap are offset to calculate the fair value of the swap.

ESKOM PENSION AND PROVIDENT FUND

SCHEDULE HA

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED 30 JUNE 2016

1.3.1. Investments (continued)

Investment in participating employers

Investments in participating employer(s) comprise debt securities (bills and bonds). Refer to the bills and bonds accounting policy for the measurement criteria applied.

Hedge funds

Hedge fund investments are designated as fair value through the statement of changes in net assets and funds by the Fund and are initially recognised at fair value on trade date.

Listed hedge funds

Hedge fund investments 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 hedge fund investments 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 statement of net assets and funds date.

Unlisted – where investor (fund) has no right to the underlying instrument - investment partners

Hedge fund investments are subsequently measured at fair value and the fair value adjustments are recognised in the statement of changes in net assets and funds. The value of the financial asset owned by the fund is measured in relation to the percentage holdings by each investment partner in the total fair value of the hedge fund. 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 hedge fund instruments.

Unlisted – where investor (fund) has a right to the underlying instrument

Hedge fund investments are subsequently measured at fair value and the fair value adjustments are recognised in the statement of changes in net assets and funds. As the fund has the right to the underlying instrument, a look through principle is applied, and the underlying instrument are separately measured and disclosed. 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 the hedge fund instrument.

1.3.2. 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.

1.3.3. 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.

1.3.4. 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.

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, CONTINGENT ASSETS AND ACCRUALS

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.

SCHEDULE HA
NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 30 JUNE 2016

Accruals

Accruals are recognised when the Fund has earned income or incurred an expense as a result of a past event or constructive obligation and an inflow or outflow of economic benefits is certain and a reliable estimate of the amount can be made.

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 rules of the Fund. Contributions received are applied to fund in advance for benefits due in terms of the rules, and to meet expenses of the Fund. The allocation of contributions towards expenses 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.

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. NET INVESTMENT INCOME

Net investment income comprises of dividends, interest, rentals, collective investment schemes - distribution, income from policies with insurance companies and adjustment to fair value.

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.

Rentals

Rental income is accounted for in the statement of changes in net assets and funds on a straight-line basis over the period of the rental agreement. Property expenses are recognised in the statement of changes in net assets and funds under net investment income.

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.

Interest on late payment of contributions and / or loans and receivables

Interest on late payment of contributions and /or loans and receivables is accounted for in the statement of changes in net assets and funds using the effective interest rate method.

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.

ESKOM PENSION AND PROVIDENT FUND

SCHEDULE HA NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED 30 JUNE 2016

Expenses incurred in managing investments

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

1.8. 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.

1.9. UNCLAIMED BENEFITS

Benefits which remain outstanding for a period of 24 months or more, are classified from benefits payable to unclaimed benefits. Interest is allocated to unclaimed benefits in terms of the rules of the Fund.

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.

Any known transfer payable outstanding at the end of the reporting period are recognised as a current liability - transfers payable.

1.11. ADMINISTRATION EXPENSES

Expenses incurred in the administration of the Fund 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 discloses 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.

SCHEDULE HA
NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 30 JUNE 2016

1.14. IMPAIRMENT

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

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

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

1.15. RETURNS ALLOCATED TO SCHEMES

Interest allocated to the additional voluntary contribution and performance bonus schemes is at rates determined by the Board of the Fund on the advice of the actuary. No expenses are presently allocated to these schemes as the rules of the Fund do not currently cater for this.

1.16. LEASES

Leases in which significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to the statement of changes in net assets and funds on a straight-line basis over the period of the lease.

2. PLANT AND EQUIPMENT

2.1. Current year

	Computer equipment and software	Furniture and fittings	Motor vehicles	Total
	R'000	R'000	R'000	R'000
Gross carrying amount				
Cost at beginning of year	5 987	3 228	308	9 523
Additions	6 092	480	-	6 572
Disposals	(1 094)	(182)	-	(1 276)
At end of year	10 985	3 526	308	14 819
Accumulated depreciation and impairment				
At beginning of year	(4 039)	(1 843)	(149)	(6 031)
Depreciation charges	(1 061)	(428)	(56)	(1 545)
Accumulated depreciation on disposals	972	147	-	1 119
At end of year	(4 128)	(2 124)	(205)	(6 457)
Net carrying amount at end of year	6 857	1 402	103	8 362

2.2. Prior year

Gross carrying amount	Computer equipment and software	Furniture and fittings	Motor vehicles	Total
	R'000	R'000	R'000	R'000
At beginning of period	8 622	5 015	308	13 945
Additions	1 048	1 023	-	2 071
Disposals	(3 683)	(2 810)	-	(6 493)
At end of year	5 987	3 228	308	9 523
Accumulated depreciation and impairment				
At beginning of period	(6 700)	(4 010)	(82)	(10 792)
Depreciation charges	(929)	(363)	(67)	(1 359)
Accumulated depreciation on disposals	3 590	2 530	-	6 120
At end of year	(4 039)	(1 843)	(149)	(6 031)
Net carrying amount at end of period	1 948	1 385	159	3 492

ESKOM PENSION AND PROVIDENT FUND

SCHEDULE HA
NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 30 JUNE 2016

3. INVESTMENTS

3.1. Investment summary

	Note	Local R'000	Foreign R'000	Total 2016 R'000	Total 2015 R'000	Fair value current year R'000	Categorised per Reporting Framework
Cash		6 051 841	1 033 561	7 085 402	8 930 260	7 085 402	At fair value through statement of changes in net assets and funds
Commodities		405 994	-	405 994	779 476	405 994	At fair value through statement of changes in net assets and funds
Debt instruments including Islamic debt instruments		26 146 215	-	26 146 215	24 975 645	26 146 215	At fair value through statement of changes in net assets and funds
Investment properties and Owner occupied properties *	3.3.	115 000	-	115 000	111 000	115 000	At fair value through statement of changes in net assets and funds
Equities (including demutualisation shares)		57 668 092	18 433 138	76 101 230	66 884 166	76 101 230	At fair value through statement of changes in net assets and funds
Insurance policies		1 448 973	-	1 448 973	1 409 490	1 448 973	At fair value through statement of changes in net assets and funds
Collective investment schemes		491 311	12 970 301	13 461 612	13 000 489	13 461 612	At fair value through statement of changes in net assets and funds
Hedge funds		691 599	-	691 599	-	691 599	At fair value through statement of changes in net assets and funds
Private equity funds		1 400 267	665 788	2 066 055	1 431 693	2 066 055	At fair value through statement of changes in net assets and funds
Derivative market investments		(77 764)	-	(77 764)	(27 429)	(77 764)	At fair value through statement of changes in net assets and funds
Investment in participating employer(s)	3.2.	2 505 340	-	2 505 340	2 314 846	2 505 340	At fair value through statement of changes in net assets and funds
Total		96 846 868	33 102 788	129 949 656	119 809 636	129 949 656	

* The land and buildings consist of an office block situation on Erf 21 Bryanston East. The land and buildings were revalued by an independent valuator. The valuation was performed as at 30 June 2016. The valuator used the following assumptions in determining the fair value of the land and buildings: Competent property management is in place, reasonably stable economic conditions and stable interest rates which influence real estate values. Assumption on lease expiry that the rental achievable may increase if the rent lagged the market or revert to market value if higher than market. The fair value was determined by reference to s13 of the JSE regulations regulating listed company property transactions as effective March 2013. The valuation is also in accordance with the International Standard Seventh Edition Publication as updated 2005 and IFRS fair value considerations has been applied to the market value calculation. If the land and buildings had been carried at the cost model, the value of the land and buildings would have been R47,197,133.

ESKOM PENSION AND PROVIDENT FUND

SCHEDULE HA
NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 30 JUNE 2016

3.2. Investment in participating employer/s

	At beginning of year R'000	Additions R'000	At end of year R'000
Debt Instruments	2 314 846	190 494	2 505 340
Total	2 314 846	190 494	2 505 340

3.3. Investment properties and owner occupied investments

3.3.1. Current year

Instrument	Address	Valuation method	Date of last valuation	Pledged as a guarantee	At beginning of year R'000	Additions R'000	Fair value adjustments R'000	At end of year R'000
Investment Properties								
Office complex	EPPF Office Park, 24 Georgian Crescent East, Bryanston East, 2152	Discounted net income	2016-06-30	No	111 000	1 720	2 280	115 000
Total of properties					111 000	1 720	2 280	115 000

3.3.2. Previous year

Instrument	Address	Valuation method	Date of last valuation	Pledged as a guarantee	At beginning of year R'000	Additions R'000	Fair value adjustments R'000	At end of year R'000
Investment Properties								
Office complex	EPPF Office Park, 24 Georgian Crescent East, Bryanston East, 2152	Discounted net income	2015-06-30	No	100 300	2 521	8 179	111 000
Total of properties					100 300	2 521	8 179	111 000

ESKOM PENSION AND PROVIDENT FUND

SCHEDULE HA
NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 30 JUNE 2016

4. ACCOUNTS RECEIVABLE

	2016 R'000	2015 R'000
Accrued investment income	1 323 731	1 422 106
Pensioner payroll (prepaid)	156 037	144 924
Eskom Holdings SOC Limited	-	42 183
Prepaid expenses	1 770	4 975
Other receivables	64	66
Total	1 481 602	1 614 254

ESKOM PENSION AND PROVIDENT FUND

SCHEDULE HA
NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 30 JUNE 2016

5. TRANSFERS FROM OTHER FUNDS

Effective date	No. of members	Applied for not yet approved (contingent)	A At beginning of year R'000	B Transfers approved R'000	C Return on Transfers R'000	D Assets transferred R'000	A+B+C-D At end of year R'000
	8	-	-	12 656	-	(12 656)	-
18/07/2016	9	3 549	-	-	-	-	-
Total	17	3 549	-	12 656	-	(12 656)	-
Transfers approved (B)							12 656
Return on transfers (C)							-
Statement of changes in net assets and funds							12 656

6. TRANSFERS TO OTHER FUNDS

Effective date	No. of members	A At beginning of year R'000	B Transfers approved R'000	C Return on Transfers R'000	D Assets transferred R'000	A+B+C-D At end of year R'000
	156	17 239	315 912	-	(332 268)	883
Total	156	17 239	315 912	-	(332 268)	883
Transfers approved (B)						315 912
Return on transfers (C)						-
Statement of changes in net assets and funds						315 912

ESKOM PENSION AND PROVIDENT FUND

SCHEDULE HA
NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 30 JUNE 2016

7. BENEFITS

7.1. Benefits - current members

	A At beginning of year R'000	B Benefits for current period R'000	C Return allocated R'000	D Payments R'000	E Transferred to unclaimed benefits R'000	A+B+C-D-E At end of year R'000
Monthly Pensions	142 833	2 460 169	-	(2 480 692)	-	122 310
Lump sums on retirements						
- Pensions commuted	78 237	566 928	-	(541 881)	-	103 284
Lump sums before retirement						
- Death and disability benefits	74 278	112 588	-	(84 055)	(5 142)	97 669
- Withdrawal benefits	136 988	763 388	-	(690 041)	(2 846)	207 489
Divorce -benefits	16 804	63 393	-	(73 643)	-	6 554
Trust monies	415 111	32 515	57 829	(51 070)	-	454 385
Interest on late payment of benefits	575	-	-	(575)	-	-
Total	864 826	3 998 981	57 829	(3 921 957)	(7 988)	991 691
Benefits for current year (B)						3 998 981
Return allocated (C)						57 829
Statement of changes in net assets and funds						4 056 810

ESKOM PENSION AND PROVIDENT FUND

SCHEDULE HA

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 30 JUNE 2016

8. UNCLAIMED BENEFITS

	2016 R'000	2015 R'000
Balance at the beginning of the year	135 198	157 175
Transferred from benefits payable	7 988	14 538
Adjustment - prior year adjustments	(19 367)	(39 596)
Investment income allocated	17 125	16 331
Less:		
• Benefits paid	(6 378)	(13 250)
Balance at the end of the year	134 566	135 198

During the current financial year the Fund reversed balances that were noted as unclaimed but were actually paid in previous financial years. During the 2015 financial year the Fund removed from the unclaimed benefit balance all members with a benefit payable less than R3,000 due to tracing costs exceeding the value of the benefit payable (R2,4 mil included in prior year adjustment). The Fund maintains records of these benefits for future payments.

9. ACCOUNTS PAYABLE

	2016 R'000	2015 R'000
PAYE	334	-
Gifts purchased (Unsettled trades)	466 478	1 282 764
Equity purchased (Unsettled trades)	768 270	171 164
Investment expenses payable	52 549	67 905
Operational suppliers	59 383	20 065
Total	1 347 014	1 541 898

10. CONTRIBUTIONS

	At beginning of year R'000	Towards retirement R'000	Contributions received R'000	At end of the year R'000
Member contributions received and accrued	81 798	1 052 672	(1 053 339)	81 131
Employer contributions received and accrued	155 803	1 962 948	(1 967 640)	151 111
Additional voluntary contributions - members	2 039	26 458	(26 200)	2 297
Performance bonus scheme member contributions	10	374 741	(71 773)	302 978
Total	239 650	3 416 819	(3 118 952)	537 517
Towards retirement				3 416 819
Towards reinsurance and expenses				-
Statement of changes in net assets and funds				3 416 819

ESKOM PENSION AND PROVIDENT FUND

SCHEDULE HA
NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 30 JUNE 2016

11. NET INVESTMENT INCOME

	2016 R'000	2015 R'000
Income from investments	3 952 506	3 503 124
• Dividends	2 348 489	2 048 803
• Interest	1 595 568	1 449 553
• Rentals	8 449	4 768
Profit on sale/ redemption of investments	25 279 442	17 942 687
Loss on sale/ redemption of investments	(18 495 474)	(9 119 154)
Fair value adjustment on investments	1 204 938	(3 509 600)
	11 941 412	8 817 057
Less: Expenses incurred in managing investments	(453 319)	(365 390)
Total	11 488 093	8 451 667

12. OTHER INCOME

	2016 R'000	2015 R'000
Securities lending fee	25 078	26 492
Total	25 078	26 492

13. ADMINISTRATION EXPENSES

	2016 R'000	2015 R'000
Actuarial fees	2 025	1 387
Audit services	5 193	6 100
Audit fees - external	2 638	2 579
Audit fees - Internal	2 555	3 521
Consultancy fees	10 733	13 278
Depreciation	1 545	1 359
Fidelity Insurance	575	465
FSB levies	1 543	1 502
Other Expenses	66 107	62 768
Bank charges	2 031	2 025
IT services and rental	44 272	32 946
IT implementation expenses	1 216	9 870
Membership, development and other administration expenses	18 588	17 927
Board of fund expenses 13.1	6 394	5 861
Staff expenses 13.2	79 245	86 663
Principal officer expenses 13.3	1 469	1 387
Total	174 829	180 770

13.1. Board of Fund Expenses

	2016 R'000	2015 R'000
Board of fund remuneration	2 915	3 184
Outside expert fees	2 161	1 383
Meeting allowances	532	717
Travel, training and other expenses	786	577
Total	6 394	5 861

ESKOM PENSION AND PROVIDENT FUND

SCHEDULE HA
NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 30 JUNE 2016

13.2. Staff Expenses

	2016 R'000	2015 R'000
Remuneration	53 344	49 783
Contributions to retirement fund	5 076	6 555
Training expenses	1 544	1 298
Other payments	12 264	12 000
Long term incentive	7 017	17 027
Total	79 245	86 663

13.3. Principal Officer Expenses

	2016 R'000	2015 R'000
Principal officer expenses - Remuneration	893	821
Principal officer expenses - Bonus	576	566
Total	1 469	1 387

The Principal Officer's expenses have been allocated at a rate of 30% which represents his duties / responsibilities as Principal Officer of the Fund.

14. PRIOR PERIOD ADJUSTMENTS

	2016 R'000	2015 R'000
Normal Retirement Accumulated Funds	19 367	33 018
Additional Voluntary Contribution Scheme	-	50
Performance Bonus Scheme	-	(33 068)
Incorrectly raised unclaimed benefits	-	39 596
Total	19 367	39 596

During the current period and prior period the Fund identified and corrected the following errors:
Unclaimed benefits included amounts where a balance remained on the system after payment and interest was calculated on this balance. The balances on the money purchase, additional voluntary contribution and performance bonus schemes were not adjusted for members reaching retirement age. These adjustments are consistent with the Regulatory Reporting Requirements for Retirement Funds in South Africa, comparatives have not been restated.

15. ACCRUALS

	2016 R'000	2015 R'000
Leave pay accrual	3 460	3 675
Incentive bonus accrual (note a)	35 638	29 324
	39 098	32 999

Note a: Includes a long term incentive accrual of R22 592 (2015: R17 027).

SCHEDULE HA
NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 30 JUNE 2016

16. RISK MANAGEMENT POLICIES

Risk management framework

The Board of Fund has overall responsibility for the establishment and oversight of the Fund's risk management policies. The Board of Fund has established the Audit and Risk Committee, which is responsible for developing and monitoring the fund's risk management policies. The committee reports regularly to the Board of Fund on its activities.

The Fund's risk management policies are established to identify and analyse the risks faced by the Fund, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Fund's activities.

- **Solvency risk**

Solvency risk is the risk that the investment returns on assets will not be sufficient to meet the Fund's contractual obligations to members.

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

- **Credit risk**

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation, and cause the Fund to incur a financial loss.

The Board monitors receivable and investment balances on an ongoing basis with the result that the Fund's exposure to bad debts or poor investment return is not significant. An appropriate level of provision is maintained for receivable balances.

- **Legal risk**

Legal risk is the risk that the Fund will be exposed to contractual obligations which have not been provided for. Legal representatives of the Fund monitor the drafting of contracts to ensure that rights and obligations of all parties are clearly set out.

- **Cash flow risk**

Cash flow risk is the risk that future cash flows associated with monetary financial instrument will fluctuate in amount. In the case of a floating rate debt instrument, for example, such fluctuations result in a change in the effective interest rate of the financial instrument, usually without a corresponding change in its fair value. The Fund monitors its cash flows on a monthly basis.

- **Currency risk**

Currency risk is the risk that the value of an instrument will fluctuate in Rands owing to changes in foreign exchange rates. The Fund's exposure to currency risk is mainly in respect of foreign investments made on behalf of members of the Fund for the purpose of seeking desirable international diversification of investments. The Board of Fund monitors this aspect of the Fund's investments and limits it to 25% of total assets.

- **Liquidity risk**

Liquidity risk is the risk that the Fund will encounter difficulty in raising funds to meet commitments associated with financial instruments. The Fund's liabilities are backed by appropriate assets and it has significant liquid resources.

- **Market risk**

Market risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices of market interest rates.

SCHEDULE HA
NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 30 JUNE 2016

16. RISK MANAGEMENT POLICIES (continued)

• **Investments**

Investments in equities are valued at fair value and therefore susceptible to market fluctuations. Investments are managed with the aim of maximising the Fund's returns while limiting risk to acceptable levels within the framework of statutory requirements.

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

• **Price risk**

Price risk is the risk that the value and/ or future cash flows of a financial instrument will fluctuate as a result of changes in market prices.

• **Interest rate risk**

Interest rate risk is the risk that the value and /or future cash flows of financial instruments will fluctuate as a result of changes in interest rates.

The Fund monitors exposures to interest rate risk by using monthly cash flow projections.

17. RELATED PARTY TRANSACTIONS

During the current financial period, remuneration amounting to R1,469,000 (2015: R1,387,000) was paid to the Principal Officer. The Principal Officer is also the Chief Executive.

The Board members of the Fund make contributions to the Fund and receive benefits in line with the Rules of the Fund.

During the financial year, trustee remuneration and related expenses amounting to R6,3 million (2015: R5,8 million) was incurred in respect of all trustees. The employer appointed trustee remuneration is paid directly to the employer.

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

- The participating employer made contributions to the Fund for members' retirement to the value of R2,2 billion (2015: R2,3 billion).
- The fund holds investments in the participating employer to the value of R2,5 billion (2015: R2,3 billion).
- The participating employers had outstanding contributions of R537 million at year end (2015: R240 million).

The following transactions occurred between the Fund and its executive management

	Relationship	Description	Transactions R
Remuneration	Executive management	Cost to company	16 512
Total			16 512

18. OPERATING LEASE COMMITMENTS

	2016 R'000	2015 R'000
Future minimum operating lease payments		
Within one year	24 570	24 170
Between one and five years	89 543	103 308
After five years	2 573	12 695
Total	116 686	140 173

The Fund has the following operating leases in existence at, or subsequent to year end:

ESKOM PENSION AND PROVIDENT FUND

SCHEDULE HA

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 30 JUNE 2016**

Eight year operating lease with Omni Plus Software and Global ASP Limited for software and remote processing services. The lease expires in June 2020.

Eight year operating lease with Maitland Group South Africa Limited for an investment administration sytem. The lease expires in June 2021.

Five year operating lease with Barra International LLC for data processing and reporting services relating to investment risk management. The lease expires in March 2020.

ESKOM PENSION AND PROVIDENT FUND

SCHEDULE HA
NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 30 JUNE 2016

19. SURPLUS AND RESERVE ACCOUNTS

	Normal Retirement	Additional Voluntary Contributions	Performance Bonus Scheme	Accumulated Funds	Reserve Accounts Total	In-service solvency reserve	In-service contribution reserve	Pensioner solvency reserve
	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000
At beginning of year	82 879 495	452 513	4 180 367	87 512 375	31 569 000	14 595 000	7 414 000	9 560 000
Prior period adjustment (unclaimed benefits)	19 367	-	-	19 367	-	-	-	-
Contributions received and accrued	3 015 620	26 458	374 741	3 416 819	-	-	-	-
Net investment income	11 488 093	-	-	11 488 093	-	-	-	-
Allocated to unclaimed benefits	(17 125)	-	-	(17 125)	-	-	-	-
Other income:	25 078	-	-	25 078	-	-	-	-
- Securities lending fees	25 078	-	-	25 078	-	-	-	-
Less:	(174 829)	-	-	(174 829)	-	-	-	-
- Administration costs	(174 829)	-	-	(174 829)	-	-	-	-
Net income before transfers and benefits	97 235 699	478 971	4 555 108	102 269 778	31 569 000	14 595 000	7 414 000	9 560 000
Transfers and benefits	(4 007 759)	(29 472)	(322 835)	(4 360 066)	-	-	-	-
Transfers from other funds	-	12 656	-	12 656	-	-	-	-
Transfers to other funds	(315 912)	-	-	(315 912)	-	-	-	-
Benefits	(3 691 847)	(42 128)	(322 835)	(4 056 810)	-	-	-	-
Net income after transfers and benefits	93 227 940	449 499	4 232 273	97 909 712	31 569 000	14 595 000	7 414 000	9 560 000
Transfer between accumulated funds	279 866	5 135	(285 001)	-	-	-	-	-
Transfer between reserve accounts	(1 974 000)	-	-	(1 974 000)	1 974 000	(885 000)	2 214 000	645 000
Net investment return	(659 959)	65 943	594 016	-	-	-	-	-
At end of year	90 873 847	520 577	4 541 288	95 935 712	33 543 000	13 710 000	9 628 000	10 205 000

ESKOM PENSION AND PROVIDENT FUND

SCHEDULE HA
NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 30 JUNE 2016

20. EMPLOYEE BENEFITS

Employee benefit expenses for employees of the Fund recognised in the statement of changes in net assets and funds amounted to R 72 153 000 in 2015 (2015: R 69 867 000).

The net benefit liability or asset at financial year end is not accounted for in the financial statements. The rules of the Fund state that any deficit on the valuation of the Fund will be funded by increases in future contributions or reductions in benefits. If there is a substantial surplus on the valuation of the Fund, future contributions may be decreased or benefits may be improved as determined by the Board of Fund.

The Eskom Pension and Provident Fund is registered in terms of the Pension Funds Act as amended. All employees are members of the Fund. Contributions comprise 20.8% of pensionable emoluments of which members pay 7.3%. The assets of the Fund are under the control of the Board of Fund. The Fund was actuarially valued on the projected unit basis on 30 June 2016. The assets of the Fund as a whole at 30 June 2016 were sufficient to cover the accrued liabilities, the in-service and pensioner solvency reserves, and the contribution reserve. There was an actuarial surplus of R7,9 billion.

For the purposes of IAS19, the actuarial present value of retirement benefits in respect of the Fund employees at 30 June 2016 was R60,949,000 (2015: R83 578 000). The principal financial actuarial assumptions used for this purpose were:

	2016 R'000	2015 R'000
Long-term interest rate before tax (%)	9,45 %	8,55 %
Future salary inflation (%)	6,70 %	6,30 %
Future pension increases (%)	6,70 %	6,30 %

ESKOM PENSION AND PROVIDENT FUND

REPORT OF THE VALUATOR FOR THE YEAR ENDED 30 JUNE 2016

ESKOM PENSION AND PROVIDENT FUND

SCHEDULE HB REPORT OF THE VALUATOR

FINANCIAL YEAR: 30 June 2016

Particulars of financial condition of the Fund as at 30 June 2016

An annual actuarial valuation was carried out as at 30 June 2016. In respect of this valuation, I can comment as follows:

1. The fair value of the net assets of the Fund after deduction of current liabilities and any liabilities arising from the pledging, hypothecation or other encumbering of the assets of the Fund – R129 330 million.
2. The actuarial value of the net assets for the purposes of comparison with the accrued liabilities of the Fund – R129 077 million.
3. The actuarial present value of promised retirement benefits – R87 665 million vested, and R0 non-vested.
4. Contingency reserve account balances – R33 543 million.
5. The projected unit method was adopted for the valuation, which is unchanged from the method used at the last valuation. The contingency reserves comprise a solvency reserve calculated as the estimated additional amount required, to the extent that sufficient assets are available, to ensure that the liabilities and assets can be matched on a substantially risk-free basis, a contribution reserve equal to the expected present value of the future contribution shortfall for the current membership, and a pension increase affordability reserve equal to the excess (if any) of the notional pensioner account over the pensioner liability and solvency reserve.
6. The key financial assumptions are that investment returns will exceed salary inflation by 3.80% per annum (4.00% at the previous valuation) before allowing for an age-related promotional scale. Future pension increases were assumed to be equal to the assumed consumer price inflation rate of 6.70% per annum (6.30% at the previous valuation). The yield used to calculate the solvency reserve was equal to the assumed yield on index-linked bonds at the valuation date, adjusted for real salary increases and asset management fees. The approach is unchanged from the previous valuation.
7. Members contribute at 7.3% of pensionable salaries and the employers contribute 13.5%. There is a contribution shortfall relative to the fixed contribution rate payable in terms of the rules. At the valuation date this shortfall amounted to 3.47% of pensionable salaries (2.51% shortfall at the previous statutory valuation).
8. In my opinion the Fund was in a sound financial condition as at 30 June 2016 for the purposes of the Pension Funds Act, 1956.

Prepared by me:



David K Little
VALUATOR

Fellow of the Actuarial Society of South Africa

In my capacity as the valuator of the Fund and as an Associate of Towers Watson (Pty) Ltd, a Willis Towers Watson company.

5 December 2016

SCHEDULE I

REPORT OF THE INDEPENDENT AUDITOR OF ESKOM PENSION AND PROVIDENT FUND OF FACTUAL FINDINGS TO THE BOARD OF FUND AND THE REGISTRAR OF PENSION FUNDS

We have performed the procedures agreed with the Registrar of Pension Funds (the "Registrar") and set out below with respect to the audited financial statements ("annual financial statements") and other information in the general ledger and management information comprising the accounting records of the Eskom Pension and Provident Fund (the "Fund") for the year ended 30 June 2016. Our engagement was undertaken in accordance with the International Standard on Related Services (ISRS) 4400 *Engagements to perform agreed-upon procedures regarding financial information*. Our procedures were performed solely to assist the Registrar in evaluating whether any instances of non-compliance with the requirements of the relevant sections of the Pension Funds Act of South Africa (the Act), regulations and rules of the Fund were identified. The responsibility for determining the adequacy or otherwise of the procedures agreed to be performed, is that of the Registrar.

Procedures and findings

Our procedures performed are set out in the numbered paragraphs in the attached table, which forms part of our report, together with our findings thereon. Unless otherwise indicated, all balances, lists, schedules etc. referred to in the table relate to the accounts/balances reflected in the annual financial statements of the Fund for the year ended 30 June 2016.

Because the procedures do not constitute an audit, a review or other assurance engagement performed in accordance with the IAASB's International Standards we do not express any assurance. Had we performed additional procedures, or had we performed an audit, a review, or other assurance engagement, other matters might have come to our attention that would have been reported.

Restriction on use and distribution

Our report is solely for the purpose set out in the first paragraph of this report and for the information of the Registrar and accordingly may not be suitable for any other purpose and distributed to other parties. This report relates only to the information specified and does not extend to the annual financial statements of the Fund taken as a whole.



GJ Kapp
Director
Johannesburg
9 December 2016

PricewaterhouseCoopers Inc., 2 Eglin Road, Sunninghill 2157, Private Bag X36, Sunninghill 2157, South Africa
T: +27 (0) 11 797 4000, F: +27 (0) 11 797 5800, www.pwc.co.za

Chief Executive Officer: T D Shango
Management Committee: S N Madikane, J S Masondo, P J Mothibe, C Richardson, F Tonelli, C Volschenk
The Company's principal place of business is at 2 Eglin Road, Sunninghill where a list of directors' names is available for inspection.
Reg. no. 1998/012055/21, VAT reg.no. 4950174682

Procedures and Findings

	Procedures	Findings
	Statement of Net Assets and Funds	
1	Investments	
1.1	Inspected the list of investment balances reflected in the general ledger of the Fund as at 30 June 2016 for any investments in accordance with the terms of section 19(4) of the Act.	
1.1.1	Agree details of the written confirmations obtained from the investment managers/insurers to the investment balances reflected in the general ledger.	Details of the written confirmations obtained from the investment managers and insurers were agreed to the investment balances reflected in the general ledger.
1.1.2	Where investments held in the participating employer exceed 5% of the total assets as reflected in the financial statements, inspect the appropriate approval of the Registrar.	Investments in the participating employer were 1.93% of the total assets in the financial statements as at 30 June 2016.
1.2	Obtain the fund's signed investment policy statement and investment mandates, for the 3 largest investment balances as at 30 June 2016 and 7 other randomly selected mandates :	Obtained the Fund's signed investment policy statement and investment mandates for the 3 largest investments balances as at 30 June 2016 and 7 other mandates selected randomly.
1.2.1	Inspect whether the underlying investments are in compliance with the signed investment policy statement and, where applicable, the portfolio management agreement/investment mandate.	The underlying investments selected agreed to the signed investment policy statement and the selected investment mandates.
1.2.2	Inspect whether the investment mandate and the investment policy statement provide for securities lending transactions and investments in hedge funds, private equity funds and derivatives, as prescribed.	The Fund's signed investment policy statement and the selected investment mandates did provide for securities lending transactions and investments in hedge funds, private equity funds and derivatives, as prescribed.
1.2.3	Inspect whether the collateral and counterparty requirements as prescribed are complied with.	The collateral and counterparty were in terms of the requirements of the Fund's investment policy statement.

	Procedures	Findings									
1.2.4	<p>For segregated portfolios, confirm directly with the investment administrator(s):</p> <p>(a) whether scrip lending took place during the year ending 30 June 2016 and, if so,</p> <p>(b) whether there was collateral provided by the counterparty/(ies) for any scrip lending activities and, if so,</p> <p>(c) the percentage exposure covered by the collateral.</p> <p>Report on the amount for (a).</p>	<p>The direct confirmations received from the asset managers, security lenders and the Fund's custodians indicated that:</p> <p>(a) scrip lending took place during the year. Refer to the table below for scrip lending amounts as at 30 June 2016 ; and</p> <p>(b) collateral was provided by the counterparty for any scrip lending activities; and</p> <p>(c) collateral provided covered percentages of the exposure as set out in the following table as at 30 June 2016 :</p> <table border="1"> <thead> <tr> <th>Institution</th><th>Market Value of Script R</th><th>% Collateral</th></tr> </thead> <tbody> <tr> <td>Standard Bank</td><td>7,131,295,967.42</td><td>101.29%</td></tr> <tr> <td>Nedbank</td><td>6,738,403,198.14</td><td>174%</td></tr> </tbody> </table>	Institution	Market Value of Script R	% Collateral	Standard Bank	7,131,295,967.42	101.29%	Nedbank	6,738,403,198.14	174%
Institution	Market Value of Script R	% Collateral									
Standard Bank	7,131,295,967.42	101.29%									
Nedbank	6,738,403,198.14	174%									
2	Member individual accounts (defined contributions funds as well as defined contribution section of hybrid funds)										
2.1	Obtain a list of members forming part of the additional voluntary scheme and performance bonus scheme and noted the following differences when compared to the statement of net assets and funds as at 30 June 2016.	Obtained a list of members forming part of the Additional Voluntary Scheme and Performance Bonus Scheme and noted no differences when compared to the Statement of Net Assets and Funds as at 30 June 2016.									
2.2	Select a random sample of the lesser of 25 or 10% of the number of members from the list of members and perform the following procedures:										
2.2.1	Compare the member and employer contributions received and allocated for the members selected as reflected on the administrator's system, to information supplied by the participating employers for those members selected, for a randomly selected period of three months (30 June 2016).	The member and employer contributions received and allocated for the members selected as reflected on the administrator's system agreed to information supplied by the participating employers for the three months selected of October 2015, February 2016 and June 2016.									

	Procedures	Findings
2.2.2	Compare the member and employer contribution rates for the members selected as reflected on the administrator's system, to the rules of the Fund, for a randomly selected period of three months (including the last month of the year under review).	Compared the member and employer contribution rates for the members selected as per the Fund's rules to the rates actually contributed by the selected members for the three months selected of October 2015, February 2016 and June 2016.
2.2.3	In respect of unitised investment products, for the three months selected in 2.2.1 and 2.2.2, calculate the conversion of the contributions at the unit price per the administration system on the dates that the contributions were invested and compare the units recalculated to the administration system units for the selected members. Inspect that the units were added to the existing units for that member.	Not applicable.
2.2.4	In respect of unitised investment products, calculate the conversion of units at the end of the year, at the 30 June 2016 unit price per the administration system and agree the calculated amount to the member's fund credit amount recorded in each member's record.	Not applicable.
2.2.5	In respect of unitised investment products, compare the unit price(s) as per investment manager/actuary/other authorised party at the year-end to the unit prices on the administration system used to calculate each member's credits at year-end.	Not applicable.
2.2.6	In respect of non-unitised investment products, compare the interim and/or final return allocated to each individual member's account in the administrator's records for the 30 June 2016 year under review to the return approved in accordance with a resolution of the Board of Fund or the rules of the Fund or approved recommendation by the investment consultant/asset manager/fund valuator.	The final return allocated to each individual member's account in the administrator's records agreed to the return approved in accordance with a resolution of the Board of Fund.

	Procedures	Findings
2.3	Obtain a list of members who switched investment portfolios during the year from the Fund/administrator, select a random sample of the lesser of 25 or 10% of members who switched between investment portfolios during the year, and perform the following procedures:	Not applicable.
2.3.1	Inspect evidence that the portfolios were switched in accordance with notification of the member's instruction/ investment strategy (including life stage models) of the Fund and within a timeframe as specified in the service level agreement or client mandate between the administrator and the Fund.	Not applicable.
2.3.2	Inquire as to whether any fees relating to switches were deducted, and if so, inspect evidence of the approval by the Board of Fund and/or in terms of a service level agreement or client mandate.	Not applicable.
2.4	For investment products obtain the Asset Liability Match (ALM) reconciliation per investment portfolio, excluding the reserve accounts, for member individual accounts from the administrator, and perform the following procedures:	Not applicable. The additional voluntary contribution scheme and performance bonus scheme are not backed by specific investment portfolios.
2.4.1	Compare the investments per product on the ALM reconciliation to the investment certificates in total.	Not applicable. The additional voluntary contribution scheme and performance bonus scheme are not backed by specific investment portfolios.
2.4.2	Compare the member individual accounts on the ALM reconciliation per investment portfolio to the administration system and to the total member individual accounts as disclosed in the Statement of Net Assets and Funds.	Not applicable. The additional voluntary contribution scheme and performance bonus scheme are not backed by specific investment portfolios.
2.4.3	Inspect whether the total mismatch (in Rand) for all portfolios was within the range as prescribed by the Registrar.	Not applicable. The additional voluntary contribution scheme and performance bonus scheme are not backed by specific investment portfolios.

	Procedures	Findings
3	Accumulated funds (for defined benefit funds as well as defined benefit sections of hybrid funds)	
3.1	Select a sample of the lesser of 25 or 10% of the number of members from the list of members provided by the administrator and perform the following procedures for each member selected:	
3.1.1	Compare the member contributions received and allocated for the members selected as reflected on the administrator's system, to information supplied by the participating employers for those members selected, for a randomly selected period of three months (including the last month of the year under review).	The member contributions received and allocated for the members selected as reflected on the administrator's system agreed to information supplied by the participating employers for the three months selected of October 2015, February 2016 and June 2016.
4	Surplus apportionment scheme	
4.1	If a surplus apportionment scheme was approved by the Registrar in the current year or if allocation and/or payments to members were made during the year, perform the following procedures:	Not applicable as there was no surplus apportionment scheme that was approved or paid during the year.
4.1.1	<u>Active members:</u> Select a random sample of the lesser of 25 or 10% of number of active members to whom surplus has been apportioned in the approved surplus apportionment scheme and perform the following procedures:	Not applicable as there was no surplus apportionment scheme that was approved or paid during the year.
4.1.1.1	Agree the original surplus amount allocated to the selected member to the individual allocation on the member records per the administration system.	Not applicable as there was no surplus apportionment scheme that was approved or paid during the year.
4.1.1.2	Inspect whether the calculation of the relevant investment return from surplus apportionment date to date of allocation was in accordance with the requirements of the Act and allocated to the member records in the administration system.	Not applicable as there was no surplus apportionment scheme that was approved or paid during the year.

	Procedures	Findings
4.1.2	<u>Former members and pensioners:</u> Select a random sample of the lesser of 25 or 10% of number of former members and pensioners as defined by the surplus apportionment scheme from the surplus schedules attached to the approved surplus apportionment scheme and perform the following procedures:	Not applicable as there was no surplus apportionment scheme that was approved or paid during the year.
4.1.2.1	Agree the original surplus amount allocated to the selected member and/or pensioner to the individual allocation on the member records per the administration system.	Not applicable as there was no surplus apportionment scheme that was approved or paid during the year.
4.1.2.2	Inspect whether the calculation of the relevant investment return from surplus apportionment date to date of allocation was in accordance with the requirements of the Act and allocated to the member records in the administration system.	Not applicable as there was no surplus apportionment scheme that was approved or paid during the year.
4.1.2.3	Agree the total of the amount calculated in 4.1.2.1 and 4.1.2.2 to the surplus benefit paid per selected member and to the applicable amount per the administration system and other authorised supporting documentation.	Not applicable as there was no surplus apportionment scheme that was approved or paid during the year.
5	Member and employer surplus accounts	
5.1	Obtain the analysis of the transactions in the member and/or employer surplus account per the annual financial statements, and perform the following procedure:	Not applicable as there are no member or employer surplus accounts in the fund.
5.1.1	Inspect that the transactions are permitted in terms of the registered rules of the Fund and/or the Act.	Not applicable as there are no member or employer surplus accounts in the fund.
6	Reserves	
6.1	Obtain the list of reserves and other related accounts (e.g. pensioner accounts) and the movements per the financial statements and/or in the actuarial valuation, and perform the following procedures:	
6.1.1	Inspect whether the reserve and other related accounts (e.g. pensioner accounts) held by the Fund and/or reflected in the actuarial valuation are in accordance with the registered rules of the Fund.	The reserve accounts held by the Fund and reflected in the actuarial valuation were in accordance with the registered rules of the Fund.

	Procedures	Findings
6.1.2	Inspect that the movements in reserves as disclosed in the annual financial statements are permitted in terms of the registered rules of the Fund and/or the Act.	The movements in reserves as disclosed in the annual financial statements were permitted in terms of the registered rules of the Fund.
7	Other assets, liabilities and guarantees	
7.1	Obtain the list of housing loans granted to members by the Fund in terms of section 19(5) of the Act as at year-end 30 June 2016 , and perform the following procedure:	Not applicable as no housing loans were granted to members of the Fund.
7.1.1	Agree the total housing loans on the above list to the corresponding account in the annual financial statements.	Not applicable as no housing loans were granted to members of the Fund.
7.2	From the list in 7.1, randomly select a sample of the lesser of 25 or 10% of the number of members' housing loans granted and perform the following procedures:	Not applicable as no housing loans were granted to members of the Fund.
7.2.1	Inspect evidence that the value of the housing loan provided does not exceed the amount permitted by the rules and the home loan agreement.	Not applicable as no housing loans were granted to members of the Fund.
7.2.2	Inspect evidence that the housing loan has been granted in terms of Section 19(5) (a).	Not applicable as no housing loans were granted to members of the Fund.
7.2.3	Inspect evidence that repayments are being made in accordance with the housing loan agreement.	Not applicable as no housing loans were granted to members of the Fund.
7.2.4	Inspect the interest charged on the outstanding housing loan and compare the rate used to the prescribed rate.	Not applicable as no housing loans were granted to members of the Fund.
7.2.5	If the Fund issued more than 100 housing loans or the total principal debt of all outstanding loans exceeded R500 000, inquire whether the Fund was registered as a credit provider under the National Credit Act, 2005 (the NCA).	Not applicable as no housing loans were granted to members of the Fund.

	Procedures	Findings
7.3	Obtain the list of housing loan guarantees and select a sample of the lesser of 25 or 10% of the number of housing loan guarantees and perform the following procedures:	Not applicable as no housing loan guarantees were granted to members of the Fund.
7.3.1	For the sample selected, determine that each selected housing loan guarantee did not exceed the gross value of the benefit that the member would become entitled to had they withdrawn, as at the year end, in terms of the Act, the loan agreement and/or the rules of the Fund.	Not applicable as no housing loan guarantees were granted to members of the Fund.
7.3.2	Inspect evidence that the housing loan guarantee has been granted in terms of Section 19(5) (a).	Not applicable as no housing loan guarantees were granted to members of the Fund.
7.4	Obtain a list of other loans per the general ledger of the Fund as at 30 June 2016 and perform the following procedure:	Not applicable as no other loans were granted as at 30 June 2016.
7.4.1	Confirm that no loans were granted and/or investments made as prohibited in terms of section 19(5)B.	Not applicable as no other loans were granted as at 30 June 2016.
	Statement of Changes in Net Assets and Funds	
8	Contributions	
8.1	Select a sample of the lesser of 25 or 10% of the number of participating employers or pay points (whichever is the lower) from a list of participating employer/pay-points supplied by the Fund/administrator, select three months and perform the following procedures:	
8.1.1	Compare, in total, the contributions received by or on behalf of the Fund to the remittance advices from the participating employer/pay-point.	The contributions received by or on behalf of the Fund agreed to the remittance advices from the participating employers for the selected months of October 2015, February 2016 and June 2016.

	Procedures	Findings
8.1.2	Inspect the bank statements for the date on which the cash was received to determine whether the contributions were deposited with a registered bank in accordance with section 13A of the Act and whether late payment interest has been raised in terms of regulation 33, where applicable.	Contributions were deposited with a registered bank in accordance with section 13A of the Act and late payment interest was not applicable.
8.2	Select a sample of the lesser of 25 or 10% of the number of participating employers or pay points which reflect arrear contributions (whichever is the lower) at year-end from a list supplied by the Fund/administrator and perform the following procedure:	
8.2.1	Inspect the accounting records of the Fund to determine whether amounts disclosed as arrear contributions at year-end have been paid to the Fund within the prescribed period in accordance with the requirements of section 13A of the Act. Where the amounts were received after the prescribed period, report the date of receipt and where they were not received, indicate as such.	Amounts disclosed as arrear contributions at year-end have been paid to the Fund within the prescribed period in accordance with the requirements of section 13A of the Act.
9	Benefits	
9.1	Obtain a list from the administration system of lump sum benefits reflected as expenses in the Fund's Statement of Changes in Net Assets and Funds for the year under review and perform the following procedure:	
9.1.1	Compare the list to the respective general ledger benefit expense accounts reconciliation.	The listing agreed to the general ledger with no differences noted.
9.2	Select a sample of the lesser of 25 benefits or 10% of the total number of benefits from the list and perform the following procedures:	
9.2.1	Compare the benefit per selected member to the administration system and authorised supporting documentation in accordance with the procedures of the Fund.	The benefit paid agreed to the administration system and authorised supporting documentation in accordance with the rules of the Fund.

	Procedures	Findings
9.2.2	For death benefits, where a portion of the benefit had been reinsured by the Fund, inspect a bank deposit or an accrual raised for the recovery from the insurer.	Not applicable as there is no reinsurance in the Fund.
9.2.3	<p><u>For a defined benefit fund:</u> Inspect that the calculation of the benefit payment was done by the actuary in accordance with the requirements of the rules of the Fund and/or the Act.</p> <p><u>For a defined contribution fund</u> Agree the opening fund credit for the member to the opening fund credit report and determine whether contributions were added every month until the date of exit (either by Rand amount or in the case of unitised funds, by units). Agree the balance paid out to the member (inclusive of late payment interest where applicable) to the fund credit report or administration system as at the date of exit.</p>	<p><u>For a defined benefit:</u> The calculation of the benefit payment by the Fund was done in accordance with the requirements of the rules of the Fund and/or the Act.</p> <p>In respect of the Performance Bonus Scheme and the Additional Voluntary Scheme, the opening fund credit for the member agreed to the opening fund credit report and contributions were added every month until the date of exit. The balance paid out to the member (inclusive of late payment interest where applicable) agreed to the fund credit report or administration system as at the date of exit.</p> <p><u>For a defined contribution fund</u> Not applicable.</p>
9.3	Obtain a list of all benefits not yet paid at year-end, select a sample of the lesser of 25 benefits or 10% of the total number of benefits from the list and perform the following procedure:	
9.3.1	Agree whether the benefits that are older than the period as set out in the Act or a shorter period defined by the Rules are classified as unclaimed benefits.	The benefits that were older than the period as set out in the Act and by the Rules of the Fund were classified as unclaimed benefits.
10	Transfers	
10.1	Compare the list of total section 14 transfers to and from the Fund to the corresponding accounts in the general ledger.	No section 14 transfers to or from the Fund were noted during the 2016 financial year.
10.2	From the list of section 14 transfers paid/received and accrued to and from the Fund throughout the year select a sample of the lesser of 25 or 10% of the number of transfers in and the lesser of 25 or 10% of the number of transfers out, and perform the following procedures:	

	Procedures	Findings
10.2.1	Agree the sample of section 14 transfers to and from the Fund to: a) the section 14(1) documentation as approved by the Registrar in respect of each transfer; and/or b) the section 14(8) documentation as prescribed.	No section 14 transfers to or from the Fund were noted during the 2016 financial year.
10.2.2	Inspect whether the transfers to and from the Fund were received/paid within 60 days of Registrar approval for section 14(1) transfers and 180 days from application date for section 14(8) transfers and whether the growth and investment return had been allocated from the effective date of the transfer to the date of final settlement.	No section 14 transfers to or from the Fund were noted during the 2016 financial year.
10.2.3	In respect of unitised funds, select a sample of the lesser of 25 or 10% of the number of members transferred from other funds and recalculate the purchase of units for the amount received using the unit price per the administration system on the date of receipt. (Where units were purchased after date of receipt, investment return was added from the date of receipt to the date of purchase).	No section 14 transfers to or from the Fund were noted during the 2016 financial year.
10.3	Individual transfers Obtain the list of individual transfers throughout the year ended 30 June 2016, select a sample of the lesser of 25 or 10% of the number of individual transfers, and perform the following procedures:	
10.3.1	Agree the transfers to the approved recognition of transfer documentation.	The transfers agreed to the approved recognition of transfer documentation for the sample selected.
10.3.2	For individual transfers in selected In respect of unitised funds, recalculate the purchase of units for the amount received using the unit price per the administration system on the date of receipt. (Where units were purchased after date of receipt investment return was added from the date of receipt to the date of purchase).	Not applicable as the Fund is not a unitised fund.

	Procedures	Findings
11	Pensioners paid	
11.1	Obtain a copy of the list of pensioners and amounts paid for the year from the administration system and/or, for outsourced pensioners, confirmation from the insurer and perform the following procedure:	
11.1.1	Agree the total pensions paid for the year ended 30 June 2016 to the corresponding account reconciliation to the general ledger balance.	The total pensions paid agreed to the corresponding account reconciliation to the general ledger balance for the period ended 30 June 2016.
11.2	Select a sample of the lesser of 25 or 10 % of the number of pensioners paid directly from the fund from the above list and perform the following procedures:	
11.2.1	Inspect the pensioner increases for authorisation by the Board of Fund.	The pensioner increases were authorised by the Board of Fund.
11.2.2	Inspect evidence obtained by the administrator/Fund supporting the fact that the pensioners selected exist.	The evidence inspected indicated that the selected pensioners existed.
11.3	Where the Fund has purchased an annuity in the name of the Fund, obtain a written confirmation from the annuity provider summarising movements from opening market value to closing market value and perform the following procedures:	Not applicable. The Fund has not purchased an annuity in the name of the Fund.
11.3.1	Agree the closing market value of the annuity to the annual financial statements.	Not applicable. The Fund has not purchased an annuity in the name of the Fund.
11.3.2	Agree the pensioner payment per the confirmation from the insurer to the pensions paid disclosed in the notes to the annual financial statements.	Not applicable. The Fund has not purchased an annuity in the name of the Fund.
	General	
12.1	Inspect evidence that the Fund's fidelity insurance cover was in place throughout the year ended 30 June 2016, that the Fund's fidelity insurance cover extends after year-end and report the date to which the subsequent fidelity insurance cover extends.	The Fund's fidelity insurance cover was in place throughout the year ended 30 June 2016, the Fund's fidelity insurance cover extended after year-end. The subsequent fidelity insurance cover extended to 30 June 2017.

	Procedures	Findings
12.2	Confirm with the Fund's GLA insurer as to whether the GLA policy has lapsed at year ended 30 June 2016.	Not applicable as there is no reinsurance in the Fund.
12.3	Obtain the most recent statutory valuation signed and submitted by the valuator as at 30 June 2015 and perform the following procedures:	
12.3.1	Report the funding status of the Fund per the report (whether the Fund was under-funded or fully funded).	Per the 30 June 2015 signed statutory valuation report and the 30 June 2016 actuarial report, the Fund was fully funded.
12.3.2	Where the Fund is under-funded, obtain evidence as to whether a scheme, as required in terms of section 18 of the Act in South Africa, has been approved by the Registrar.	Not applicable as the Fund was fully funded.

ESKOM PENSION AND PROVIDENT FUND

SCHEDULE IA - SCHEDULES PERTAINING TO THE ANNUAL FINANCIAL STATEMENTS
AT 30 JUNE 2016

INVESTMENTS

Notes	Direct Investments	Non-compliant Collective investment schemes Note M1	Non-compliant Insurance policies Note M2	Total	Local	Foreign	Foreign Africa	Total Foreign	Total percentage of foreign exposure	Reconciling items between Schedule IB and Schedule F	TOTAL as per Regulation 28 (Schedule IB)
	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Cash (including cash at bank)	7 100 229	-	-	7 100 229	6 066 668	994 731	38 830	1 033 561	14,56	699 789	7 800 018
Commodities	405 994	-	-	405 994	405 994	-	-	-	-	-	405 994
Debt instruments including Islamic debt Instruments	26 146 215	-	-	26 146 215	26 146 215	-	-	-	-	47 261	26 193 476
Investment and owner occupied properties	115 000	-	-	115 000	115 000	-	-	-	-	10 483 919	10 598 919
Equities	76 101 230	-	-	76 101 230	57 668 092	17 981 735	451 403	18 433 138	24,22	2 168 012	78 269 242
Derivative Market instruments	(77 764)	-	-	(77 764)	(77 764)	-	-	-	-	77 764	-
Investments in participating employers	2 505 340	-	-	2 505 340	2 505 340	-	-	-	-	(1 569)	2 503 771
Hedge Funds	691 599	-	-	691 599	691 599	-	-	-	-	1 448 972	2 140 571
Private Equity Funds	2 066 055	-	-	2 066 055	1 400 267	-	665 788	665 788	32,23	(13 563)	2 052 492
Collective Investment Schemes	-	13 461 612	-	13 461 612	491 311	10 000 781	2 969 520	12 970 301	96,35	(13 461 612)	-
Insurance policies	-	-	-	-	-	-	-	-	-	-	-
Insurance Policies ito Reg 28(3)(c)3	-	-	1 448 973	1 448 973	1 448 973	-	-	-	-	(1 448 973)	-
Total investments	115 053 898	13 461 612	1 448 973	129 964 483	96 861 695	28 977 247	4 125 541	33 102 788	25,47	-	129 964 483

ESKOM PENSION AND PROVIDENT FUND

SCHEDULE IA - SCHEDULES PERTAINING TO THE ANNUAL FINANCIAL STATEMENTS (continued)
AT 30 JUNE 2016

A CASH

Instrument	Fair Value R'000
Local	
Local notes, deposits, money market instruments issued by a South African Bank, margin accounts, settlement accounts with an exchange and Islamic liquidity management financial instruments	6 066 668
<i>Total of issuers not exceeding 5%</i>	3 744 837
A money market instrument issued by a South African bank including an Islamic liquidity management financial instrument	-
<i>Total of issuers not exceeding 5%</i>	1 589 162
Any positive net balance in a margin account with an exchange	-
<i>Total of issuers not exceeding 5%</i>	732 669
Foreign	
Foreign balances or deposits, money market instruments issued by a foreign bank including Islamic liquidity management financial instruments	1 033 561
Any balance or deposit held with a foreign bank	-
<i>Total of issuers not exceeding 5%</i>	994 731
Any balance or deposit held with an African bank	-
<i>Total of issuers not exceeding 5%</i>	38 830
Total	7 100 229

B COMMODITIES

Instrument	Holding number	Holding % Holding %	Fair value R'000
Exchange traded fund			
African Palladium ETF	1 903 743	0,13	163 246
Africa Pall Debenture ETF	97 760	0,01	8 407
New Gold ETF	174 805	0,02	32 253
New Gold Platinum ETF	1 384 540	0,16	202 088
			405 994
			405 994
Total			405 994

ESKOM PENSION AND PROVIDENT FUND

SCHEDULE IA - SCHEDULES PERTAINING TO THE ANNUAL FINANCIAL STATEMENTS (continued)
AT 30 JUNE 2016

C DEBT INSTRUMENTS INCLUDING ISLAMIC DEBT INSTRUMENTS

Instrument	Local or foreign	Secured/ Unsecured	Issued/ Guaranteed	Redemption value R'000	Fair value R'000
Government debt:					
Debt instruments issued by the government of the Republic and any debt or loan guaranteed by the Republic					
<i>Total of issuers not exceeding 5%</i>					22 752 581
Bank debt :					
Debt instruments issued or guaranteed by a South African Bank against its balance sheet:-					
<i>Total of issuers not exceeding 5%</i>					1 790 114
Public debt:					
Debt instruments issued or guaranteed by a public entity under the Public Finance Management Act, 1999 (Act No. 1 of 1999) as prescribed:-					
Airports Company of South Africa Limited (ACSA)	Local	Unsecured	Issued		96 171
Development Bank of South Africa	Local	Unsecured	Issued		108 405
Land and Agricultural Development Bank of South Africa	Local	Unsecured	Issued		13 032
Transnet Limited	Local	Unsecured	Issued		57 839
The South African National Roads Agency Limited	Local	Unsecured	Issued		162 148
Rand Water	Local	Unsecured	Issued		45 320
Umgeni Water	Local	Unsecured	Issued		11 503
Total					494 418
Corporate debt (excluding debentures):					
Debt instruments issued or guaranteed by an entity that has equity listed on an exchange					
<i>Listed on an exchange</i>					
<i>Total of issuers not exceeding 5%</i>					617 179
Other					
<i>Listed on an exchange:</i>					
<i>Total of issuers not exceeding 5%</i>					481 923
<i>Not listed on an exchange</i>					
<i>Total of issuers not exceeding 5%</i>					10 000
Total debt instruments including Islamic debt instruments					
					26 146 215

ESKOM PENSION AND PROVIDENT FUND

SCHEDULE IA - SCHEDULES PERTAINING TO THE ANNUAL FINANCIAL STATEMENTS (continued)
AT 30 JUNE 2016

D INVESTMENT AND OWNER OCCUPIED PROPERTIES

Instrument	Fair value R'000
Investment properties	
<i>Total of issuer/entity less than 5% of total assets</i>	115 000
Total investment properties	
Total	115 000
Total	115 000
Total	115 000

E EQUITIES

Instrument	Local/ Foreign	Issued shares	Ordinary/ Preference shares	Holding number in issuer/ entity	Holding in issuer/ entity %	Fair value R'000
Listed equities						
Issuer market capitalisation of R20 billion or more, or an amount or conditions as prescribed						
<i>Total of issuers not exceeding 5%</i>						65 377 629
Issuer market capitalisation of between R2 billion and R20 billion, or an amount or conditions as prescribed						
<i>Total of issuers not exceeding 5%</i>						9 556 756
Issuer market capitalisation of less than R2 billion, or an amount or conditions as prescribed						
<i>Total of issuers not exceeding 5%</i>						1 166 845
Total equities						76 101 230

ESKOM PENSION AND PROVIDENT FUND

SCHEDULE IA - SCHEDULES PERTAINING TO THE ANNUAL FINANCIAL STATEMENTS (continued)
AT 30 JUNE 2016

F SECURITIES LENDING

Securities on lend	Maximum of Fair value of security	Transaction date	Collateral	Fair value R'000	No. of shares lent	Name of counterparty	Script custodian	Manufactured dividend R'000
Equities – Top 100 of companies (by market cap) listed on an exchange								
	75%							
Equities		30 Jun 16	Cash	1 283 788	31 664 349	Standard Bank	Nedbank	-
Equities		30 Jun 16	Cash, equity, bonds	6 738 403	59 867 274	Nedbank	Nedbank	-
Debt - Government bonds								
	75%							
Government Bonds		30 Jun 16	Cash	5 847 508	3 578 656 742	Standard Bank	Nedbank	-
Total				13 869 699				

Included in the value above are the following script lending transactions:

Name of lender	Description	% of total assets	Value of transaction R'000
Standard Bank	Equities and bonds on loan	5,49	7 131 296
Nedbank	Equities on loan	5,19	6 738 403
Total			13 869 699

ESKOM PENSION AND PROVIDENT FUND

SCHEDULE IA - SCHEDULES PERTAINING TO THE ANNUAL FINANCIAL STATEMENTS (continued)
AT 30 JUNE 2016

G DIRECT DERIVATIVE MARKET INSTRUMENTS

G1 DERIVATIVE POSITIONS WITHOUT RESIDUAL RISK

Instrument	Fair value R'000
Interest rate swaps	
ABSA Bank	(12 572)
Deutsche Bank	2 726
FirstRand	(5 414)
Nedbank	(63 205)
Standard Bank	345
Rand Merchant Bank	356

H INVESTMENTS IN PARTICIPATING EMPLOYER/S

Instrument	Listed or not listed	Issued/ Guaranteed	Fair value R'000
Debt instruments			
Total of issuers not exceeding 5%			2 505 340
Subtotal			2 505 340
Total for investments in participating employers			2 505 340

J HEDGE FUNDS

Instrument	Period into contract	Total value of commitment R'000	Current value of commitment R'000
Hedge Funds			
Matrix Fixed Income Fund		6 290	691 599
Total Hedge funds commitment		6 290	691 599

ESKOM PENSION AND PROVIDENT FUND

SCHEDULE IA - SCHEDULES PERTAINING TO THE ANNUAL FINANCIAL STATEMENTS (continued)
AT 30 JUNE 2016

K PRIVATE EQUITY FUNDS

Instrument	Local or Foreign	Structure	FAIS approval number	Holding %	Term of contract	Number of permitted drawdowns as per contract	Total value of commitment R'000	Current value of commitment R'000
Private Equity Fund								
African Infrastructure Investment Fund	Local	Partnerships	4307	0,04 % 10 years		Unlimited	50 000	45 809
Brait IV	Local	Partnerships	820	0,04 % 10 years		Unlimited	75 000	52 403
BusaMed (Pty) Ltd	Local	Other		0,08 %		Unlimited	99 680	99 680
Capitalworks Private Equity	Local	Partnerships	45888	0,05 % 10 years		Unlimited	50 000	61 147
Capitalworks Private Equity 2	Local	Partnerships	45890	0,08 % 10 years		Unlimited	200 000	103 588
Ethos Private Technology Fund I	Local	Partnerships	9254	- % 10 years		Unlimited	20 000	1 349
Ethos Private Equity Fund V	Local	Partnerships	9254	0,04 % 10 years		Unlimited	100 000	49 555
Ethos Private Equity Fund VI	Local	Partnerships	9254	0,07 % 10 years		Unlimited	185 000	88 723
Housing impact fund SA	Local	Partnerships	604	0,09 % 10 years		Unlimited	150 000	119 792
Kleoss Fund 1	Local	Partnerships	45656	0,02 % 10 years		Unlimited	75 000	19 587
Lereko-Metier Capital Growth	Local	Partnerships	23261	0,01 % 10 years		Unlimited	100 000	17 689
Medu II Partnership	Local	Partnerships	40187	0,02 % 10 years		Unlimited	50 000	26 528
Medu III Capital Fund	Local	Partnerships	40187	0,07 % 10 years		Unlimited	150 000	87 568
SA Infrastructure Fund II	Local	Partnerships	4307	0,12 % 10 years		Unlimited	100 000	161 062
SA Infrastructure Fund	Local	Partnerships	4307	0,03 % 10 years		Unlimited	8 950	41 383
Sphere Private Equity Fund 1	Local	Partnerships	22327	- % 10 years		Unlimited	30 000	5 273
Stanlib Infrastructure Private Equity Fund 1	Local	Partnerships	719	0,08 % 10 years		Unlimited	100 000	108 918
Treadle Fund II	Local	Partnerships	8434	- % 10 years		Unlimited	40 900	-
Trinitas Private Equity Fund	Local	Partnerships	43242	0,03 % 10 years		Unlimited	50 000	39 129
Vantage Capital Fund 1	Local	Partnerships	28711	0,01 % 10 years		Unlimited	20 000	16 605
Vantage Mezzanine Fund I	Local	Partnerships	25807	- % 10 years		Unlimited	50 000	2 417
Vantage Mezzanine Fund II	Local	Partnerships	25807	0,10 % 10 years		Unlimited	100 000	128 239
Vantage Mezzanine Fund III	Local	Partnerships	45610	0,06 % 10 years		Unlimited	187 600	77 203
Van Schaick Book Stores	Local	Other		0,03 %		Unlimited	100 000	45 393
Women Private Equity Fund 1	Local	Partnerships	11686	- % 8 years with extensions		Unlimited	20 000	1 228
Aureos Africa Fund								
Aureos Africa Fund 3	Foreign	Partnerships	44310	1,60 % 10 years		Unlimited	72 827	58 820
Capital Alliance Private Equity III	Foreign	Partnerships	44310	4,04 % 10 years		Unlimited	485 510	72 179
Capital Alliance Private Equity 4	Foreign	Partnerships	0	1,86 %		Unlimited	78 895	54 000
Canada Investment Fund for Africa	Foreign	Partnerships	0	6,05 %		Unlimited	477 000	67 170
Helios Private Equity	Foreign	Partnerships	43291	3,80 % 8 years		Unlimited	97 102	498
Helios Private Equity Fund 3	Foreign	Partnerships	45737	0,78 % 10 years		Unlimited	78 895	117 497
Investec Africa Private Equity Fund 2	Foreign	Partnerships	45737	2,69 % 10 years		Unlimited	364 133	90 593
Pan African Infrastructure Development Fund	Foreign	Partnerships	587	9,98 % 10 years		Unlimited	303 444	79 156
Vantage Mezz3 Pan Af Sub-Fund PA	Foreign	Partnerships	31473	0,79 % 10 years		Unlimited	60 689	56 900
			45610	4,17 % 10 years		Unlimited	15 259	68 974

Total Private Equity Funds commitment

4 146 963	2 066 055
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ESKOM PENSION AND PROVIDENT FUND

SCHEDULE IA - SCHEDULES PERTAINING TO THE ANNUAL FINANCIAL STATEMENTS (continued)
AT 30 JUNE 2016

M REGULATION 28 NON-COMPLIANT INVESTMENTS

M1 NON-COMPLIANT COLLECTIVE INVESTMENT SCHEMES

Instrument	Holding %	Fair value R'000
Local		
Community Growth	0,12	157 154
Futuregrowth Development Equity	0,09	110 575
Futuregrowth Infrastructure Development Bond	0,02	22 263
Futuregrowth Community Property	0,16	201 319
		491 311
Foreign		
SGIF GLB Unconst Alpha Equity USD	2,03	2 640 236
SGMF Euro Ex UK Equity USD Inst	0,09	114 550
SGMF UK Equity USD Inst	0,16	209 801
SGMF Japan Equity USD Inst	0,17	223 868
SGMF PAC Bas Ex-JP Equity USD Inst	0,10	135 198
SGMF UK Equity USD Inst	0,26	342 582
SGMF US Large Co Equity USD Inst	1,23	1 595 897
Pinebridge Investments Europe Ltd	0,90	912 735
Duet Africa opportunities Fund	1,11	1 438 881
Ashmore The Africa Emerging Markets Fund	0,48	617 904
Blackrock Developed World Index Sub Fund	3,65	4 738 649
		12 970 301
Total Non-compliant collective investment schemes		13 461 612

The Fund's assets disclosed as non-compliant collective investment schemes have been disclosed as such because the Fund has not obtained the audit certificates from the investment manager's auditors as these are not available. The Fund has obtained a regulation 28 certificate from the investment manager and the look through to the underlying investments is shown in Schedule IB.

M2 NON-COMPLIANT INSURANCE POLICIES

Instrument	Holding %	Fair value R'000
Non-linked policies		
Local		
Sygnia	1,12	1 448 973
		1 448 973
Total non-linked policies		1 448 973
Total certified Regulation 28 non-compliant investments		14 910 585

The Fund's assets disclosed as non-compliant insurance policies have been disclosed as such because the Fund has not obtained the audit certificates from the insurer auditors as these are not available. The Fund has obtained a regulation 28 certificate from the insurer and the look through to the underlying investments as shown in Schedule IB.

ESKOM PENSION AND PROVIDENT FUND

SCHEDULE IA - SCHEDULES PERTAINING TO THE ANNUAL FINANCIAL STATEMENTS (continued)
AT 30 JUNE 2016

O ENTITY / COUNTERPARTY EXPOSURE

Credit / Counterparty risk						
Counterparty	Direct investment in counterparty	Deposit/liquid asset with counterparty	Open financial instruments to market value	Total per counterparty	Exposure to counterparty as a % of the fair value of the assets of the fund	
	R'000	R'000	R'000	R'000		
Banks						
African Bank Investments Limited	4 766 821	2 101 095	-	6 867 916	5,20%	
ABSA Bank	-	7 700	-	7 700	0,01%	
Stanlib Institutional Money Market Fund	375 852	34 704	-	410 556	0,31%	
Afena Prescient Money Market Fund	-	25 067	-	25 067	0,02%	
Hongkong and Shanghai Banking Corporation	-	9 913	-	9 913	0,01%	
FirstRand	-	5 028	-	5 028	-%	
Future Call Account at Absa Capital	420 234	89 665	-	89 665	0,07%	
Investec Bank	1 576 176	8 927	-	429 161	0,33%	
State Street Bank & Trust Company	-	-	-	1 576 176	1,19%	
Landbank Limited	-	1 033 591	-	1 033 591	0,78%	
Nedbank Capital	-	10 028	-	10 028	0,01%	
Nedcor Investment Bank	1 732 325	439 337	-	2 171 662	1,65%	
Oasis Money Market Fund	81 986	282 884	-	364 870	0,28%	
Standard Bank	-	86 826	-	86 826	0,07%	
Margin Account	313 612	26 816	-	340 428	0,26%	
	266 636	40 609	-	307 245	0,23%	
Asset managers - local						
Aeon Investment Management (Pty) Ltd	46 404 227	1 317 009	(74 094)	47 647 142	36,10%	
Coronation Fund Managers (Pty) Ltd	726 905	15 309	-	742 214	0,56%	
Afena Capital (Pty) Ltd	4 478 745	3 229	-	4 481 974	3,40%	
Argon Asset Management (Pty) Ltd	789 662	25 197	-	814 859	0,62%	
Catalyst Fund Managers SA (Pty) Ltd	3 429 394	63 560	-	3 492 954	2,65%	
Cachalia Capital (Pty) Ltd	1 540 868	44 268	-	1 585 136	1,20%	
Benguela Global Fund Managers (Pty) Ltd	213 483	5 840	-	219 323	0,17%	
Perpetua Investment Managers (Pty) Ltd	153 181	4 211	-	157 392	0,12%	
Old Mutual Investment Group (Pty) Ltd	259 309	12 104	-	271 413	0,21%	
First Avenue Investment Management (Pty) Ltd	1 829 099	50 087	-	1 879 186	1,42%	
Investec Asset Management (Pty) Ltd	2 372 363	81 677	-	2 454 040	1,86%	
Kagiso Asset Management (Pty) Ltd	6 704 131	203 981	-	6 908 112	5,23%	
Matrix Fund Managers (Pty) Ltd	5 384 041	119 602	-	5 503 643	4,17%	
Mergence Investment Managers (Pty) Ltd	691 599	-	-	691 599	0,52%	
Mazi Capital (Pty) Ltd	1 073 840	19 245	-	1 093 085	0,83%	
Aluwani Capital Partners (Pty) Ltd	4 733 039	79 563	-	4 812 602	3,65%	
Oasis Asset Management (Pty) Ltd	2 490 688	444 822	(74 094)	2 861 416	2,17%	
	2 475 547	70 432	-	2 545 979	1,93%	

ESKOM PENSION AND PROVIDENT FUND

SCHEDULE IA - SCHEDULES PERTAINING TO THE ANNUAL FINANCIAL STATEMENTS (continued)
AT 30 JUNE 2016

Pan-African Asset Management (Pty) Ltd	1 097 165	18 400	-	1 115 565	0,85%
Meago Trading (Pty) Ltd	1 123 547	16 855	-	1 140 402	0,86%
Stanlib Asset Management Ltd	2 877 572	32 738	-	2 910 310	2,20%
Sygnia Life Ltd	1 448 973	-	-	1 448 973	1,10%
Mianzo Asset Management (Pty) Ltd	253 068	4 500	-	257 568	0,20%
Legacy African Fund Managers (Pty) Ltd	258 008	1 389	-	259 397	0,20%
Asset managers - foreign	31 141 949	1 033 562	-	32 175 511	24,38%
Morgan Stanley Investment Management Ltd	5 113 948	110 257	-	5 224 205	3,96%
Aberdeen Asset Managers Ltd	4 203 903	187 071	-	4 390 974	3,33%
Allianz Global Investors Europe GMBH	4 674 766	174 606	-	4 849 372	3,67%
SEI Investment Management Corp	5 262 133	-	-	5 262 133	3,99%
Duet Asset Management Ltd	1 438 881	-	-	1 438 881	1,09%
Ashmore Group Plc	617 904	-	-	617 904	0,47%
Blackrock Investment Management (UK) Ltd	4 477 158	261 490	-	4 738 648	3,59%
Veritas Asset Management LLP	3 989 118	217 686	-	4 206 804	3,19%
Pinebridge Investments Europe Ltd	912 735	-	-	912 735	0,69%
Statestreet RNQA	-	43 621	-	43 621	0,03%
Drakens Capital (Pty) Ltd	451 403	38 831	-	490 234	0,37%
Participating employers	2 505 340	-	-	2 505 340	1,90%
Eskom Holdings SOC Ltd					
Other funds	491 311	-	-	491 311	0,37%
Future Growth Asset Management (Pty) Ltd	334 157	-	-	334 157	0,25%
Community Growth Equity Fund	157 154	-	-	157 154	0,12%
	85 309 648	4 451 666	(74 094)	89 687 220	67,95 %

ESKOM PENSION AND PROVIDENT FUND

SCHEDULE IA - SCHEDULES PERTAINING TO THE ANNUAL FINANCIAL STATEMENTS (continued)
AT 30 JUNE 2016

Market risk

EQUITY HOLDINGS		Fair value at end of year	Total fair value equity holdings and open instruments	Market movement by 5%
Investment		R'000	R'000	R'000
Naspers Limited		6 573 940	6 573 940	328 697
British American Tobacco Plc		2 954 587	2 954 587	147 729
MTN Group Limited		2 173 459	2 173 459	108 673
Growthpoint Properties Limited		1 755 147	1 755 147	87 757
Old Mutual Plc		1 736 012	1 736 012	86 801
Steinhoff International Holdings Limited		1 684 497	1 684 497	84 225
Standard Bank Group Limited		1 655 967	1 655 967	82 798
Sasol Limited		1 640 246	1 640 246	82 012
SABMiller Plc		1 561 903	1 561 903	78 095
Redefine Properties Limited		1 288 276	1 288 276	64 414
Total value of 10 largest equity holdings		23 024 034	23 024 034	1 151 201

OTHER FINANCIAL INSTRUMENTS		Holding	Fair value at end of year	Market movement by 5%
Instrument		R'000	R'000	R'000
2023 5,5% RSA		1 410 000	4 178 799	208 940
2033 3,45% RSA		1 550 000	3 825 848	191 292
2028 2,6% RSA		1 739 000	3 243 080	162 154
2038 2,25 RSA Inflation linked bond		1 938 000	2 603 922	130 196
2025 2% RSA Inflation linked bond		1 175 000	1 489 152	74 458
2046 2,5% RSA Inflation linked bond		754 000	1 003 372	50 169
2022 2,75% RSA		600 000	871 588	43 579
2050 2,5% RSA Inflation linked bond		490 000	701 539	35 077
2036 2,25% Eskom Inflation linked bond		650 000	699 463	34 973
2030 8% RSA		721 647	659 403	32 970
Total value of 10 largest other instruments		11 027 647	19 276 166	963 808

ESKOM PENSION AND PROVIDENT FUND

SCHEDULE IA - SCHEDULES PERTAINING TO THE ANNUAL FINANCIAL STATEMENTS (continued)
AT 30 JUNE 2016

P RECONCILIATION BETWEEN THE INVESTMENTS IN SCHEDULE HA AND SCHEDULE IA

	Fair value current period (as per Schedule HA 3.1)	Cash at bank	Total
	R'000	R'000	R'000
Cash	7 085 402	14 827	7 100 229
Commodities	405 994	-	405 994
Debt instruments including Islamic debt instruments	26 146 215	-	26 146 215
Investment properties and Owner occupied properties *	115 000	-	115 000
Equities	76 101 230	-	76 101 230
Investment in participating employer(s)	2 505 340	-	2 505 340
Hedge funds	691 599	-	691 599
Private equity funds	2 066 055	-	2 066 055
Derivative market investments	(77 764)	-	(77 764)
Collective investment schemes	13 461 612	-	13 461 612
Insurance policies	1 448 973	-	1 448 973
Total investments	129 949 656	14 827	129 964 483

ESKOM PENSION AND PROVIDENT FUND

SCHEDULE IB - ASSETS HELD IN COMPLIANCE WITH REGULATION 28
AS AT 30 JUNE 2016

		Fair value R'000
A	Total assets (Schedule IA -Total investments)	129 964 483
B1	Less: Reg 28 compliant investments (certificate received from issuing entity):-	-
B.1.1	Collective Investment Schemes (Reg 28(8)(b)(i))	-
B.1.2	Linked Policies (Reg 28(8)(b)(ii))	-
B.1.3	Non-Linked policies (Reg 28(8)(b)(iii))	-
B.1.4	Entity regulated by FSB (Reg 28(8)(b)(iv))	-
B2	Less: Reg 28 excluded investments	-
B2.1	Insurance Policies (Reg 28(3)(c))	-
C	Less: Investments not disclosed /data not available for disclosure [Refer to schedule IAN]	-
D	TOTAL ASSETS FOR REGULATION 28 DISCLOSURE	129 964 483

Categories of kinds of assets	%	Fair value R'000	Fair value %
1 CASH		7 800 018	6,00%
1.1 Notes, deposits, money market instruments issued by a South African Bank, margin accounts, settlement accounts with an exchange and Islamic liquidity management financial instruments	100%	6 315 332	4,86%
(a) Notes and coins; any balance or deposit in an account held with a South African bank;		4 752 178	3,66%
Nedbank	25%	2 372 094	1,83%
(b) A money market instrument issued by a South African bank including an Islamic liquidity management financial instrument		1 253 908	0,96%
ABSA	25%	316 371	0,24%
(c) Any positive net balance in a margin account with an exchange		309 246	0,24%
Margin account at JSE	25%	309 246	0,24%
(d) Any positive net balance in a settlement account with an exchange, operated for the buying and selling of assets		-	0,00%
1.2 Balances or deposits, money market instruments issued by a foreign bank including Islamic liquidity management financial instruments	SARB max. limits	1 484 686	1,14%
(a) Any balance or deposit held with a foreign bank		1 484 686	1,14%
Any balance or deposit held with a foreign bank	5%	1 484 686	1,14%
(b) Any balance or deposit held with an African bank		-	0,00%
(c) A money market instrument issued by a foreign bank including an Islamic liquidity management financial instrument		-	0,00%
2 DEBT INSTRUMENTS INCLUDING ISLAMIC DEBT INSTRUMENTS		26 193 476	20,15%
2.1 Inside the Republic	100%	26 193 476	20,15%
(a) Debt instruments issued by, and loans to, the government of the Republic, and any debt or loan guaranteed by the Republic	100%	23 239 225	17,88%
(b) Debt instruments issued or guaranteed by the government of a foreign country	75%	-	0,00%
(c) Debt instruments issued or by a South African bank against its balance sheet	75%	1 790 114	1,38%
c(i) Listed on an exchange with an issue market capitalisation of R20 billion or more, or an amount or conditions as prescribed	75%	1 668 775	1,28%
Firststrand	25%	956 937	0,74%
Carried forward		5 439 334	4,19%

ESKOM PENSION AND PROVIDENT FUND

SCHEDULE IB - ASSETS HELD IN COMPLIANCE WITH REGULATION 28
AS AT 30 JUNE 2016

Categories of kinds of assets		%	Fair value R'000	Fair value %
Brought forward			5 439 334	4,19%
c(ii)	Listed on an exchange with an issuer market capitalisation of between R2 billion and R20 billion, or an amount or conditions as prescribed	75%	-	0,00%
c(iii)	Listed on an exchange with an issuer market capitalisation of less than R2 billion, or an amount or conditions as prescribed	75%	130 804	0,10%
	African bank New	10%	130 804	0,10%
c(iv)	Not listed on an exchange	25%	(9 465)	(0,01)%
	Dutsche Bank	5%	3 205	0,00%
(d)	Debt instruments issued or guaranteed by an entity that has equity listed on an exchange, or debt instruments issued or guaranteed by a public entity under the Public Finance Management Act, 1999 (Act No. 1 of 1999) as prescribed	50%	649 041	0,50%
d(i)	Listed on an exchange	50%	619 485	0,48%
	Development Bank of SA	10%	106 755	0,08%
d(ii)	Not listed on an exchange	25%	29 556	0,02%
	Land & Agricultural Development Bank of SA	5%	10 010	0,01%
(e)	Other debt instruments:-	25%	515 096	0,40%
e(i)	Listed on an exchange	25%	483 050	0,37%
	City of Cape Town	5%	45 518	0,04%
e(ii)	Not listed on an exchange	15%	32 046	0,02%
	South African Airways	5%	9 100	0,01%
	SARB max. limits			
2.2	Foreign		-	0,00%
(a)	Debt instruments issued by, and loans to, the government of the Republic, and any debt or loan guaranteed by the Republic	SARB max. limits	-	0,00%
(b)	Debt instruments issued or guaranteed by the government of a foreign country	SARB max. limits	-	0,00%
(c)	Debt instruments issued or guaranteed by a South African Bank against its balance sheet:-	SARB max. limits	-	0,00%
c(i)	Listed on an exchange with an issuer market capitalisation of R20 billion or more, or an amount or conditions as prescribed	SARB max. limits	-	0,00%
c(ii)	Listed on an exchange with an issuer market capitalisation of between R2 billion and R20 billion, or an amount or conditions as prescribed	SARB max. limits	-	0,00%
c(iii)	Listed on an exchange with an issuer market capitalisation of less than R2 billion, or an amount or conditions as prescribed	SARB max. limits	-	0,00%
c(iv)	Not listed on an exchange		-	0,00%
(d)	Debt instruments issued or guaranteed by an entity that has equity listed on an exchange	SARB max. limits	-	0,00%
d(i)	Listed on an exchange	SARB max. limits	-	0,00%
d(ii)	Not listed on an exchange	25%	-	0,00%
(e)	Other debt instruments	25%	-	0,00%
e(i)	Listed on an exchange	25%	-	0,00%
e(ii)	Not listed on an exchange	15%	-	0,00%
3	EQUITIES		78 269 242	60,22%
3.1	Inside the Republic	75%	47 676 940	36,68%
(a)	Preference and ordinary shares in companies, excluding shares in property companies, listed on an exchange:-	75%	47 577 073	36,61%
a(i)	Issuer market capitalisation of R20 billion or more, or an amount or conditions as prescribed	75%	42 120 134	32,41%
	Naspers	15%	6 573 940	5,06%
Carried forward			12 318 666	9,49%

ESKOM PENSION AND PROVIDENT FUND

SCHEDULE IB - ASSETS HELD IN COMPLIANCE WITH REGULATION 28
AS AT 30 JUNE 2016

Categories of kinds of assets		%	Fair value R'000	Fair value %
Brought forward			12 318 666	9,49%
a(ii)	Issuer market capitalisation of between R2 billion and R20 billion, or an amount or conditions as prescribed	75%	5 095 517	3,92%
	AECI LTD	10%	329 507	0,25%
a(iii)	Issuer market capitalisation of less than R2 billion, or an amount or conditions as prescribed	15%	361 422	0,28%
	Hulisani Ltd	5%	98 370	0,08%
(b)	Preference and ordinary shares in companies, excluding shares in property companies, not listed on an exchange	15%	99 867	0,08%
	N3 Toll Concession	2,5%	16 028	0,01%
3.2	Foreign		30 592 302	23,54%
(a)	Preference and ordinary shares in companies, excluding shares in property companies, listed on an exchange:-	max. limits	30 560 934	23,51%
a(i)	Issuer market capitalisation of R20 billion or more, or an amount or conditions as prescribed	SARB max. limits	28 207 320	21,70%
	Microsoft Corp	15%	693 205	0,53%
a(ii)	Issuer market capitalisation of between R2 billion and R20 billion, or an amount or conditions as prescribed	SARB max. limits	1 735 060	1,34%
	Letshego Holdings Ltd	10%	86 194	0,07%
a(iii)	Issuer market capitalisation of less than R2 billion, or an amount or conditions as prescribed	SARB max. limits	618 554	0,48%
	First City Bank	5%	46 556	0,04%
(b)	Preference and ordinary shares in companies, excluding shares in property companies, not listed on an exchange	10%	31 368	0,02%
	DRC Beverages Partners Ltd	2,5%	14 848	0,01%
4	IMMOVABLE PROPERTY		10 598 919	8,16%
4.1	Inside the Republic	25%	10 511 392	8,09%
(a)	Preference shares, ordinary shares and linked units comprising shares linked to debentures in property companies, or units in a Collective Investment Scheme in Property, listed on an exchange	25%	10 171 704	7,83%
a(i)	Issuer market capitalisation of R10 billion or more, or an amount or conditions as prescribed	25%	8 506 490	6,55%
	Growthpoint	15%	1 755 147	1,35%
a(ii)	Issuer market capitalisation of between R3 billion and R10 billion, or an amount or conditions as prescribed	25%	1 322 463	1,02%
	EMIRA	10%	162 980	0,13%
a(iii)	Issuer market capitalisation of less than R3 billion or an amount or conditions as prescribed	25%	342 751	0,26%
	Schroder European Real estate	5%	47 230	0,04%
(b)	Immovable property, preference and ordinary shares in property companies, and linked units comprising shares linked to debentures in property companies, not listed on an exchange	15%	339 688	0,26%
	Community property	5%	159 253	0,12%
4.2	Foreign	25%	87 527	0,07%
(a)	Preference shares, ordinary shares and linked units comprising shares linked to debentures in property companies, or units in a Collective Investment Scheme in Property, listed on an exchange	25%	87 527	0,07%
a(i)	Issuer market capitalisation of R10 billion or more, or an amount or conditions as prescribed	25%	87 450	0,07%
	American Tower Corp	15%	6 121	0,00%
a(ii)	Issuer market capitalisation of between R3 billion and R10 billion, or an amount or conditions as prescribed	25%	-	0,00%
a(iii)	Issuer market capitalisation of less than R3 billion or an amount or conditions as prescribed	25%	77	0,00%
	Sinpas Gayrimenkul Yutir	5%	77	0,00%
Carried forward			15 734 182	12,12%

ESKOM PENSION AND PROVIDENT FUND

SCHEDULE IB - ASSETS HELD IN COMPLIANCE WITH REGULATION 28
AS AT 30 JUNE 2016

Categories of kinds of assets		%	Fair value R'000	Fair value %
Brought forward			15 734 182	12,12%
(b)	Immovable property, preference and ordinary shares in property companies, and linked units comprising shares linked to debentures in property companies, not listed on an exchange	15%	-	0,00%
5	COMMODITIES		405 994	0,31%
5.1	Inside the Republic	10%	405 994	0,31%
(a)	Kruger Rands and other commodities on an exchange, including exchange traded commodities	10%	405 994	0,31%
a(i)	Gold (including Kruger Rands)	10%	-	0,00%
a(ii)	Other commodities	5%	405 994	0,31%
	New Gold Platinum ETF	5%	202 087	0,16%
5.2	Foreign	10%	-	0,00%
(a)	Gold and other commodities on an exchange, including exchange traded commodities	10%	-	0,00%
a(i)	Gold	10%	-	0,00%
a(ii)	Other commodities	5%	-	0,00%
6	INVESTMENTS IN THE BUSINESS OF A PARTICIPATING EMPLOYER INSIDE THE REPUBLIC IN TERMS OF:-		2 503 771	1,93%
(a)	Section 19(4) of the Pension Funds Act		2 503 771	1,93%
(b)	To the extent it has been allowed by an exemption in terms of section 19(4A) of the Pension Funds Act		-	0,00%
7	HOUSING LOANS GRANTED TO MEMBERS IN ACCORDANCE WITH THE PROVISIONS OF SECTION 19(5)	95%	-	0,00%
8	HEDGE FUNDS, PRIVATE EQUITY FUNDS AND ANY OTHER ASSET NOT REFERRED TO IN THIS SCHEDULE		4 193 063	3,23%
8.1	Inside the Republic	15%	3 527 275	2,71%
(a)	Hedge fund	10%	2 127 008	1,64%
a(i)	Funds of hedge funds	10%	1 448 973	1,11%
a(ii)	Hedge funds	10%	678 035	0,52%
(b)	Private equity funds	10%	1 400 267	1,08%
b(i)	Funds of private equity funds	10%	-	0,00%
b(ii)	Private equity funds	10%	1 400 267	1,08%
(c)	Other assets not referred to in this schedule and excluding a hedge fund or private equity fund	2,5%	-	0,00%
8.2	Foreign	15%	665 788	0,51%
(a)	Hedge fund	10%	-	0,00%
a(i)	Funds of hedge funds	10%	-	0,00%
a(ii)	Hedge funds	10%	-	0,00%
(b)	Private equity funds	10%	665 788	0,51%
b(i)	Funds of private equity funds	10%	665 788	0,51%
b(ii)	Private equity funds	10,0%	-	0,00%
(c)	Other assets not referred to in this schedule and excluding a hedge fund or private equity fund	2,5%	-	0,00%
TOTAL ASSETS – REGULATION 28			129 964 483	100,00%

ESKOM PENSION AND PROVIDENT FUND

SCHEDULE IB - ASSETS HELD IN COMPLIANCE WITH REGULATION 28
AS AT 30 JUNE 2016

INVESTMENT SUMMARY (Regulation 28)

	Local	Fair value	Foreign (Excluding	Fair value	Africa	Fair value	Total
	R'000	%	Africa)	%	R'000	%	R'000
1 Balances or deposits, money market instruments issued by a bank including Islamic liquidity management financial instruments	6 315 332	4,86	1 279 750	0,98	204 936	0,16	7 800 018
2 Debt instruments including Islamic debt instruments	26 193 476	20,15	-	-	-	-	26 193 476
3 Equities	47 676 940	36,68	27 337 485	21,03	3 254 817	2,50	78 269 242
4 Immovable property	10 511 392	8,09	87 527	0,07	-	-	10 598 919
5 Commodities	405 994	0,31	-	-	-	-	405 994
6 Investment in the business of a participating employer	2 503 771	1,93	-	-	-	-	2 503 771
8 Hedge Funds, private equity funds and any other assets not referred to in this schedule	3 527 275	2,71	-	-	665 788	0,51	4 193 063
TOTAL	97 134 180	74,74	28 704 762	22,09	4 125 541	3,17	129 964 483

Table 1 Asset Limits in terms of sub regulation 3(f)

	Total (Inside & Foreign)	Percentage of Fair value	Regulation 28 limits
items	R	%	
2.1(e)(ii) Other debt instruments not listed	31 601	0,02	
3.1(b) Equities not listed	99 867	0,08	
4.1(b) Immovable properties not listed	339 688	0,26	
8 Hedge funds , Private Equity funds and other assets	4 193 064	3,23	
TOTAL	4 664 220	3,59	35

Table 1 Asset Limits in terms of sub regulation 3(g)

	Fair value	Regulation 28 limits
items	R	%
3.1(b) Equities not listed	99 867	0,08
8.1(b) Private Equity funds	1 400 268	1,08
TOTAL	1 500 135	1,15

Table 1 Asset Limits in terms of sub regulation 3(h)

	Fair value	Regulation 28 limits
items	R	%
1.1 Cash and deposits with a South African Bank	6 315 332	4,86
2.1(c) Debt instruments guaranteed by a South African Bank - Item	1 790 114	1,38

ESKOM PENSION AND PROVIDENT FUND

SCHEDULE IB - ASSETS HELD IN COMPLIANCE WITH REGULATION 28
AS AT 30 JUNE 2016

TOTAL

8 105 446

6,24

25



SCHEDULE IB

INDEPENDENT AUDITOR'S REPORT ON ASSETS HELD IN COMPLIANCE WITH REGULATION 28 TO THE BOARD OF FUND

We have audited Schedule IB "Assets held in compliance with Regulation 28" of Eskom Pension and Provident Fund (the Fund) at 30 June 2016 (the Schedule) for compliance with the requirements of Regulation 28 of the Pension Funds Act of South Africa (the Regulation), as set out on pages 65 to 70. Our engagement arises from our appointment as auditor of the Fund and is for the purpose of assisting the Board of Fund to report to the Registrar of Pension Funds (the 'Registrar').

The information contained in Schedule IB has been extracted from the Fund's underlying accounting records that were the subject of our audit engagement on the annual financial statements and forms the subject matter of this engagement. Our audit of the annual financial statements of the Eskom Pension and Provident Fund for the year ended 30 June 2016 was conducted in accordance with International Standards on Auditing and in our report of 9 December 2016 we expressed an unmodified opinion on the financial statements, prepared, in all material respects, with the Regulatory Reporting Requirements for Retirement Funds in South Africa.

The Board of Fund's Responsibility for the Schedule

The Board of Fund is responsible for the preparation of the Schedule in accordance with the Regulatory Reporting Requirements for Retirement Funds in South Africa and in compliance with the Regulation, and for such internal control as the Board of Fund determines is necessary to enable the preparation of the Schedule that is free from material misstatements, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion based on our audit of the Schedule. 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 about whether the Schedule is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the Schedule. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Schedule, whether due to fraud or error.

*PricewaterhouseCoopers Inc., 2 Eglin Road, Sunninghill 2157, Private Bag X36, Sunninghill 2157, South Africa
T: +27 (11) 797 4000, F: +27 (11) 797 5800, www.pwc.co.za*

Chief Executive Officer: T D Shango
Management Committee: S N Madikane, J S Masondo, P J Mothibe, C Richardson, F Tonelli, C Volschenk
The Company's principal place of business is at 2 Eglin Road, Sunninghill where a list of directors' names is available for inspection.
Reg. no. 1998/012055/21, VAT reg.no. 4950174682



In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the Schedule 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.

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, Schedule IB "Assets held in compliance with Regulation 28" at 30 June 2016 by Eskom Pension and Provident Fund has been prepared in all material respects in accordance with the Regulatory Reporting Requirements for Retirement Funds in South Africa and in compliance with the Regulation.

Restriction on Use

Without modifying our opinion, we draw attention to the purpose of our report as indicated in the introductory paragraph, and the basis of accounting. Consequently, the Schedule and our auditor's report may not be suitable for another purpose.

A handwritten signature in black ink, appearing to read 'GJ Kapp', is written over the printed name of the auditor.

PricewaterhouseCoopers Inc.

Director: GJ Kapp

Registered Auditor

Johannesburg

9 December 2016