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Federation of Rhodesia and Nyasaland

ANNUAL REPORT
of the
FEDERAL PENSION FUND
BOARD

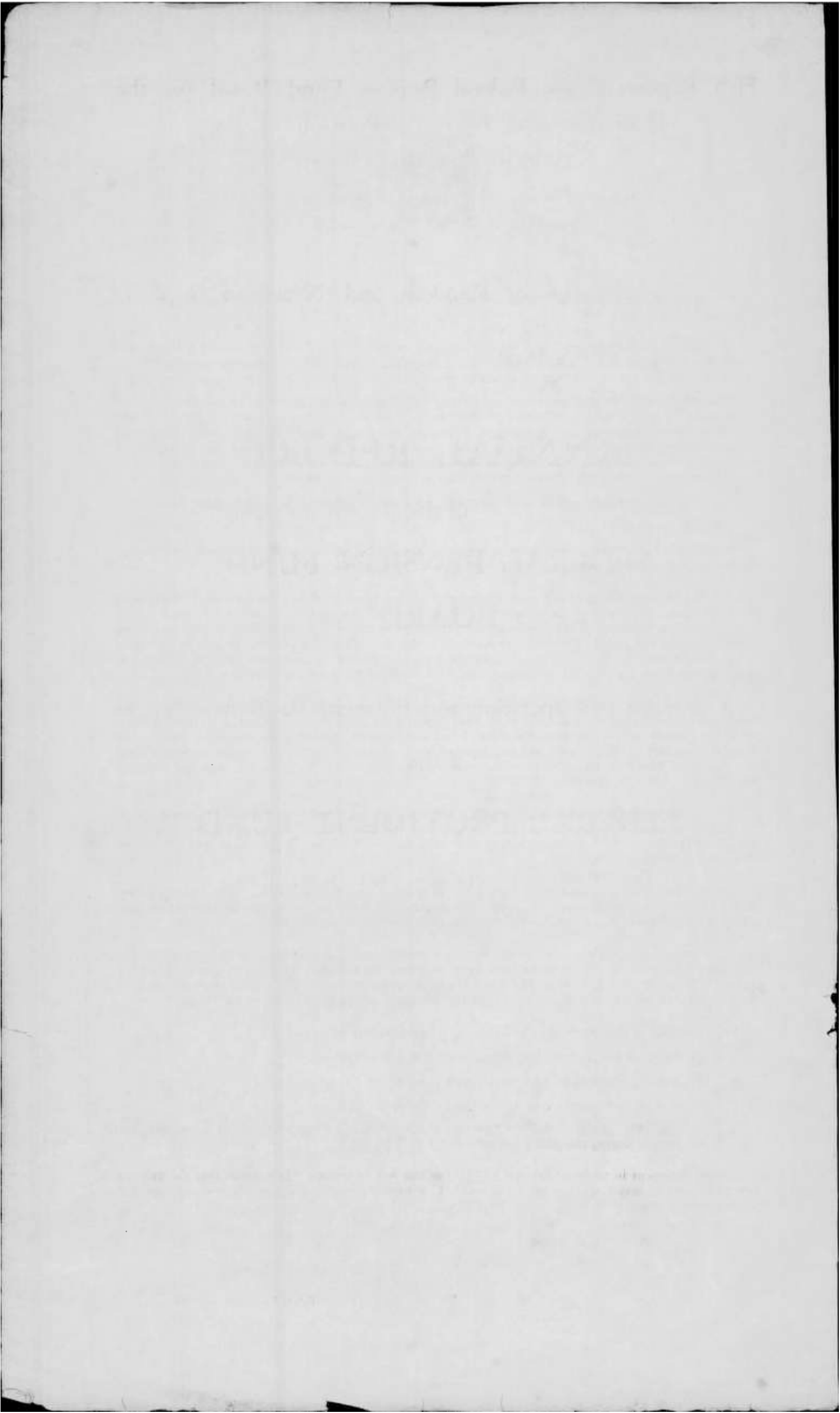
on the Operation and Financial Position
of the
FEDERAL PROVIDENT FUND

For the Year ended 30th June, 1962

Presented to the Federal Assembly
1963

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First Report of the Federal Pension Fund Board on the Operation and Financial Position of the Federal Provident Fund

Submitted in terms of Section 6 (1) (b) of the Federal
Provident Fund Act, 1960, as amended

1. We have the honour to submit our report on the Federal Provident Fund for the period 1st July, 1961 to 30th June, 1962.

2. The Federal Provident Fund was established on the 1st July, 1961, to provide a lump sum payment on retirement for certain employees of the Federal Government who are not eligible for benefits on retirement in the form of contributory or non-contributory pensions or gratuities.

The employee is required to contribute to the fund at the rate of 4 per cent. of his salary and the Government makes a like contribution. Except for a number of officers who were members of the Southern Rhodesia Government Employees' Provident Fund and elected to retain their benefits on being absorbed by the Federal Provident Fund, employees receive the full benefit (the sum total of the amounts paid into the fund by and in respect of the employee together with interest thereon at 5 per cent. per annum, compounded annually) in the following circumstances:

- (i) on leaving the service after completing at least 25 years continuous membership;
- (ii) in the event of death.

In all other instances employees who resign or are discharged receive certain lesser benefits but no less than an amount equal to the employee's contributions with interest thereon.

3. The Minister of Finance is authorized under section 12 of the Act to pay into the Consolidated Revenue Fund, at the end of each financial year, so much of the amount by which the assets of the fund exceed the aggregate of the full benefits standing to the credit of employees as he may determine after consulting the Board. On the other hand, in terms of Section 11 (b) of the Act, if the aggregate of the full benefits standing to the credit of employees at the end of any financial year exceeds the assets of the fund, the shortfall shall be made good from the Consolidated Revenue Fund.

4. On the establishment of the Federal Provident Fund on the 1st July, 1961, the liability for the full benefit standing to the credit of 110 Federal Government employees contributing to the Southern Rhodesia Government Employees' Provident Fund and amounting to £91,304, was transferred to the Federal Provident Fund. To meet this liability various stocks, totalling £91,276, were transferred from the Southern Rhodesia Government Employees' Provident Fund at cost price, and the balance amounting to £28 was received in cash.

5. Of the 110 Federal Government employees who were absorbed by the Federal Provident Fund, 34 elected to retain the benefits payable in terms of the Government Provident Fund Act, 1943 (Southern Rhodesia) the remainder having elected to be governed by the provisions of the Federal Provident Fund Regulations, 1961.

6. On the 30th June, 1962, there were 1,765 employees who were members of the Federal Provident Fund. During the course of the year, 475 ceased to be members, 42 having transferred to pensionable employment and 433 having either resigned, been dismissed or died.

7. The accounts for the year ended 30th June, 1962, reflected a surplus of £13,580 which the Minister of Finance, on the recommendations of the Board, authorized, in terms of section 12 of the Act, to be transferred to a Reserve Account to be built up and maintained at a level of 10 per cent. of the cost price of securities held as a provision against any loss which may arise in the future.

8. Attached to this report are the following statements and accounts:—

- (1) Revenue and Expenditure Account for the year (*Appendix "A"*).
- (2) Balance Sheet as at 30th June, 1962 (*Appendix "B"*).
- (3) List of Investments held by the Fund (*Appendix "C"*).
- (4) Statement showing that the Interest on Investments did not fall short of 5 per cent. per annum during the year (*Appendix "D"*).

9. A statement in terms of Section 8 (2) (b) of the Act (*Appendix "D"*) shows that the average rate of interest on investments of the Fund was 5.12 per cent. per annum in the financial year covered by this report.

H. M. McDOWELL, *Chairman.*

B. C. J. RICHARDS }
R. A. YATES } *Members.*

FEDERAL PROVIDENT FUND
BALANCE SHEET AS AT 30TH JUNE, 1962

LIABILITIES		£	£	£	ASSETS		£	£
Contributions by Members					Investments at Cost			340,721
Members' Contributions for the year ended 30th June, 1962			181,028	168,227	Federal Government Stock		260,145	
Add: Interest credited on Members' Contributions for the year ended 30th June, 1962			6,030		Southern Rhodesia Government Stock		14,600	
			<u>187,058</u>		Local Authorities Stock		10,976	
Less: Benefits paid during the year ended 30th June, 1962			18,831		Deposit for Government Stock		285,721	
			<u>168,227</u>				55,000	
Contributions by Federal Government				168,227	Interest accrued on Investments			4,577
Contributions by Federal Government for the year ended 30th June, 1962			181,028		Sundry Debtors			1,883
Add: Interest credited on Contributions by the Federal Government for the year ended 30th June, 1962			6,030		Overpayment of Benefits		4	
			<u>187,058</u>		Outstanding collections from Ministries		1,758	
Less: Benefits paid during the year ended 30th June, 1962		5,610			Outstanding Government Contributions		121	
Government contribution and interest to which members ceased to be entitled by reason of resignation or transfer to pensionable employment during the year ended 30th June, 1962					Cash at Bank			2,915
			<u>13,221</u>					
Total of the Fund at 30th June, 1962			<u>336,454</u>					
Reserve Account			13,580					
Sundry Creditors			62					
			<u>£350,096</u>					<u>£350,096</u>

NOTE A.—The market value of stocks held at 30th June, 1962, was £273,822.

H. F. MARSHALL,
Chief Accountant, Federal Treasury

REPORT OF THE COMPTROLLER AND AUDITOR-GENERAL

I have examined the Revenue and Expenditure Account of the Federal Provident Fund for the year ended 30th June, 1962, and the Balance Sheet at that date, in accordance with the provisions of the Federal Provident Fund Act, 1960, and have obtained all the information and explanations that I have required. I certify, as the result of my audit, that in my opinion the Revenue and Expenditure Account and Balance Sheet are properly drawn up so as to exhibit a true and fair view of the transactions and the state of the affairs of the Federal Provident Fund.

4th December, 1962.

D. J. MORRIS,
Comptroller and Auditor-General.

A. G. IRVINE,
Acting Secretary to the Federal Treasury.

FEDERAL PROVIDENT FUND
LIST OF INVESTMENTS HELD BY FUND AT 30TH JUNE, 1962

<i>Nominal Value</i>		<i>Cost</i>
£		£
7,500	Federal Government — 6 per cent. Loan, 1978/81	6,915
10,000	Federal Government — 5½ per cent. Loan, 1979/81	9,987
40,000	Federal Government — 5½ per cent. Loan, 1963	40,000
50,000	Federal Government — 5½ per cent. Loan, 1965	50,000
105,000	Federal Government — 5¼ per cent. Loan, 1964	104,445
24,000	Federal Government — 5¼ per cent. Loan, 1975/77	23,610
26,000	Federal Government — 5 per cent. Loan, 1974/76	25,188
300	Southern Rhodesia Government — 3 per cent. Loan, 1959/64	300
14,300	Southern Rhodesia Government — 3¼ per cent. Loan, 1964/74	14,300
11,200	City of Salisbury — 4½ per cent. Loan, 1971	10,976
55,000	Federal Government — Deposit against Medium-Term Loan	55,000
		<u>£340,721</u>

FEDERAL PROVIDENT FUND
STATEMENT AS TO ANNUAL PERCENTAGE RATE OF INTEREST
EARNED ON INVESTMENTS (IN TERMS OF SECTION 8 (2) (b) FEDERAL
PROVIDENT ACT, 1960)

Interest on Investments calculated at 5 per cent. per annum	£11,765
Interest earned on Investments	£12,045
Average rate of Interest earned on Investments	5.12%

H. F. MARSHALL,
Chief Accountant, Federal Treasury.

A. G. IRVINE,
Acting Secretary to the Federal Treasury.