



Guideline for the preparation of Standard Management Accounts.

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Guideline for the preparation of standard management accounts

1 Introduction

This guideline is intended to provide a general idea of what standard management accounts should entail. It should be noted that the management accounts prepared by the schemes do not have to precisely match the guideline. Nevertheless, all due care should be taken when preparing management accounts to ensure that sufficient and relevant information is provided to the users of management accounts for decision making purposes.

Supporting schedules such as investment compliance can be a separate attachment to the accounts.

2 Executive summary

The executive summary should provide a broad overview of the scheme's operations. It should relay pertinent information in order to afford the trustees a clear view of what occurred during the period under review.

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3 Statement of financial position As at dd/mm/yyyy

	Notes	Month		Previous year
		Actual	Budget	Actual
ASSETS				
Non-current assets				
Property, plant & equipment (specify)				
Investment property				
Investments				
Other non-current assets (specify)				
Current assets				
Inventories				
Trade and other receivables				
Investments				
Cash and cash equivalents				
Personal medical savings account (PMSA) trust investment 12b				
Other current assets (specify)				
Total assets				
FUNDS AND LIABILITIES				
Members' Funds				
Accumulated funds				
Revaluation reserve - investments				
Revaluation reserve - property, plant & equipment				
Reserves set aside for specific purposes (specify)				
Other reserves (specify)				
Minority interest				
Non-current liabilities				
Borrowings				
Other non-current liabilities (specify)				
Current liabilities				
PMSA liability	12a			
Outstanding claims provision				
Trade and other payables				
Other current liabilities (specify)				
Total funds and liabilities				

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4 Ratios – statement of financial position As at dd/mm/yyyy

Accumulated reserves as a % of annualised gross contributions (solvency ratio)
Note: ratios should be calculated excluding personal medical savings account investments and liabilities
 Total assets: total liabilities (norm 2:1)
 Current assets/ current liabilities (norm 1:1)

Trade and other receivables average collection period
*(Outstanding trade and other receivables) /annualised gross contribution * no of days)*

Trade and other payables average payables period
*(Trade and other payables/ annualised risk claims incurred * no of days)*

Claims paying ability
*(Cash & cash equivalents +short term investments)/ (gross claims) * no of months)*

Reserves per member

(Under)/ Over provision of IBNR as a % of IBNR

NB: The above ratios are illustrative only. The scheme must use ratios which are suitable for their circumstances.

Current month		Previous year
Actual	Budget	Actual

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5 Consolidated statement of comprehensive income For the period ended dd/mm/yyyy

	Current month		YTD		Previous years	
	Actual	Budget	Actual	Budget	Year 1	Year 2
Risk contribution income Notes 12c						
Relevant healthcare expenditure						
Net claims incurred						
Risk claims incurred						
Third party claims recoveries Notes 12d						
Accredited managed healthcare services (no risk transfer)						
Net income/(expense) on risk transfer arrangements						
Risk transfer arrangement fees/ premiums paid						
Recoveries from risk transfer arrangements						
Profit/ (loss) share arising from risk transfer arrangements						
Gross healthcare result						
Net income/ (expense) on commercial reinsurance						
Commercial reinsurance premiums paid						
Recoveries from commercial reinsurance						
Profit/ (loss) share arising from commercial reinsurance						
Broker service fees						
Administration expenses Notes 12e						
Net impairment losses: Trade and other receivables						
Net healthcare result						
Other income						
Investment income Notes 12f						
Income from use of own facilities by external parties						
Grants						
Other operating income						
Other expenditure						
Asset management fees						
Cost incurred in provision of own facilities to external parties						
Interest paid on savings accounts						
Sundry expenses						
Net surplus/ (deficit) for the year						
Other comprehensive income						
Fair value adjustment on available for sale investments/ investments held at FVOCI						
Reclassification adjustment*						
Land and buildings revaluation						
Other (specify)						
Total comprehensive income for the year						

*The reclassification adjustment relates to gain/loss on sale of available-for-sale investments which is taken to the statement of comprehensive income within "Investment income"

Note: Any other individual line items are to be disclosed separately on the face of the statement of comprehensive income and not in sundry income or expense, following the same 'by function' classification.

7 Monthly cash flow statement (actual and forecast for remainder of the year)

	Jan Actua l	Feb Actua l	Mar Actua l	Apr Actua l	May Actua l	Jun Actua l	Jul Foreca st	Aug Foreca st	Sep Foreca st	Oct Foreca st	Nov Foreca st	Dec Foreca st	Total
Cash flows from operating activities													
Cash receipts from members and providers													
Cash paid to providers, employees and members													
Cash generated from operations													
Interest paid													
Other (specify)													
Net cash from/ (used in) in operating activities													
Cash flows from investing activities													
Purchase of property, plant and equipment													
Proceeds from disposal of property, plant and equipment													
Purchase of investment property													
Proceeds on disposal of investment property													
Purchase of investments													
Proceeds on disposal of investments													
Interest received													
Dividend received													
Rentals received													
Other (specify)													
Net cash from/ (used in) in investing activities													
Cash flows from financing activities													
(Repayments)/increase in borrowings													
Other (specify)													
Net cash from/ (used in) in financing activities													
Net increase in cash and cash equivalents													
Cash and cash equivalents at the beginning of the period													
Cash and cash equivalents at the end of the period													

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8 Statement of changes in members' funds
For the period ended dd/mm/yyyy

Accumulated funds	Available for sale financial assets	Revaluation reserve investments	Revaluation reserves (PPE)	Reserves set aside for specific purposes	Other reserves	Total members funds
R'000	R'000	R'000	R'000	R'000	R'000	R'000

Balance at the beginning of the period (1 January yyyy)

- As previously reported
- Prior period adjustment

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Total comprehensive income
 Transfer to/(from) accumulated funds

- Due to amalgamation
- Due to re-measurement
- Other transfers

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Transfer (to)/from reserves
 Other (specify)

Balance at the end of the period

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9 Periodic consolidated statement of comprehensive income For the period ended dd/mm/yyyy

	Jan R'000	Feb R'000	Mar R'000	YTD R'000	Budget YTD R'000
Risk contribution income					
Relevant healthcare expenditure					
Net claims incurred					
Risk claims incurred					
Third party claims recoveries					
Accredited managed healthcare services (no risk transfer)					
Net income/expense on risk transfer arrangements					
Risk transfer arrangement fees/ premiums paid					
Recoveries from risk transfer arrangements					
Profit/ (loss) share arising from risk transfer arrangements					
Gross healthcare result					
Net income/ (expense) on commercial reinsurance					
Commercial reinsurance premiums paid					
Recoveries from commercial reinsurance					
Profit/ (loss) share arising from commercial reinsurance					
Broker service fees					
Administration expenses					
Net impairment losses: Trade and other receivables					
Net healthcare result					
Other income					
Investment income					
Income from use of own facilities by external parties					
Grants					
Sundry income					
Other expenditure					
Asset management fees					
Cost incurred in provision of own facilities to external parties					
Interest paid on savings accounts					
Sundry expenses					
Net surplus/ (deficit) for the year					
Other comprehensive income					
Fair value adjustment on available for sale investments/ investments held at FVOCI					
Reclassification adjustment*					
Land and buildings revaluation					
Other Specify					
Total comprehensive income for the year					

*The reclassification adjustment relates to gain/loss on sale of available-for-sale investments which is taken to the statement of comprehensive income within "Investment income".

Note: Any other individual line items are to be disclosed separately on the face of the statement of comprehensive income and not in sundry income or expense, following the same 'by function' classification.

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10 Periodic statement of comprehensive income per option

For the period ended dd/mm/yy

	Jan R'000	Feb R'000	Mar R'000	YTD R'000	Budget YTD R'000
Risk contribution income					
Relevant healthcare expenditure					
Net claims incurred					
Risk claims incurred					
Third party claims recoveries					
Accredited managed healthcare services (no risk transfer)					
Net income/expense on risk transfer arrangements					
Risk transfer arrangement fees/ premiums paid					
Recoveries from risk transfer arrangements					
Profit/ (loss) share arising from risk transfer arrangements					
Gross healthcare result					
Net income/ (expense) on commercial reinsurance					
Commercial reinsurance premiums paid					
Recoveries from commercial reinsurance					
Profit/ (loss) share arising from commercial reinsurance					
Broker service fees					
Administration expenses					
Net impairment losses on healthcare receivables					
Net healthcare result					
Other income					
Investment income					
Income from use of own facilities by external parties					
Grants					
Sundry income					
Other expenditure					
Asset management fees					
Cost incurred in provision of own facilities to external parties					
Interest paid on savings accounts					
Sundry expenses					
Net surplus/ (deficit) for the year					
Other comprehensive income					
Fair value adjustment on available for sale investments/ investments held at FVOCI					
Reclassification adjustment*					
Land and buildings revaluation					
Other (Specify)					
Total comprehensive income for the year					

*The reclassification adjustment relates to gain/loss on sale of available-for-sale investments which is taken to the statement of comprehensive income within "Investment income".

Note: Any other individual line items are to be disclosed separately on the face of the statement of comprehensive income and not in sundry income or expense, following the same 'by function' classification.

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12 Notes to management accounts

In the event that the scheme has option/s with savings plan monies, refer to Circular 2 of 2018: Personal Medical Savings Accounts and scheme rules, which clarifies the correct accounting treatment of the savings monies. Where a medical scheme elects to still state in their rules that the funds in the member's PMSAs belong to the members, the following notes should be included:

a. Personal Medical Savings Accounts Liability

	Current year (YTD)	Previous year
Balance on savings plan liability at the beginning of the year (credit balance)		
Prior year adjustment		
Less: Advances on savings plan accounts		
Balance on savings plan liability at the beginning of the year (net balance)		
Savings contributions received or receivable		
- For the current year		
- Received in advance		
- Allocated to settle prior year advances		
Transfers from other schemes		
Savings plan liabilities transferred to/(from) the scheme upon amalgamation		
Interest paid on savings plan accounts		
Less: Transfers to other schemes		
Less: Claims paid on behalf of members		
Less: Administration expenses		
Less: Bank charges and investment management fees incurred		
Less: Refunds on death or resignation		
Less: Unclaimed personal medical savings accounts written off to scheme funds		
Less: Unclaimed personal medical savings accounts paid over to the Guardian's Fund		
Other (specify)		
Net balance at the end of the year		
Add: Advances on savings plan accounts		
Balance of savings plan liability at the end of the year (credit balance)		
Ageing of savings plan liability at the end of the year		
Current Members		
Resigned members		
- 0 - 6 months		
- 6 months +		
	Number of PMSA accounts	Amount
<= R100		
R101 - R500		
R501 - R1 000		
R1 001 - R2 000		
R2 001 - R5 000		
R5 001 - R10 000		
> R10 000		
What procedures are in place to follow-up on members that need to be refunded?		
Please provide the reasons for any prior year restatements/reclassifications:		

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b. Personal Medical Savings Accounts Trust Investment

	Current year (YTD)	Previous year
Call accounts		
Current accounts		
Fixed deposits		
Other (specify)		
Transfer of assets due to amalgamation during the year		
Total personal medical savings accounts trust investment		
Please provide detail as to why the personal medical savings account trust investment does not agree with the PMSA liability:		

c. Risk contribution income

	Month	Year to Date
Gross contributions per registered rules		
Less: Savings contributions received		
Risk contribution income per statement of comprehensive income		

d. Third party claims recoveries

	Month	Year to Date
Compensation for Occupational Injuries and Diseases (COID) recoveries		
Forensic recoveries		
Motor Vehicle Accident (MVA) recoveries		
Other		

e. Administration expenses

		Month	Year to Date
Actuarial fees:			
- IBNR calculation			
- Pricing and benefit design			
- Other actuarial services (specify)			
Administration fees: (i)			
- Fees paid to the administrator			
- Indirect fees paid to the administrator			
Administration expenditure: benefit management services (not accredited managed care)			
Annual general meeting costs			
Association fees			
Audit expense (external):			
- Audit services			
- Audit expenses			
- Over/(under) provision of prior year's audit fees			
- Other non-audit expenses (specify)			

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Audit expense (internal)			
Bank charges			
Board: sub-committees (i.e. non trustee members):			
- Audit committee			
- Clinical committee			
- Dispute committee			
- Investment committee			
- Remuneration committee			
- Stakeholder relations committee			
- Other sub-committees (specify)			
Call centre fees			
Co-administration fees paid for ongoing services provided by third parties			
Consultancy fees (not the contracted administrator)			
(provide details)			
Name of provider	Nature of service		
Council for Medical Schemes expenses			
Debt collection fees			
Depreciation			
Entertainment			
Fidelity guarantee insurance premiums			
Insurance fees			
Investigation fees (including forensic services)			
- Fraud			
- Other investigation fees			
IT infrastructure:			
- Hardware (not capitalised)			
- Software (including licencing)			
- Networking (including hosting)			
- Other (specify)			
Legal fees (provide details)			
Name of provider	Nature of service		
Marketing expenditure (including advertising)			
Member communication			
Operating leases and other rentals (including property rentals)			
Property rentals - occupied			
Property rentals - unoccupied			
Other operating leases and other rentals (specify)			

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Other levies			
Penalties (including CMS penalties) – this includes fines			
Principal Officer / curator expenditure:			
Principal Officer / curator fees & remuneration			
Principal Officer / curator travel and other expenses incurred			
Printing, stationery and postage			
Professional fees (provide details)			
Name of provider	Nature of service		
Professional indemnity insurance premiums			
Repairs and maintenance			
Security			
Staff remuneration and employment costs			
Staff training			
Subscriptions			
Telephone and fax			
Third party claims recovery administration fees			
Travel, accommodation and conferences			
Trustees' remuneration and considerations:			
- Trustees' remuneration: Board			
- Trustees' remuneration: Sub-committees			
- Services provided			
- Reimbursements and other expenditure			
Water and electricity			
Other administration expenses (specify)			
Less: Administration expenses recoverable from savings plan accounts			
Total administration expenses			

<i>(i) Breakdown of administration fees paid</i>			
Actuarial services			
Administration services			
Member servicing			
Provider servicing			
Fidelity and indemnity insurance			
Financial management			
Governance and compliance			
Forensic investigations and recoveries			
Internal audit			
Marketing expenditure (inclusive of advertising)			

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Printing and stationary			
Other (specify)			
Total administration fee paid to the administrator (and co-administrator)			

f. Other investment income

	Month	Year to Date
Income from investments and property:		
- Interest		
- Dividends received		
- Rentals		
- Policy income		
Other (specify)		
Income received from PMSA trust investment		
Total other investment income		

13 Variances

A brief explanation should be given for the major differences between actual and budgeted figures on a consolidated and per option level. An explanation is preferable for all variances of more than 10%.

14 Graphs and tables

Graphs and tables are suggested to enable users of the statements, especially trustees, to distinguish at a glance the most important performance and statistical indicators.

Most of these indicators will appear in the management accounts, notes or ratios, but they are easier to summarise and understand when it is presented graphically.

It might be useful to compare the monthly and cumulative figures and ratios with not only the previous period, but also with the budget.

The following list is not exhaustive and is merely an example of what could be presented in the monthly management accounts to ensure that the Board of Trustees is making informed decisions:

Membership

- The average age and pensioner ratio of beneficiaries per benefit option;
- The chronic distribution of beneficiaries;
- Analysis of member movement (e.g. reason(s) given by members for leaving the scheme: death, new employment, etc.); and
- A graph depicting the number of members per month for current year, previous year and budget.

Non-healthcare expenditure

- A graph of the total non-healthcare expenditure as a percentage of risk contribution income per month;
- A graph of the non-healthcare expenses per average beneficiary per month;
- Details on contractual administration fees; and
- Details on benefit management services (not accredited managed healthcare)

Underwriting performance

- A graph of the total contributions per member per month, compared to benefit costs per member per month. A moving 12-month average can also be depicted;
- A graph of claims paid as a percentage of risk contribution income per month. This should also be compared with previous periods. This could also be depicted on a per member per month basis; and
- A graph of the operating results as a percentage of risk contribution income.

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Claims/benefits

- A pie chart of benefits paid by category i.e. hospitals, medicines, specialists etc. A comparison with previous periods and other schemes or industry averages, if available, is useful;
- A list of the highest claims by category, compared to previous periods;
- A table of the average claims cost per member, by category of service, compared to previous periods;
- Analysis of claims paid aged over service dates. For each month's claims paid indicate the percentage of previous month's claims paid in current month, as well as the percentage claims paid relating to the current month;
- Comparison of actual claims paid with the monthly IBNR provision;
- Chronic utilisation of beneficiaries;
- A table reflecting a split of non-PMB and PMB claims for the current year, as well as previous year;
- Analysis of savings claims paid; and
- Details on accredited managed healthcare services paid (no transfer of risk).

Other indicators

- Graph of outstanding contributions as percentage of gross contributions;
- A trend graph depicting current assets to current liabilities;
- A trend graph depicting total assets to total liabilities;
- A trend graph depicting the scheme's ability to pay claims from cash and cash equivalents;
- Debtor impairment graph (actual v/s budgeted); and
- Graph of membership vs solvency ratio.

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15 Detailed investment schedule

This can be a separate schedule rather than part of the management accounts.

The investment schedule should be completed per individual investment. It is important to provide the market values of all the underlying assets of all policies of insurance and collective investment schemes (i.e. unit trust, wrap funds, funds of funds etc.).

Institution	Type of investment	Date invested	Interest rate	Opening balance at market value	Dividends & interest capitalised	Market value adjustment	Closing balance at market value

16 Annexure B compliance testing

The schedule below needs to be completed to ensure that the limitations on assets as per Annexure B are being complied with.

Annexure B item	Category or kinds of asset	Description	Market value (R)	% of scheme's assets	Maximum % of aggregate fair value of liabilities and the minimum accumulated funds to be maintained in terms of Regulation 29	Comment (i.e. compliant/ Non-compliant. If non-compliant state reasons).
1(a)	Inside the Republic: Deposits and balances in current and savings accounts with a bank, including negotiable deposits, money market instruments and structured bank notes in terms of which such a bank or mutual bank is liable, as well as margin deposits with SAFEX, and collateralised deposits.					
1(a)(i)	Per bank with net qualifying				100.0%	

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Annexure B item	Category or kinds of asset	Description	Market value (R)	% of scheme's assets	Maximum % of aggregate fair value of liabilities and the minimum accumulated funds to be maintained in terms of Regulation 29	Comment (i.e. compliant/ Non-compliant. If non-compliant state reasons).
1(a)(ii)	capital and reserve funds per Reserve Bank BA900 return greater than R5 billion.				35.0%	
1(a)(iii)	Per bank with net qualifying capital and reserve funds per Reserve Bank BA900 return greater than R100 million.				10.0%	
1(b)	Deposits collateralised with securities issued by the government of the RSA where an appropriate International Securities Masters Agreement (ISMA) has been concluded.				20.0%	
1(b)(i)	Territories outside the Republic: Deposits and balances in current and savings accounts with a bank, including negotiable deposits, and money market instruments in terms of which such a bank is liable.				15.0%	
1(b)(i)	Per bank.				10.0%	
2	Bills, bonds and securities issued or guaranteed by and loans to or guaranteed by:				100.0%	

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Annexure B item	Category or kinds of asset	Description	Market value (R)	% of scheme's assets	Maximum % of aggregate fair value of liabilities and the minimum accumulated funds to be maintained in terms of Regulation 29	Comment (i.e. compliant/ Non-compliant. If non-compliant state reasons).
2(a)	Inside the Republic.				100.0%	
2(a)(i)	Instruments guaranteed by the government of the RSA.				10.0%	
2(a)(ii)	A local authority authorised by law to levy rates upon immovable property.				20.0%	
2(a)(iii)	Development Bank.				20.0%	
2(a)(iv)	Industrial Development Corporation (IDC).				20.0%	
2(a)(v)	Infrastructure Finance Corporation Limited (INCA).				20.0%	
2(a)(vi)	Land and Agricultural Bank.				20.0%	
2(a)(vii)	Trans-Caledonian Tunnel Authority (TCTA).				20.0%	
2(a)(viii)	SA Roads Board.				20.0%	
2(a)(ix)	Eskom.				20.0%	
2(a)(x)	Transnet.				20.0%	
2(a)(xi)	Per bank with net qualifying capital and reserve funds per Reserve Bank BA900 return					

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Annexure B item	Category or kinds of asset	Description	Market value (R)	% of scheme's assets	Maximum % of aggregate fair value of liabilities and the minimum accumulated funds to be maintained in terms of Regulation 29	Comment (i.e. compliant/ Non-compliant. If non-compliant state reasons).
	greater than R5 billion.				35.0%	
2(a)(xii)	Per bank with net qualifying capital and reserve funds per Reserve Bank BA900 return greater than R100 million.				10.0%	
2(a)(xiii)	Per corporate institution not included in above categories where debt is traded on the Bond Exchange of South Africa and included in the Other Bond Index (OTHI) or All Bond Index (ALBI).				10.0%	
2(a)(xiv)	Per other institution not included in above categories, which is approved by the Registrar.				10.0%	
2(b)	Territories outside the Republic:				15.0%	
2(b)(i)	Per institution.				10.0%	
3	Immovable property and claims secured by mortgage bonds thereon. Units in unit trust schemes in property shares and shares in, loans to and debentures, both convertible and non-convertible, of property companies:					
3(a)	Inside the Republic				10.0%	

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Annexure B item	Category or kinds of asset	Description	Market value (R)	% of scheme's assets	Maximum % of aggregate fair value of liabilities and the minimum accumulated funds to be maintained in terms of Regulation 29	Comment (i.e. compliant/ Non-compliant. If non-compliant state reasons).
3(a)(i)	Per single property, property company or development project.				2.5%	
3(b)	Territories outside the Republic.				0.0%	
4	Preference and ordinary shares in companies excluding shares in property companies. Convertible debentures, whether voluntary or compulsory convertible, exchange traded funds, units in equity unit trust schemes with the objective to invest mainly in shares and linked policies of insurance with the proceeds and value determined by the performance of an underlying equity portfolio.					
4(a)	Inside the Republic:				40.0%	
4(a)(i)	Unlisted shares, unlisted debentures and shares and convertible debentures listed in the Development Capital and Venture Capital sectors of the JSE Securities Exchange.				2.5%	
4(a)(ii)	Shares and convertibles listed on the JSE Securities exchange					

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Annexure B item	Category or kinds of asset	Description	Market value (R)	% of scheme's assets	Maximum % of aggregate fair value of liabilities and the minimum accumulated funds to be maintained in terms of Regulation 29	Comment (i.e. compliant/ Non-compliant. If non-compliant state reasons).
	other than in the Development Capital and Venture Capital sectors:					
4(a)(ii)(i)	Per company with a market capitalisation of more than R50 billion.				7.5%	
(4)(a)(ii)(ii)	Per company with a market capitalisation of between R5 billion and R50 billion.				5.0%	
4(a)(ii)(iii)	Per company with a market capitalisation of less than R5 billion.				2.5%	
4(a)(iii)	Exchange traded funds traded					
4(a)(iii)(i)	Exchange traded funds traded on the JSE Securities Exchange: Per fund with diversified holdings across the component sectors of the JSE Securities Exchange.				20.0%	
4(a)(iii)(ii)	Per fund with holdings focused in subsectors of the JSE Securities Exchange.				10.0%	
4(a)(iv)	Units in equity unit trusts or pooled equity managed funds:					

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Annexure B item	Category or kinds of asset	Description	Market value (R)	% of scheme's assets	Maximum % of aggregate fair value of liabilities and the minimum accumulated funds to be maintained in terms of Regulation 29	Comment (i.e. compliant/ Non-compliant. If non-compliant state reasons).
4(a)(iv)(i)	Per unit trust with diversified holdings across the component sectors of the JSE Securities Exchange.				40.0%	
4(a)(iv)(ii)	Per fund with holdings focused in subsectors of the JSE Securities Exchange.				20.0%	
4(a)(v)	Policies of insurance linked to the performance of underlying equities or equity indices:					
4(a)(v)(i)	Per policy of insurance with diversified equity holdings across the component sectors of the JSE Securities Exchange.				20.0%	
4(a)(v)(ii)	Per policy of insurance with underlying equity investment focused in sub-sectors of the JSE Securities Exchange.				10.0%	
4(b)	Territories outside the Republic.				0.0%	
5	Listed and unlisted debentures:					
5(a)	Inside the Republic.				5.0%	
5(b)	Territories outside the Republic.				0.0%	

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Annexure B item	Category or kinds of asset	Description	Market value (R)	% of scheme's assets	Maximum % of aggregate fair value of liabilities and the minimum accumulated funds to be maintained in terms of Regulation 29	Comment (i.e. compliant/ Non-compliant. If non-compliant state reasons).
6	Policies of insurance:					
6(a)	Insurers registered in the Republic:				90.0%	
6(a)(i)	Per registered insurer where the policy proceeds are not directly linked to the market value of the underlying assets.				35.0%	
6(a)(ii)	Per registered insurer where the policy proceeds are directly linked to the market value of the underlying assets and the underlying assets are invested in a balanced manner across the asset classes and categories stipulated in sections 1-7 above – complying with all the stated maxima and minima.				90.0%	
6(b)	Insurers registered in territories outside of the Republic.				0.0%	
7	Any other assets not referred to elsewhere:					
7(a)	Inside the Republic:				2.5%	
7(a)(i)	Where inventories are included, inclusion at the smaller of book and realisable value.				2.5%	

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Annexure B item	Category or kinds of asset	Description	Market value (R)	% of scheme's assets	Maximum % of aggregate fair value of liabilities and the minimum accumulated funds to be maintained in terms of Regulation 29	Comment (i.e. compliant/ Non-compliant. If non-compliant state reasons).
7(a)(ii)	Other.				2.5%	
7(b)	Territories outside the Republic.				0.0%	

Explanatory notes and conditions for Annexure B:

- In respect of items 1(a) (i) and 1(a) (ii), for banks that are subsidiaries of foreign banks, the foreign parent's capital may not be taken into account.
- The sum of deposits in categories 1(a) (i) and 1(a) (ii) shall not be less than 20%;
- Total amounts in categories 1(b) and 2(b) are subject to an aggregate maximum of 15%;
- The aggregate of amounts in categories 1(a) (ii), 2(a) (ii) and 2(a) (xiii) shall be subject to a maximum limit of 30%;
- The total exposure allowance per bank, being the aggregate of amounts included in categories 1(a) (i) and 2(a) (xi) is subject to an aggregate maximum of 35%;
- The total exposure allowance per bank, being the aggregate of amounts included in categories 1(a) (ii) and 2(a) (xii) is subject to an aggregate maximum of 10%;
- The total exposure allowance for all banks within categories 1(a) (ii) and 2(a) (xii) is subject to an aggregate maximum of 30%;
- Unit trusts and policies of insurance may not be utilised to circumvent the limitations of these regulations. Medical schemes are required to demonstrate on a "look through" basis that such avenues have not been utilised to bypass the limitations imposed by Annexure B.