



COUNCIL FOR MEDICAL SCHEMES

Standard management accounts

**XX MEDICAL SCHEME
SPECIMEN MANAGEMENT ACCOUNTS**

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Statement of financial position

As at dd/mm/yyyy

	Month		Previous year end
	Current	Budget	Current
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			
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			
Outstanding claims provision			
Savings plan liability			
Trade and other payables			
Total funds and liabilities			

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Ratios – statement of financial position

As at dd/mm/yyyy

	Current month		Previous year end
	Current	Budget	Current
Accumulated reserves as a % of annualised gross contributions			
Total assets: total liabilities (<i>norm 2:1</i>)			
Current assets/ current liabilities (<i>norm 1:1</i>)			
Average trade and other receivables days outstanding (<i>Outstanding trade and other receivables</i>) / <i>annualised gross contribution * no of days</i>)			
Average trade and other payables days outstanding (<i>Outstanding trade and other payables/ annualised net claims incurred * no of days</i>)			
Claims paying ability (<i>Cash & cash equivalents +short term investments</i>) / (<i>gross claims</i>)* <i>no of months</i>			
Reserves per member			

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

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Consolidated statement of comprehensive income

For the period ended dd/mm/yyyy

	Current month		YTD		Previous year end	
	Current	Budget	Current	Budget	Current	Budget
Net contribution income						
Relevant healthcare expenditure						
Net claims incurred						
Claims incurred						
Third party claim recoveries						
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 results						
Net income/ (expense) on commercial reinsurance						
Commercial reinsurance premiums paid						
Recoveries from commercial reinsurance						
Profit/ (loss) share arising from commercial reinsurance						
Managed care: management services						
Broker service fees						
Administration expenditure						
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						
Reclassification adjustment*						
Land and buildings revaluation						
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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Ratios – consolidated statement of comprehensive income

For the period ended *dd/mm/yyyy*

	Month			YTD		
	Current	Budget	Previous year	Current	Budget	Previous year
	R'000	R'000	R'000	R'000	R'000	R'000
NUMBER OF:						
Members						
Dependants						
Beneficiaries						
Average members						
Average beneficiaries						
RATIOS						
Gross contributions per average beneficiary per month (pabpm)						
Net contributions pabpm						
Net relevant healthcare expenditure incurred pabpm						
Non-healthcare expenditure pabpm						
Gross administration expenses pabpm						
Net relevant healthcare expenditure incurred as % of gross contribution income						
Non-health care expenditure as % of gross contribution income						
Gross administration expenses as a % of gross contributions						

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Ratios – consolidated statement of comprehensive income

For the period ended *dd/mm/yyyy*

	Year to Date			Current Quarter		
	Current	Budget	Previous year	Current	Budget	Previous year
	R'000	R'000	R'000	R'000	R'000	R'000
Net surplus/(deficit) for the year as % of net contributions						
Investment income as % of net contributions						
(Under)/over provision of IBNR as a % of IBNR						

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Statement of changes in members' funds

For the period ended *dd/mm/yyyy*

	Available for sale financial assets	Revaluation reserve Investments	Revaluation reserves (PPE)	Reserves set aside for specific purposes	Other reserves	Total Members Funds
Accumulated Funds	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						
Total comprehensive income						
Transfer to/(from) accumulated funds						
– Due to amalgamation						
– Due to re-measurement						
– Other transfers						
Transfer (to)/from reserves Other (specify)						
Balance at the end of the period (31 December yyyy)						

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Periodic consolidated statement of comprehensive income

For the period ended dd/mm/yyyy

Provide information for the full period

	Jan	Feb	March	YTD	Budget
	R'000	R'000	R'000	R'000	YTD R'000
Net contribution income					
Relevant healthcare expenditure					
Net claims incurred					
Claims incurred					
Third party claim recoveries					
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 results					
Net income/ (expense) on commercial reinsurance					
Commercial reinsurance premiums paid					
Recoveries from commercial reinsurance					
Profit/ (loss) share arising from commercial reinsurance					
Managed care: management services					
Broker service fees					
Administration expenditure					
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					
Reclassification adjustment*					
Land and buildings revaluation					
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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Notes to the financial statements

To follow same format as presented in our latest annual statutory return.

Other schedules

1. Membership per option

	Members	Dependants	Total beneficiaries	Average members	Average beneficiaries	Average family size
Option 1						
Option 2						
Consolidated						

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Variiances

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%.

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 financial statements, notes or ratios, but they are easier to summarise and understand when it is presented graphically.

It is also useful to include an executive summary of the month's highlights for the board of trustees; thus summarising the financial results and reserve levels.

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.
- The chronic distribution of beneficiaries.

Non-health expenditure

- A graph of the total non-healthcare expenditure as a percentage of gross contribution income/net contribution income.
- A graph of the non-health expenses per average beneficiary per month.

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 net contributions per month. This should also be compared with previous periods. This could also be depicted on a per member per month basis.
- A graph of the operating results as a percentage of net contributions.

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.

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- Analysis of claims paid aged over service dates. Of 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.
- Chronic utilization of beneficiaries.

Other indicators

- Graph of outstanding contributions as percentage of gross contributions.
- Graph of total expenses (non-healthcare expenditure) as a percentage of gross contributions or net contributions, monthly and cumulative, compared to previous periods.
- 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.

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Detailed investment schedule

The investment schedule should be complete 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 @ market value	Dividends & interest capitalised	Market value adjustment	Closing balance @ market value

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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)	% Market value	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:			100.0%		
	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 capital and reserve funds per Reserve Bank DI900 return greater than R5 billion.			35.0%		
1(a)(ii)	Per bank with net			10.0%		

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1(a)(iii)	qualifying capital and reserve funds per Reserve Bank DI900 return greater than R100 million. 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)	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:					
2(a)	Inside the Republic.			100.0%		
2(a)(i)	Instruments guaranteed by the government of the RSA.			100.0%		
2(a)(ii)	A local authority authorized by law to levy rates upon			10.0%		

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	immovable property.					
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 DI900 return greater than R5 billion.			35.0%		
2(a)(xii)	Per bank with net qualifying capital and reserve funds per Reserve Bank DI900 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			10.0%		

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2(a)(xiv)	All Bond Index (ALBI). 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%		
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					

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	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 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%		

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4(a)(iii)	Exchange traded funds traded on the JSE Securities Exchange:				
4(a)(iii)(i)	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:				
4(a)(iv)(i)	Per unit trust with diversified holdings across the component sectors of the JSE Securities Exchange.			40.0%	
4a(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%	

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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%		
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			90.0%		

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6(b)	minima. 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%		
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)(xii) 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.