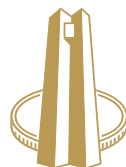


GUIDE FOR THE COMPLETION OF THE B03 FORM: FOREIGN TRANSACTIONS LIABILITIES AND ASSETS

May 2021



SOUTH AFRICAN RESERVE BANK





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Enquiries relating to this publication should be addressed to:

Economic Statistics Department
South African Reserve Bank
P O Box 427
Pretoria 0001
SARB-B03@resbank.co.za

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1. Introduction

The purpose of this guide is to explain the meaning of each line item and column when completing the B03 Form. Guidance is also provided on the industrial classification of resident sectors and the delineation between residents and non-residents. Furthermore, guidance is provided on general issues such as accounting convention, maturity, valuation, time of recording, and so on.

2. Guidelines

2.1 Purpose of B03 Form

The South African Reserve Bank (SARB) is responsible, in terms of both national and international obligations, for producing high-quality statistics for economic policy. In line with this, the purpose of the B03 Form is to collect statistical data of foreign transactions in order to compile official statements of South Africa's balance of payments and international investment position. The required data are used to compile macroeconomic statistics which are guided by internationally agreed upon statistical manuals.

2.2 Authority

The South African Reserve Bank (SARB) is assigned the function to collect information required for the purposes of compiling official statements of South Africa's balance of payments and international investment position in terms of Government notices 702, read with 703, of 20 April 1956, issued in terms of *Government Gazette 5663 of 20 April 1956* under the Currency and Exchanges Act 9 of 1933. Further, in terms of section 11 of the Financial Sector Regulation Act 9 of 2017 (FSR Act), the SARB is responsible for protecting and enhancing financial stability. This includes monitoring the environment for risks to financial stability, gathering information concerning financial stability and taking steps to mitigate the risks identified. In fulfilling its responsibility, the SARB may utilise any power vested in it as the Republic's central bank or conferred on it in terms of the FSR Act or any other legislation.

2.3 Confidentiality

In terms of paragraph 4 of the regulations of section nine of the Currency and Exchanges Act 9 of 1933, all employees of the SARB involved in this survey are sworn to secrecy. Over and above this provision, assurance is given that no action of any kind will be taken under the Exchange Control Regulations against any organisation or person on the grounds of information provided in this survey.

2.4 Relevant transactions

All foreign transactions, liabilities and assets must be reported. **Foreign transactions** are transactions between a resident of South Africa and non-resident whose centre of economic interest is outside the borders of South Africa. **Foreign liabilities** are claims which non-residents have against South African entities. **Foreign assets** are claims which South African entities have against non-residents.

2.5 Accounting conventions

The statistics required are based on accrual accounting. Assets and liabilities should be reported on a **gross basis** (assets should not be netted against liabilities). **Balances** (stocks at a certain point in time) and **transactions** (flows originating from purchases and sales as well as issues and redemptions) should be recorded at the time of the transaction and not at settlement date.

2.6 Valuations

Transactions and stocks should be valued at market prices in the case of equity and debt securities traded on stock exchanges. Market price is defined as the amount that a willing buyer pays to acquire something from a willing seller. Proxies can be used where observable market prices are not available. Valuation adjustments (i.e. changes in the value of assets and liabilities due to fluctuations in price or exchange rates) which are actually effected to foreign liabilities and assets during this quarter must be shown in the column provided for this.

2.7 Currency of completion

All monetary values should be reported in **thousands of rand**, except in Table 2, which must be completed in full South African rand.

2.8 Formatting of field values

The currency fields in the form will only accept positive/negative monetary values with no decimals as input values.

2.9 Reporting date and period

Balances (stock values) should be as at the end of the quarter (the last calendar day of the quarter). **Transactions** reported on all tables of the B03 form are the total of all transactions during the quarter. The balances (line items for columns 1 and 7) should reflect information for the last (**previous**) quarter and this (**current**) quarter.

2.10 Time of recording

Transactions are recorded when economic ownership changes and when claims and liabilities arise. Timing of transactions is based on accrual accounting. Interest costs that have accrued and are not yet payable as part of the underlying debt instrument should be included. For liabilities which are the result of non-financial transactions, such as trade credit and advances, the financial claim arises at the time the corresponding non-financial flow occurs.

2.11 Maturity

Financial instrument maturities are based on original maturity. Original maturity should reflect the time between the issue and maturity date of a financial instrument. The maturity of a financial instrument should be split into short term (one year or less) and long term (more than one year or when maturity is not stated).

2.12 Resident and non-resident

An institutional unit is classified as a **resident** of South Africa when it has a predominant centre of economic interest in South Africa, that is, when it has premises within the economic territory of South Africa where it engages or intends to engage in economic activity for a period of at least one year. Corporations legally registered in South Africa are deemed to be resident even if they have no 'physical presence'.

A **non-resident** is any individual, enterprise or organisation ordinarily domiciled in a country other than South Africa. Non-resident branches and subsidiaries of South African enterprises are regarded as non-residents. If the non-resident entity has a subsidiary in South Africa and the entity issues the instrument in its own name, the instrument is still issued by a non-resident entity.

2.13 Merchanting

Merchanting is the purchase of goods by the reporting entity from a non-resident combined

with the subsequent resale of the same goods to another non-resident without the goods ever being present in South Africa.

3. Institutional sectors

The B03 Form focuses on private and public financial and non-financial institutions. The latest SARB Institutional Sector Classification Guide should be used as a basis to classify institutions – it is available on the SARB website:

<https://www.resbank.co.za/content/dam/sarb/what-we-do/statistics/guides/institutional-sector-classification-guide-for-sa/Institutional%20Sector%20Classification%20Guide%20for%20SA%20%E2%80%93%202017.pdf>

3.1 Financial corporations

These comprise banks and non-bank financial institutions, either privately or publicly owned. Financial corporations include all privately and publicly owned resident institutional units whose principal activity is financial intermediation or auxiliary financial activities related to financial intermediation. Further, it includes non-profit institutions engaged in market production of financial nature. Financial intermediation is the incurrence of own-account liabilities to acquire financial assets through engaging in financial transactions and channelling funds from lenders to borrowers.

This sector also includes other *financial intermediaries* (such as finance companies and special purpose entities) and *financial auxiliaries* (such as members of the formal exchanges; insurance brokers, agents and actuaries; South African representative offices of foreign banks; and nominee companies).

Other *financial intermediaries* raise funds that are not in the form of deposits and then acquire financial assets. These institutions are involved in the financing of investment and capital formation. *Financial auxiliaries* are institutions such as brokers, whose primary activity is to facilitate financial intermediation, but do not primarily perform the intermediation role themselves. Most members of formal exchanges can be classified as financial auxiliaries. However, some members such as banks and cooperatives perform another activity as a primary activity, and are thus classified under the institutional sector that corresponds with their primary activity.

3.2 Non-financial corporations

These are private and public sector corporations whose primary activities are to produce market goods and non-financial services. Non-financial corporations can be listed or unlisted. These corporations include all residents privately and publicly owned institutional units whose principal activity is to produce goods and non-financial services.

Private sector corporations are legal entities separate from their owners and are principally engaged in the production of market goods and services at economically significant prices with the intent to generate profit or financial gain for the shareholders.

Public sector corporations' principal activity is the production of market goods and services, and these institutional units are owned or controlled by units in the general government sector.

4. Columns descriptions

4.1 Table 1: Industrial classification

This is a guide that assists entities to classify their main economic activity. Please note that the industrial classification table can **only be completed on the web interface**, and not on the Excel version of the B03 Form. Please select the *major division, division and group* wherein

the reporting entity operates. In addition, please provide a brief description of the reporting organisation's line of business. The detailed industrial classification guide is available on the SARB website from page 80:

<https://www.resbank.co.za/content/dam/sarb/what-we-do/statistics/guides/institutional-sector-classification-guide-for-sa/Institutional%20Sector%20Classification%20Guide%20for%20SA%20%E2%80%93%202017.pdf>

4.2 Table 2: Shareholders of the reporting organisation

The shareholders of the reporting organisation table can **only be completed on the web interface**, and not on the Excel version of the B03 Form.

4.2.1 Name of registered shareholder (Column 1)

Refers to names of registered shareholders whose shareholding is equal to or greater than 10%. The **balance of shareholding** must be consolidated on the 'Other Individual holdings less than 10%' line.

4.2.2 Country of residence of registered shareholder (Column 2)

This column captures the country of residence of listed, registered shareholders. Each individual shareholder should be listed per row.

4.2.3 Paid-up nominal value (Column 3)

This column captures nominal value of the shareholding. This column should be completed in full South African rand.

4.2.4 Percentage of total voting rights represented by shareholding (Column 4)

Refers to percentage of shareholding held by registered shareholders. This column can accept up to 2 decimal places. The total for Column 4 must add up to 100%.

4.3 Table 3: Foreign liabilities

4.3.1 Balance at the end of the previous quarter (Column 1)

The value of the outstanding stock of a financial instrument at the end of the last (previous) quarter. This balance is therefore the opening balance for this (current) quarter.

4.3.2 Liabilities to non-residents (Columns 2 and 3)

These are changes resulting from long-term and short-term financing negotiated directly with non-residents. It excludes **on-lending** from South African banks. On-lending refers to banks borrowing funds from non-residents and lending them to residents. Foreign liabilities represent claims/obligations which non-residents have against South African entities.

4.3.2.1 Increase in liabilities: inflow (+) (Column 2)

Non-residents' investment in (acquisition of) domestic financial instruments.

4.3.2.2 Decrease in liabilities: outflow (-) (Column 3)

Non-residents' divestment from (disposal of) domestic instruments and/or residents' repayment of foreign liabilities.

4.3.3 Revaluations (Columns 4 and 5)

Revaluations occur as a result of a change in the monetary value of a liability due to changes in the level of its price as well as exchange rate movements. Revaluations are also referred to as holding gains or losses. Revaluations include price and exchange rate changes.

4.3.3.1 Exchange rate changes (Column 4)

This column shows all the changes that result from exposure to the effect of exchange rates in the case of financial liabilities denominated in foreign currencies.

4.3.3.2 Price changes (Column 5)

Price changes refer to the difference between the nominal and the transaction value or changes due to market price movements.

4.3.4 Other volume changes (Column 6)

Changes in the value of assets/liabilities that are due neither to transactions nor revaluations. They include debt write-offs, reclassification, changes in financial assets arising from entities changing their economy of residence, and so on.

4.3.5 Balance at the end of the current quarter (Column 7)

This refers to the value of the outstanding stock of a financial instrument at the end of this (current) quarter. This balance will therefore be the closing balance of this (current) quarter.

4.3.6 Breakdown by currency (Columns 8 to 13)

These columns refer to the breakdown of the closing balances in terms of the original currency of denomination.

4.3.7 Notes pertaining to the columns in Table 3

- Where shaded grey (blocked), price changes are not required
- The values in column 1 plus column 2 minus column 3 may not necessarily add up to column 7. The difference relates to revaluations and other volume changes.

The formula is as below:

Balance at the end of the previous quarter + (increase in liabilities) - (decrease in liabilities) +/- (exchange rate changes) +/- (price changes) +/- (other volume changes) = balance at the end of current quarter.

4.4 Table 4: Retained earnings of the reporting organisation

4.4.1 Total retained earnings of the reporting organisation

Refers to the profits that a company has earned to date, less any dividends or other distributions paid to investors.

4.5 Table 5: Foreign assets

4.5.1 Balance at the end of the previous quarter (Column 1)

The value of the outstanding stock of a financial instrument at the end of the last (previous) quarter. This balance is therefore the opening balance for this (current) quarter.

4.5.2 Claims on non-residents (Columns 2 and 3)

Claims which South African entities have against non-residents.

4.5.2.1 Decrease in assets: inflow (-) (Column 2)

A reduction in claims which South African entities have against non-residents.

4.5.2.2 Increase in assets: outflow (+) (Column 3)

An increase in claims which South African entities have against non-residents.

4.5.3 Revaluations (Columns 4 and 5)

Revaluations occur as a result of a change in the monetary value of an asset due to changes in the level of its price as well as exchange rate movements. Revaluations are also referred to as holding gains or losses. Revaluations include price and exchange rate changes.

4.5.3.1 Exchange rate changes (Column 4)

Show all the changes that result from exposure to the effect of exchange rates in the case of financial assets denominated in foreign currencies.

4.5.3.2 Price changes (Column 5)

The difference between the nominal and the transaction value or changes due to market price movements.

4.5.4 Other volume changes (Column 6)

Changes in the value of assets/liabilities that are due neither to transactions nor revaluations. They include debt write-offs, reclassification, changes in financial assets arising from entities changing their economy of residence, and so on.

4.5.5 Balance at the end of the current quarter (Column 7)

This refers to the value of the outstanding stock of a financial instrument at the end of this (current) quarter. This balance will therefore be the closing balance of this (current) quarter.

4.5.6 Breakdown by currency (Columns 8 to 13)

These columns refer to the breakdown of the closing balances in terms of the original currency of denomination.

4.5.7 Notes pertaining to the columns in Table 5

- Where shaded grey (blocked), price changes are not required
- The values in column 1 minus column 2 plus column 3 may not necessarily add up to column 7. The difference relates to revaluations and other volume changes.

The formula is as below:

Balance at the end of the previous quarter - (decrease in assets) + (increase in assets) +/- (exchange rate changes) +/- (price changes) +/- (other volume changes) = balance at the end of current quarter.

4.6 Table 6: Retained earnings of non-resident enterprises in which the reporting South African organisation has voting shares of 10% or more

4.6.1 Foreign enterprise

Name of non-resident entity in which the reporting resident organisation has voting shares of 10% or more.



4.6.2 Country

Country of residence of the non-resident enterprise. Please select a country in the drop down menu.

4.6.3 Retained earnings at the beginning of the quarter (Column 92)

Refers to the accumulated retained earnings up to the end of the last (previous) quarter. This balance is therefore the opening balance of this (current) quarter.

4.6.4 Retained earnings for the quarter (Column 93)

This refers to the value of the retained earnings for the current quarter.

4.6.5 Retained earnings at the end of the quarter (Column 94)

This refers to the value of retained earnings at the end of this (current) quarter. It is the sum of retained earnings at the beginning of the quarter and retained earnings for the current quarter.

4.6.6 Percentage of equity owned by the reporting enterprise at the end of the quarter (Column 95)

Percentage of voting shares held in the non-resident enterprise by the reporting organisation.

4.7 Table 7: Foreign receipts and payments of income and services

4.7.1 Receipts

Refers to funds actually received and/or funds which became due and receivable from non-residents during the relevant quarter. These are the receipts accruing from non-residents at the time of the transaction and not at settlement date.

4.7.2 Payments

Refers to payments actually made and/or which became due and payable to non-residents during the relevant quarter. These are the payments accruing to non-residents at the time of the transaction and not at settlement date.

4.8 Table 8: Goods acquired from abroad under merchanting

4.8.1 Commodity description (Column 1)

Description of goods acquired from abroad. For example, parts for motor vehicles, distillate fuel and woven cotton fabric.

4.8.2 Economy from which goods were purchased (Column 2)

Name of the country from which goods were bought.

4.8.3 Value of goods purchased during the period (Column 3)

Amount of goods acquired during the current period.

4.9 Table 9: Goods sold abroad under merchanting

4.9.1 Commodity description (Column 1)

Description of goods sold abroad. For example, parts for motor vehicles, distillate fuel and woven cotton fabric.

4.9.2 Economy to which goods were sold (Column 2)

Name of country to which goods were sold.

4.9.3 Value of goods sold during the period (Column 3)

Amount of goods sold during the current period and goods purchased in previous periods.

5. Row descriptions

5.1 Equity

Equity represents the owner's funds in the institutional unit and usually takes the form of shares or participations. Equities are subdivided into listed shares, unlisted shares and other equity.

5.2 Direct investment relationship

A direct investment relationship is established when a direct investor (i.e. an individual, enterprise or group of related enterprises) resident in one country owns 10% or more of the ordinary shares or voting stock of an enterprise resident in another country. Direct investment enterprises comprise those entities that are subsidiaries (an investor owns more than 50%), associates (an investor owns 50% or less) and branches (wholly owned unincorporated enterprises) either directly or indirectly owned by the direct investor. It is important to note that direct investment comprises not only the initial transaction establishing the relationship between the investor and the enterprise, but also all subsequent transactions between them and among affiliated enterprises, both incorporated and unincorporated.

5.3 Table 3: Foreign liabilities

5.3.1 Investment in equity/shares of the reporting organisation (Line 13)

This is the sum of line 14 and 17. The reporting organisation means a company, branch, firm, estate, trust, government authority or institution reporting during the current quarter.

5.3.2 Listed shares (Lines 15 and 18)

Equity securities listed on stock exchanges or other organised financial markets.

5.3.3 Unlisted shares (Lines 16 and 19)

Equity securities not listed on stock exchanges. Unlisted shares can also be called private equity and venture capital usually takes this form.

5.3.4 Direct (Lines 14, 21, 24, 27, 30, 34, 37, 40, 43 and 46)

Refers to investment flows between two enterprises in a direct investment relationship.



5.3.5 Other (Lines 17, 22, 25, 28, 31, 35, 38, 41, 44 and 47)

Transactions between unrelated enterprises (not in a direct investment relationship).

5.3.6 Short-term debt securities (Line 20)

Refers to a financial instrument with an original maturity of **one year or less**, such as notes, commercial paper, promissory notes and treasury bills, debt securities that have been sold under repurchase agreements and debt securities that have been lent under a securities-lending arrangement.

5.3.7 Long-term debt securities (Line 23)

Refers to a financial instrument with an original maturity of **more than one year**, such as debentures, bonds, notes (for example credit-linked notes), subordinated debt and asset-backed securities (for example mortgage-backed bonds), loan stock or bearer-script issued by the organisation to obtain funds for the purpose of financing its own activities.

5.3.8 Short-term loans (Line 26)

Liabilities with an original contractual maturity of 12 months or less. These liabilities are non-negotiable, created when a creditor lends funds directly to a debtor and comprise loans that have an original maturity of one year or less, such as overdrafts, loans to finance trade credit and short-term repurchase agreements. Loans repayable on the demand of the creditor should be classified as short term even when these loans are expected to be outstanding for more than one year.

5.3.9 Long-term loans (Line 29)

Liabilities with an original contractual maturity of more than 12 months. These liabilities are non-negotiable, created when a creditor lends funds directly to a debtor and comprise loans that have an original maturity of more than one year, such as mortgage loans, hire-purchase credit and long-term repurchase agreements.

5.3.10 Derivative financial instruments (Line 32)

Financial instruments that are linked to a specific financial instrument, indicator or commodity, through which specific financial risks can be traded in financial markets in their own right.

5.3.11 Trade payables (Line 33)

Financial claims arising from the direct extension of credit by the suppliers of goods and services to their customers, and advances for work that is in progress or is yet to be undertaken, in the form of prepayment by customers for goods and services not yet provided.

5.3.12 Other accounts payable (Line 36)

Financial claims arising from timing differences between distributive transactions or financial transactions on the secondary market and the corresponding payments, including advance payments/receipts.

5.3.13 Other equity (Line 39)

Equity that does not include listed or unlisted shares and is not issued in the form of securities, such as participations in unincorporated funds or limited liability in quasi-corporations.

5.3.14 Non-life insurance technical reserves (Line 42)

Comprise of two components:

- Reserves against outstanding insurance claims
 - identified claims that are not yet settled; and
 - claims incurred but not reported.
- Reserves for unearned insurance premiums
 - insurance premiums that are paid in advance (at the beginning of the policy period), but are earned throughout the policy period so that the initial payment involves a prepayment or advance. Also prepaid premiums and accrued liabilities to life insurance policyholders and beneficiaries of annuities.

5.3.15 Life insurance and annuity entitlements (Line 45)

Used to provide benefits to policyholders upon the expiry of the policy, or to compensate beneficiaries upon the death of policyholders. These entitlements are kept separate from shareholders' funds, and are regarded as liabilities of the insurance companies and assets of the policyholders and beneficiaries.

5.3.16 Other liabilities (Line 48)

Financial obligations that have not been specified on the B03 Form line items already mentioned.

5.4 Table 4: Retained earnings of the reporting organisation

5.4.1 Retained earnings at the beginning of the quarter (Line 49)

Refers to the accumulated retained earnings up to the end of the previous (last) quarter. This balance is therefore the opening balance of this (current) quarter.

5.4.2 Retained earnings for the quarter (Line 50)

This refers to the value of the retained earnings for the current quarter.

5.4.3 Retained earnings at the end of the quarter (Line 51)

This refers to the value of retained earnings at the end of this (current) quarter. It is the sum of retained earnings at the beginning of the quarter and retained earnings for the current quarter.

5.4.4 Percentage of equity owned by the reporting enterprise at the end of the quarter (Line 52)

Percentage of voting shares held in the non-resident enterprise by the reporting organisation.

5.5 Table 5: Foreign assets

5.5.1 Investment in equity/shares of the reporting organisation (Line 53)

This is the sum of line 54 and 57. The reporting organisation means a company, branch, firm,



estate, trust, government authority or institution reporting during the current quarter.

5.5.2 Listed shares (Lines 55 and 58)

Equity securities listed on stock exchanges or other organised financial markets.

5.5.3 Unlisted shares (Lines 56 and 59)

Equity securities not listed on stock exchanges.

5.5.4 Direct (Lines 54, 61, 64, 67, 70, 77, 80 and 89)

Refers to investment flows between two enterprises in a direct investment relationship.

5.5.5 Other (Lines 57, 62, 65, 68, 71, 74, 78, 81, and 90)

Transactions between unrelated enterprises (not in a direct investment relationship).

5.5.6 Other equity (Line 60)

Equity that does not include listed or unlisted shares and is not issued in the form of securities, such as participations in unincorporated funds or limited liability in quasi-corporations.

5.5.7 Short-term debt securities (Line 63)

Refers to a financial instrument with an original maturity of **one year or less**, such as notes, commercial paper, promissory notes and treasury bills, debt securities that have been sold under repurchase agreements and debt securities that have been lent under a securities-lending arrangement.

5.5.8 Long-term debt securities (Line 66)

Refers to a financial instrument with an original maturity of **more than one year**, such as debentures, bonds, notes (for example credit-linked notes), subordinated debt and asset-backed securities (for example mortgage-backed bonds), loan stock or bearer-script issued by the organisation to obtain funds for the purpose of financing its own activities.

5.5.9 Short-term loans (Line 69)

Claims on non-residents with an original contractual maturity of **12 months or less**. These are non-negotiable financial assets created when a creditor lends funds directly to a debtor and comprise loans that have an original maturity of one year or less, such as overdrafts, loans to finance trade credit and short-term repurchase agreements. Loans repayable on the demand of the creditor should be classified as short term even when these loans are expected to be outstanding for more than one year.

5.5.10 Long-term loans (Line 72)

Claims on non-residents with an original contractual maturity of **more than 12 months**. These are non-negotiable financial assets created when a creditor lends funds directly to a debtor and comprise loans that have an original maturity of more than one year, such as mortgage loans, hire-purchase credit and long-term repurchase agreements.

5.5.11 Derivative financial instruments (Line 75)

Financial instruments that are linked to a specific financial instrument, indicator or commodity, through which specific financial risks can be traded in financial markets in their own right.



5.5.12 Trade receivables (Line 76)

Assets arising from the direct extension of credit by the reporting organisation for transactions in goods and services.

5.5.13 Other accounts receivable (Line 79)

Financial assets which are created where there is a timing difference between transactions and corresponding payments. Accounts receivable include unsettled sales of financial instruments, interest and dividend receivables.

5.5.14 Currency (Line 82)

Notes and coins that are of fixed nominal values and that are issued by the monetary authority of a country (either the central bank or government).

5.5.15 Transferable deposits (Line 83)

Deposits that are exchangeable for currency on demand at par and without penalty or restriction. They are directly usable for making payments by cheque, draft, direct debit/credit or any other direct payment facility. It has to be noted that a transferable deposit cannot have a negative value. In case of an overdraft, the related amount is treated as a loan.

5.5.16 Other deposits (Line 84)

All other types of deposits, such as saving deposits and fixed-term deposits. They are characterised by the fact that they have limited transferability, for instance, by restrictions on number of third-party payments over a given period, no direct access to funds held in the deposit and/or penalty payments associated with the withdrawal of funds.

5.5.17 Investment fund shares (Line 85)

Investment funds are collective investment undertakings through which investors establish a pool of funds for investment in financial assets. Investment fund shares are issued by collective investment vehicles, such as *money market funds* and *non-money market funds* that pool funds for investment in financial assets, such as bonds, hedge funds and listed real estate funds.

5.5.18 Money market funds (Line 86)

Investment funds that invest in money market instruments with a residual maturity of less than one year, for example, Treasury bills, certificates of deposit and commercial paper. Money market funds are often transferable and are often regarded as close substitutes for deposits. Money market fund shares or units represent a claim on a proportion of the value of an established money market fund.

5.5.19 Non-money market funds (Line 87)

Investment funds that invest predominantly in financial assets other than short-term assets. Non-money market funds are not transferable and are typically not regarded as substitutes for deposits.

5.5.20 Non-life insurance technical reserves (Line 88)

Comprise of two components:

- Reserves against outstanding insurance claims
 - identified claims that are not yet settled; and
 - claims incurred but not reported.



- Reserves for unearned insurance premiums
 - insurance premiums that are paid in advance (at the beginning of the policy period), but that are earned throughout the policy period so that the initial payment involves a prepayment or advance. Also prepaid premiums and accrued liabilities to life insurance policyholders and beneficiaries of annuities.

5.5.21 Other assets (Line 91)

Claims on non-residents not specified on the B03 line items already mentioned.

5.6 Table 7: Foreign receipts and payments of income and services

5.6.1 Dividends (Line 96)

These are distributed earnings allocated to owners of equity for placing funds at the disposal of enterprises.

5.6.2 Interest (Line 97)

Interest is a form of investment income that is received by the owners of certain kinds of financial assets, namely deposits, debt securities, loans and other accounts receivable, for putting the financial assets at the disposal of another institutional unit.

5.6.3 Telecommunication services (Line 98)

Include the transmission of sound, images or other information by telephone, telex, telegram, radio and television cable, broadcasting, satellite, electronic mail, facsimile services and business network services.

5.6.4 Postal and courier services (Line 99)

Refers to the transport and delivery of letters, newspapers, periodicals, brochures, parcels and packages. Postal services also include telegram services and post office counter services. Courier services include express and door-to-door delivery.

5.6.5 Construction services (Line 100)

Refers to work performed on construction projects and installations outside the borders of the reporting economy. The work is generally performed in less than 12 months.

5.6.6 Insurance services (Line 101)

Cover the provision of insurance services, in particular, freight related insurance. These services are estimated or valued by the service charges implicitly included in total premiums (the values of both premiums and claims are required for purposes of doing an internal estimation).

5.6.7 Financial services (Line 104)

Include financial intermediary and auxiliary services, except those of insurance enterprises and pension funds conducted between residents and non-residents. Included are intermediary service fees, bankers' acceptances, lines of credit, financial leasing and foreign exchange transactions. Consistent with the concept of 'services', no elements with a capital nature should be included, and as such, it should only represent the applicable charge, margin or fee.

5.6.8 Computer services (Line 105)

Consist of hardware and software-related services and data-processing services. Included are software consultancy and implementation services; maintenance and repair of computers and peripheral equipment, and the provision of advice and assistance on matters related to the management of computer resources.

5.6.9 Information services (Line 108)

Include database services – database conception, data storage and the dissemination of data and databases. Also included are direct, non-bulk subscriptions to newspapers and periodicals, whether by mail, electronic transmission or other means.

5.6.10 Rights to use intellectual property and other transactions in intangible assets (Line 109)

Include the exchange of payments and receipts for the authorised use and/or purchase/sale of intangible, non-produced, non-financial assets and propriety rights such as patents, copyrights, trademarks, industrial processes and franchises.

5.6.11 Operational leasing – rental (Line 116)

Covers resident and non-resident leasing (excluding financial leasing) of equipment and machinery, chartering of ships, leasing of aircraft and transformation equipment.

5.6.12 Legal services (Line 117)

Include advice and representation in legal, judicial and statutory procedures; the drafting of legal documentation and consultancy services.

5.6.13 Accounting and auditing services (Line 118)

Include accounting, auditing, bookkeeping and tax consultancy services.

5.6.14 Management consulting services (Line 119)

Include advice, guidance and operational services to businesses.

5.6.15 Advertising and market research services (Line 120)

Consists of design, creation and marketing of advertisements by advertising agencies.

5.6.16 Research and development services (Line 121)

Refers to basic research services, applied research and experimental development of new products and processes. Includes the full disposal/acquisition of intellectual property rights stemming from research and development activities, such as patents, licenses, copyrights and industrial processes.

5.6.17 Architectural, engineering and other technical services (Lines 122 to 124)

Include transactions relating to architectural design, planning and project design, the supervision of dams, bridges, airports and other large-scale projects. Mining engineering is covered in mining services.



5.6.18 Agricultural, mining and other on-site processing services (Lines 125 and 126)

Include services that are incidental to agriculture, such as the provision of agricultural machinery with crew, harvesting, treatment of crops, pest control, animal boarding, animal care and breeding services. Mining services provided at oil and gas fields include drilling, derrick building, repair and dismantling services and oil and gas as well as casing.

5.6.19 Audio-visual and related services (Line 127)

Include services and associated fees related to the production of motion pictures, radio and television programmes and musical recordings. Also includes receipts and payments resulting from licenses to use customised or non-customised audio-visual products (license must be periodic and not perpetual for non-customised). Also includes receipts and payments related to original films, television programmes, compositions and manuscripts.

5.6.20 Cultural and recreational services (Line 128)

Include services such as those associated with museums, libraries, archives and other cultural, sporting and recreational activities.

5.6.21 Maintenance and repair services (Line 129)

Refers to maintenance and repair work on moveable goods such as ships and aircraft.

5.6.22 Manufacturing services undertaken on goods not owned by the service provider (Line 130)

Includes fees for processing, labelling, assembly and packing by entities that do not own the goods concerned. Examples include oil refining and assembly of clothing and electronics.

5.6.23 Compensation of employees (Line 131)

Compensation of employees represents income accruing to non-residents in an employer-employee relationship with the South African entity in return for labour inputs. Compensation should denote an 'all-inclusive' concept, for instance inclusive of non-cash benefits such as pension and medical fund contributions. It should also be the amount before the deduction of tax.

5.7 Table 8: Goods acquired from abroad under merchanting

5.7.1 Total of goods acquired from abroad under merchanting (Line 152)

Refers to purchase of goods by the reporting entity from a non-resident under merchanting.

5.8 Table 9: Goods sold abroad under merchanting

5.8.1 Total of goods sold abroad under merchanting (Line 173)

Refers to subsequent resale of the same goods to another non-resident under merchanting, without the goods ever being present in South Africa.

