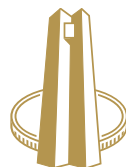


GUIDE FOR THE COMPLETION OF THE B21 FORM: FOREIGN LIABILITIES AND ASSETS

October 2022



SOUTH AFRICAN RESERVE BANK





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Contents

1. Introduction	1
2. Guidelines	1
2.1 Purpose of B21 Form.....	1
2.2 Authority.....	1
2.3 Confidentiality	1
2.4 Accounting conventions.....	1
2.5 Relevant data to be reported.....	1
2.6 Time of recording.....	2
2.7 Currency of completion	2
2.8 Valuations	2
2.9 Maturity.....	2
2.10 Direct investment relationship.....	2
2.11 Subsidiary/associate	2
2.12 Residents and non-residents.....	3
2.13 Formatting of field values	3
3. Institutional sectors	3
3.1 Financial corporations	3
3.2 Non-financial corporations	3
4. Column and row descriptions	4
4.1 Table 1: Industrial classification.....	4
4.2 Table 2: Shareholders of the reporting organisation	4
4.2.1 Name of registered shareholder (Column1).....	4
4.2.2 Country of residence of registered shareholder (Column 2)	4
4.2.3 Indirect foreign shareholding (Column 3).....	4
4.2.3.1 Country of registered address of shareholder (Column 6)	4
4.2.3.2 Percentage of total voting rights represented by shareholding in direct shareholder (Column 7)	4
4.2.4 Paid-up nominal value (Column 4)	5
4.2.5 Percentage of total voting rights represented by shareholding (Column 5)	5
4.3 Table 3: Country breakdown of selected foreign assets items as at 31 December	5
4.3.1 Investments in shares of unlisted subsidiaries/associates/joint ventures (Line 13)	5
4.3.2 Investments in shares of listed subsidiaries/associates/joint ventures (Line 14)	5
4.3.3 Other equity (Line 15)	5
4.3.4 Short-term debt securities (Line 16).....	5
4.3.5 Long-term debt securities (Line 17)	5
4.3.6 Short-term loans (Line 18)	6
4.3.7 Long-term loans (Line 19).....	6

4.3.8	Derivative financial instruments (Line 20).....	6
4.3.9	Trade receivables (Line 21)	6
4.3.10	Other accounts receivable (Line 22).....	6
4.3.11	Currency (Line 23)	6
4.3.12	Transferable deposits (Line 24)	6
4.3.13	Other deposits (Line 25)	6
4.3.14	Investment fund shares (Line 26)	6
4.3.15	Non-life insurance technical reserves (Line 27).....	7
4.3.16	Other assets (Line 28)	7
4.4	Table 4: Investment held directly by reporting organisation in foreign organisations	7
4.4.1	Name of foreign organisation (Column 1)	7
4.4.2	Country of residence (Column 2)	7
4.4.3	Percentage of total voting rights held directly in foreign organisation (Column 3)	7
4.4.4	Paid-up (nominal) value of vote-bearing shares (Column 4).....	7
4.4.5	Share premium, non-distributable reserves and retained earnings (Column 5)	7
4.4.6	Market value in case of shares listed on stock exchanges abroad (Column 6)	8
4.5	Table 5: Indirect foreign investment of the reporting organisation via direct foreign organisations	8
4.5.1	Name of direct foreign organisation (Column 1)	8
4.5.2	Percentage of total voting rights held (Column 2).....	8
4.5.3	Name of organisation (Columns 3).....	8
4.5.4	Country of residence (Column 4)	8
4.5.5	Paid-up (nominal) value of vote-bearing shares (Column 5).....	8
4.5.6	Share premium, non-distributable reserves and retained earnings (Columns 6).....	8
4.5.7	Market value in case of shares listed on stock exchanges abroad (Column 7)	9
4.6	Table 6: Country breakdown of selected foreign liability items as at 31 December	9
4.6.1	Short-term debt securities (Line 109).....	9
4.6.2	Long-term debt securities (Line 110)	9
4.6.3	Short-term loans (Incl. overdrafts) (Line 111).....	9
4.6.4	Long-term loans (Line 112).....	9
4.6.5	Derivative financial instruments (Line 113).....	9
4.6.6	Trade payables (Line 114).....	9
4.6.7	Other accounts payable (Line 115)	10
4.6.8	Other equity (Line 116)	10
4.6.9	Non-life insurance technical reserves (Line 117).....	10
4.6.10	Life insurance and annuity entitlements (Line 118)	10
4.6.11	Other liabilities (Line 119).....	10
4.7	Table 7: Total shareholders' equity as reflected on the company's balance sheet as at 31 December.....	10
4.7.1	Shareholders' equity (Line 120)	10

4.7.2	Unlisted ordinary and other vote bearing shares (Line 121)	10
4.7.3	Listed ordinary and other vote bearing shares (Line 122)	10
4.7.4	Non-vote bearing shares (Line 123)	11
4.7.5	Share premium (Line 124)	11
4.7.6	Retained earnings (Line 125)	11
4.7.7	Other reserves (Line 126)	11
4.8	Table 8: Investment by reporting organisation in domestic shares.....	11
4.8.1	Name of the domestic organisation (Column 1)	11
4.8.2	Email address/phone number of the domestic organisation (Column 2).....	11
4.8.3	The total nominal value of the domestic organisation's vote-bearing shares (Column 3)	11
4.8.4	The percentage of the total voting rights in the domestic organisation represented by the shareholding held by the reporting organisation (Column 4)	12
4.9	Example	12

1. Introduction

The purpose of this guide is to explain the meaning of each line item and column when completing the annual B21 form. Guidance is also provided on the industrial classification of resident sectors, the delineation between residents and non-residents and general issues such as accounting conventions, maturity, format of values, and so on.

2. Guidelines

2.1 Purpose of B21 Form

The B21 form is used to collect economic data to compile official statistics of South Africa's balance of payments and international investment position. The required data are used to compile macroeconomic statistics which are guided by international agreed upon statistical manuals.

2.2 Authority

The South African Reserve Bank (SARB) is assigned the function of collecting information required for the purposes of compiling official statements of South Africa's balance of payments and international investment position in terms of Government Notice 702, read with 703, issued in terms of the *Government Gazette* 5663, 20 April 1956, under the Currency and Exchanges Act 9 of 1933 (Currency and Exchanges Act). 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 central bank of South Africa or conferred on it in terms of the FSR Act or any other legislation.

2.3 Confidentiality

In terms of paragraph 4 of section 9 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 form.

2.4 Accounting conventions

In general, the information required to generate statistical data for the B21 form is sourced from financial accounting data of the entity surveyed. The statistics required are based on accrual accounting methodology. Assets should be reported on a **gross basis** (i.e. assets should not be netted against liabilities).

2.5 Relevant data to be reported

All foreign liabilities and assets must be reported. Foreign liabilities and assets are outstanding positions between a resident of South Africa and a 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. All monetary values should be reported in thousands of rand. **Balances** (stock value) should be at the end of the period under review (the last calendar day of the reference period).

Country attribution should be based on the country where the foreign debtor/creditor is ordinarily domiciled. If there is doubt about the issuer's country of domicile, as a rule the country of residence of any enterprise can be taken as the country where it is legally incorporated or, in the absence of legal incorporation, where it is legally domiciled. An

issuer's country of residence should not be determined by the currency of issue.

If two or more units intend to submit separate forms, the Economic Statistics Department should be contacted for additional reference numbers. Do not compile both a consolidated report for the entire domestic organisation and reports for the separate units.

2.6 Time of recording

Transactions are recorded when economic ownership changes and when claims and liabilities arise. 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 that the corresponding non-financial flow occurs.

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 rands.

2.8 Valuations

Positions should be valued at **market prices**, where applicable, on the date to which the form relates. If the market price is not available, fair value estimates should be used. Currency and deposits should be valued at nominal values, including any accrued interest. Positions should be converted to rands, using the exchange rate prevailing at the reference date of the form.

2.9 Maturity

Interest-bearing (debt) instruments should be based on original maturity. Original maturity should reflect the time between the issue and maturity date of an interest-bearing security. The maturity of a financial instrument should be split into short term (one year or less) and long term (more than one year). For example, a bond issued for 10 years with less than one year left to maturity should be recorded according to the original maturity as long term. The remaining maturity under long-term interest-bearing securities is defined as the time left until an interest-bearing security matures.

2.10 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 (DIEs) comprise those entities that are subsidiaries (an investor owns more than 50%), associates (an investor owns between 10% and 50%) and branches (wholly or jointly 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.

Organisations with no direct investment must report data in total only for each of the different countries under the heading "Other".

2.11 Subsidiary/associate

- a. Subsidiary: a direct investor owns more than 50% of a DIE. The direct investor is able to exercise control.



- b. Associate: a direct investor owns between 10% and 50% of a DIE. The direct investor is able to exercise a significant degree of influence, but not control.

2.12 Residents and non-residents

The residence of the issuer is classified as a **resident** of South Africa when it has a predominant centre of economic interest in South Africa (i.e. when it has premises within the economic territory of South Africa where it engages or intends to engage in economic activity). Corporations legally registered in South Africa are deemed to be a resident even if they have no 'physical presence'. A **non-resident** is any individual, enterprise or other organisation ordinarily domiciled in a country other than South Africa. Non-resident branches and subsidiaries of South African enterprises are regarded as non-residents.

2.13 Formatting of field values

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

3. Institutional sectors

This survey should be completed by private and public non-bank financial and non-financial institutions who are residents of South Africa.

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 financial auxiliary activities related to financial intermediation. Further, it includes non-profit institutions engaged in market production of a 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 who 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 resident privately and publicly owned institutional units whose principal activity is the production of 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 a 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. Column and row descriptions

4.1 Table 1: Industrial classification

The purpose of the table is for entities to classify their main economic activity in which they operate. Please note that the industrial classification table **can only be completed on the web interface**, and not on the Excel version of the B21 form. Please select the *major division*, *division* and *group* wherein the reporting entity operates from the drop-down menu. 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:

<https://www.resbank.co.za/content/dam/sarb/what-we-do/statistics/guides/institutional-sector-classification-guide-for-sa/iscg-2022/Standard%20Industrial%20Classification%20of%20all%20Economic%20Activities.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 B21 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 per cent' 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. The country of residence must be selected from the drop-down menu.

4.2.3 Indirect foreign shareholding (Column 3)

This column must be ticked only if a South African domiciled company as indicated in columns 1 and 2 is partially or fully owned by a non-resident company. When this column is ticked, columns 6 and 7 will open up below this line. Further discussion of columns 6 and 7 follows below.

4.2.3.1 Country of registered address of shareholder (Column 6)

This column captures the country of residence of the non-resident shareholder of the resident company listed in the line above this column, which is the direct shareholder in the reporting entity. The country of residence must be selected from the drop-down menu. Rows can be added by clicking on the '+' button and each individual non-resident shareholder should be listed per row.

4.2.3.2 Percentage of total voting rights represented by shareholding in direct shareholder (Column 7)

This column captures the percentage shareholding held by the non-resident shareholder in

the resident company listed in the line above this column. The total of the percentages listed in column 7 can be less than but not more than 100%.

4.2.4 Paid-up nominal value (Column 4)

This column captures the nominal value of the shareholding. This column should be completed in full rands.

4.2.5 Percentage of total voting rights represented by shareholding (Column 5)

This column refers to the percentage of shareholding held by registered shareholders. It can accept up to two decimal places. The total for column 4 must add up to 100%.

4.3 Table 3: Country breakdown of selected foreign asset items as at 31 December

This table must be completed by reporting organisations which had outstanding claims on non-residents on the reporting date.

4.3.1 Investments in shares of unlisted subsidiaries/associates/joint ventures (Line 13)

Refers to a country breakdown of all unlisted equity securities held in subsidiaries/associates/joint ventures not listed on a stock exchange. Unlisted shares can also be called private equity and venture capital usually takes this form.

4.3.2 Investments in shares of listed subsidiaries/associates/joint ventures (Line 14)

Refers to a country breakdown of all listed (publicly traded) equity securities held in subsidiaries/associates/joint ventures listed on stock exchanges or other organised financial markets.

4.3.3 Other equity (Line 15)

Refers to a country breakdown of other equity which is equity that is not in the form of securities, such as participations in unincorporated funds or limited liability in quasi corporations.

4.3.4 Short-term debt securities (Line 16)

Refers to a country breakdown of short-term interest-bearing (debt) securities – a financial instrument with an original maturity of **one year or less**. These are securities on which interest is due to be paid, either periodically or at maturity, and with the face value repaid at maturity. Short-term interest-bearing securities include 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.

4.3.5 Long-term debt securities (Line 17)

Refers to a country breakdown of long-term interest-bearing (debt) securities. These are securities on which interest is due to be paid, either periodically or at maturity, and with the face value repaid at maturity. A long-term interest-bearing security is a financial instrument with an original maturity of **more than one year**. Long-term interest-bearing securities include bonds,



debentures, notes (e.g. credit-linked notes), subordinated debt and asset-backed securities such as mortgage-backed bonds.

4.3.6 Short-term loans (Line 18)

Refers to a country breakdown of foreign loans with an original contractual maturity of one year or less.

4.3.7 Long-term loans (Line 19)

Refers to a country breakdown of foreign loans with an original contractual maturity of more than one year.

4.3.8 Derivative financial instruments (Line 20)

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

4.3.9 Trade receivables (Line 21)

Refers to a country breakdown of foreign assets arising from the direct extension of credit by the reporting organisation for transactions in goods and services.

4.3.10 Other accounts receivable (Line 22)

Refers to a country breakdown of foreign assets which are created where there is a timing difference between transactions and corresponding payments. Accounts receivable include unsettled investment transactions.

4.3.11 Currency (Line 23)

Refers to a country breakdown of notes and coin that are of fixed nominal values and issued by the monetary authority of a foreign country (either the central bank or the government).

4.3.12 Transferable deposits (Line 24)

Refers to a country breakdown of 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 must be noted that a transferable deposit cannot have a negative value. In the case of an overdraft, the related amount is treated as a loan.

4.3.13 Other deposits (Line 25)

Refers to a country breakdown of 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 the 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.

4.3.14 Investment fund shares (Line 26)

Refers to a country breakdown of investment funds of 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, non-

money market funds and hedge funds that pool funds for investment in financial assets, such as bonds and listed real estate.

4.3.15 Non-life insurance technical reserves (Line 27)

These reserves comprise two components:

- i) Reserves against outstanding insurance claims:
 - identified claims that are not yet settled; and
 - claims incurred but not reported
- ii) 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; and
 - prepaid premiums and accrued liabilities to life insurance policyholders and beneficiaries of annuities.

4.3.16 Other assets (Line 28)

Refers to a country breakdown of claims on non-residents not specified on the B21 line items already mentioned in Table 3.

4.4 Table 4: Investment held directly by reporting organisation in foreign organisations

This table must be completed by reporting organisations that hold shares directly in foreign organisations.

4.4.1 Name of foreign organisation (Column 1)

The full name of the foreign organisation in which the reporting organisation owns shares must be included in this cell.

4.4.2 Country of residence (Column 2)

The country of residence of the foreign organisation reported in column 1 must be selected from the drop-down menu.

4.4.3 Percentage of total voting rights held directly in foreign organisation (Column 3)

The percentage of the total voting rights held by the reporting organisation in the foreign organisation reported in column 1 must be included in this cell.

4.4.4 Paid-up (nominal) value of vote-bearing shares (Column 4)

The **total value of the foreign organisation's paid-up (nominal) value of vote-bearing shares as reflected in their financial statements** must be reported in this cell in thousands of rand. It is important to note that this value must reflect the **full value** before applying the reporting organisation's percentage share as reflected in column 3.

4.4.5 Share premium, non-distributable reserves and retained earnings (Column 5)

The **total value of the foreign organisation's share premium, other non-distributable reserves and retained earnings as reflected in their financial statements** must be reported in this cell in rand thousands. It is important to note that this value must reflect the **full value** before applying the reporting organisation's percentage share as reflected in column 3.

4.4.6 Market value in case of shares listed on stock exchanges abroad (Column 6)

The **total value of the foreign organisation's market value in case of shares listed on stock exchanges abroad** as calculated by multiplying the share price by the total number of issued shares on 31 December must be reported in this cell in thousands of rand. It is important to note that this value must reflect the **full market value** before applying the reporting organisation's percentage share as reflected in column 3.

4.5 Table 5: Indirect foreign investment of the reporting organisation via direct foreign organisations

This table must be completed by reporting organisations that hold shares indirectly in foreign organisations through foreign organisations reported in Table 4.

4.5.1 Name of direct foreign organisation (Column 1)

The full name of the foreign organisation reported in Table 4 in which the reporting organisation owns shares directly, which owns shares in another foreign organisation must be included in this cell. An indirectly held foreign organisation should also be included in this column if this foreign organisation owns shares in other foreign organisations.

4.5.2 Percentage of total voting rights held (Column 2)

The percentage of the total voting rights held by the directly held foreign organisation reported in Table 4 in the indirectly held foreign organisation reported must be included in this cell.

4.5.3 Name of organisation (Column 3)

The full name of the foreign organisation in which the directly held foreign organisation owns shares must be included in this cell.

4.5.4 Country of residence (Column 4)

The country of residence of the foreign organisation reported in column 3 must be selected from the drop-down menu.

4.5.5 Paid-up (nominal) value of vote-bearing shares (Column 5)

The **total value of the foreign organisation's paid-up (nominal) value of vote-bearing shares as reflected in their financial statements** must be reported in this cell in thousands of rand. It is important to note that this value must reflect the **full value** before applying the foreign organisation's percentage share as reflected in column 2.

4.5.6 Share premium, non-distributable reserves and retained earnings (Column 6)

The **total value of the foreign organisation's share premium, other non-distributable**

reserves and retained earnings as reflected in their financial statements must be reported in this cell in thousands of rand. It is important to note that this value must reflect the **full value** before applying the reporting organisation's percentage share as reflected in column 2.

4.5.7 Market value in case of shares listed on stock exchanges abroad (Column 7)

The **total value of the foreign organisation's market value in case of shares listed on stock exchanges abroad** as calculated by multiplying the share price by the total number of issued shares on 31 December must be reported in this cell in thousands of rand. It is important to note that this value must reflect the **full market value** before applying the reporting organisation's percentage share as reflected in column 2.

4.6 Table 6: Country breakdown of selected foreign liability items as at 31 December

This table must be completed by reporting organisations which had outstanding liabilities to non-residents on the reporting date.

4.6.1 Short-term debt securities (Line 109)

Refers to a country breakdown of short-term interest-bearing (debt) securities – a financial instrument with an original maturity of **one year or less**. These are securities on which interest is due to be paid, either periodically or at maturity, and with the face value repaid at maturity. Short-term interest-bearing securities include 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.

4.6.2 Long-term debt securities (Line 110)

Refers to a country breakdown of long-term interest-bearing (debt) securities. These are securities on which interest is due to be paid, either periodically or at maturity, and with the face value repaid at maturity. A long-term interest-bearing security is a financial instrument with an original maturity of **more than one year**. Long-term interest-bearing securities include bonds, debentures, notes (for example credit-linked notes), subordinated debt and asset-backed securities such as mortgage-backed bonds.

4.6.3 Short-term loans (including overdrafts) (Line 111)

Refers to a country breakdown of foreign loans with an original contractual maturity of one year or less.

4.6.4 Long-term loans (Line 112)

Refers to a country breakdown of foreign loans with an original contractual maturity of more than one year.

4.6.5 Derivative financial instruments (Line 113)

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

4.6.6 Trade payables (Line 114)

Refers to a country breakdown of foreign liabilities arising from the direct extension of credit by the reporting organisation for transactions in goods and services.

4.6.7 Other accounts payable (Line 115)

Refers to a country breakdown of foreign liabilities which are created where there is a timing difference between transactions and corresponding payments. Accounts payable include unsettled investment transactions.

4.6.8 Other equity (Line 116)

Refers to a country breakdown of other equity which is equity that is not in the form of securities.

4.6.9 Non-life insurance technical reserves (Line 117)

These reserves comprise two components:

- i) Reserves against outstanding insurance claims:
 - identified claims that are not yet settled; and
 - claims incurred but not reported.
- ii) 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; and
 - prepaid premiums and accrued liabilities to life insurance policyholders and beneficiaries of annuities.

4.6.10 Life insurance and annuity entitlements (Line 118)

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.

4.6.11 Other liabilities (Line 119)

Refers to a country breakdown of claims by non-residents not specified on the B21 line items already mentioned in Table 6.

4.7 Table 7: Total shareholders' equity as reflected on the company's balance sheet as at 31 December

This table must be completed by all the reporting organisations.

4.7.1 Shareholders' equity (Line 120)

Refers to the total of items 121 to 126 on Table 7.

4.7.2 Unlisted ordinary and other vote bearing shares (Line 121)

Refers to vote bearing equity securities of the reporting organisation not listed on stock exchanges or other organised financial markets.

4.7.3 Listed ordinary and other vote bearing shares (Line 122)

Refers to vote bearing equity securities of the reporting organisation listed on stock exchanges or other organised financial markets.



4.7.4 Non-vote bearing shares (Line 123)

Refers to shares in the reporting organisation that does not give the holder the right to vote at the company's annual meeting. Non-voting shares usually has other rights associated with it to compensate for the lack of ability to vote. For example, most preference shares are non-voting.

4.7.5 Share premium (Line 124)

Refers to the proceeds from issuing equity at a price higher than their nominal value or present market value.

4.7.6 Retained earnings (Line 125)

Refers to the amount of the reporting organisation's after-tax earnings that are not paid in dividends.

4.7.7 Other reserves (Line 126)

Refers to any other reserves in the reporting organisation's account not included above.

4.8 Table 8: Investment by reporting organisation in domestic shares

This table must be completed by reporting organisations in respect of each South African organisation in which the reporting organisation held vote-bearing shares representing at least 10 per cent of the total voting rights on the reporting date.

The following information must be provided by the reporting organisation in the four columns for each domestic organisation in which at least 10% of the total voting rights are held on the reporting date:

4.8.1 Name of the domestic organisation (Column 1)

Refers to the full name of each domestic organisation in which at least 10% of the total voting rights are held on the reporting date.

4.8.2 Email address/phone number of the domestic organisation (Column 2)

Refers to the email address and/or phone number of a contact person at the domestic organisation.

4.8.3 The total nominal value of the domestic organisation's vote-bearing shares (Column 3)

Refers to the total value of the domestic organisation's nominal value of vote-bearing shares as reflected in their financial statements in full rands. It is important to note that this value must reflect the full value before applying the reporting organisation's percentage share.



4.8.4 The percentage of the total voting rights in the domestic organisation represented by the shareholding held by the reporting organisation (Column 4)

Refers to the percentage of total voting rights held by the reporting organisation in the domestic organisation.

4.9 Example

The example will assist the reporting organisation with the completion of Table 4 (Investment held directly by reporting organisation in foreign organisations) and Table 5 (Indirect foreign investment of the reporting organisation via direct foreign organisations).



