



HELP FILE WITH REGARDS TO THE 2017 ANNUAL STATUTORY RETURN

# Help File: 2017 Annual Statutory Return



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## SUMMARY OF MAIN CHANGES FOR THE 2017 YEAR:

The following constitutes a summary of the main changes to the 2017 annual statutory return:

- **Personal Medical Savings Accounts (PMSA)**  
In terms of the 6 June 2017 Constitutional Court judgement, the scheme is the right holder of the personal medical savings accounts, and these monies form part of the scheme assets.

The judgement resulted in a number of changes in the annual statutory return:

- Amendment of the ISAE3000 limited assurance report;
- The removal of the word "trust" with reference to the liability throughout the return;
- The previous Part 4.5.2 is no longer relevant;
- These monies are therefore now included in part 9(a) as Annexure B restrictions apply; and
- Unclaimed monies are now written back to the scheme's funds after the required period per the Prescription Act has expired.

However, when the rules state that savings monies belong to members, the Financial Institutions (Protection of Funds) Act, 28 of 2001 (FIA) applies which means that these funds are trust money which must be kept separately. Affected medical schemes can continue to apply the same accounting treatment which was required by the CMS prior to the Constitutional court judgment.

- **Part 4.12 Accredited managed healthcare services (no transfer of risk)**  
The scheme will now only be able to enter data relating to the services provided per accredited managed care entity in terms of their accreditation status. Services that are not accredited for a specific entity will be greyed out.
- **Part 4.13 Net (income)/expense from other risk transfer arrangements (excluding commercial reinsurance contracts)**  
The scheme will now only be able to enter data relating to the services provided per accredited managed care entity in terms of their accreditation status. Accredited managed care services that are not accredited for a specific entity will be greyed out.

The scheme will still be able to capture details relating to other (non-accredited) risk transfer services provided.

- **Part 4.15(a) Broker service fees**  
The reason box has been updated with new maximum amount payable to brokers.
- **Audit trail functionality**  
An audit trail report will be generated based on a selection of parameters and emailed to the user that requested it.

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## LOGIN ONTO ANNUAL STATUTORY RETURN



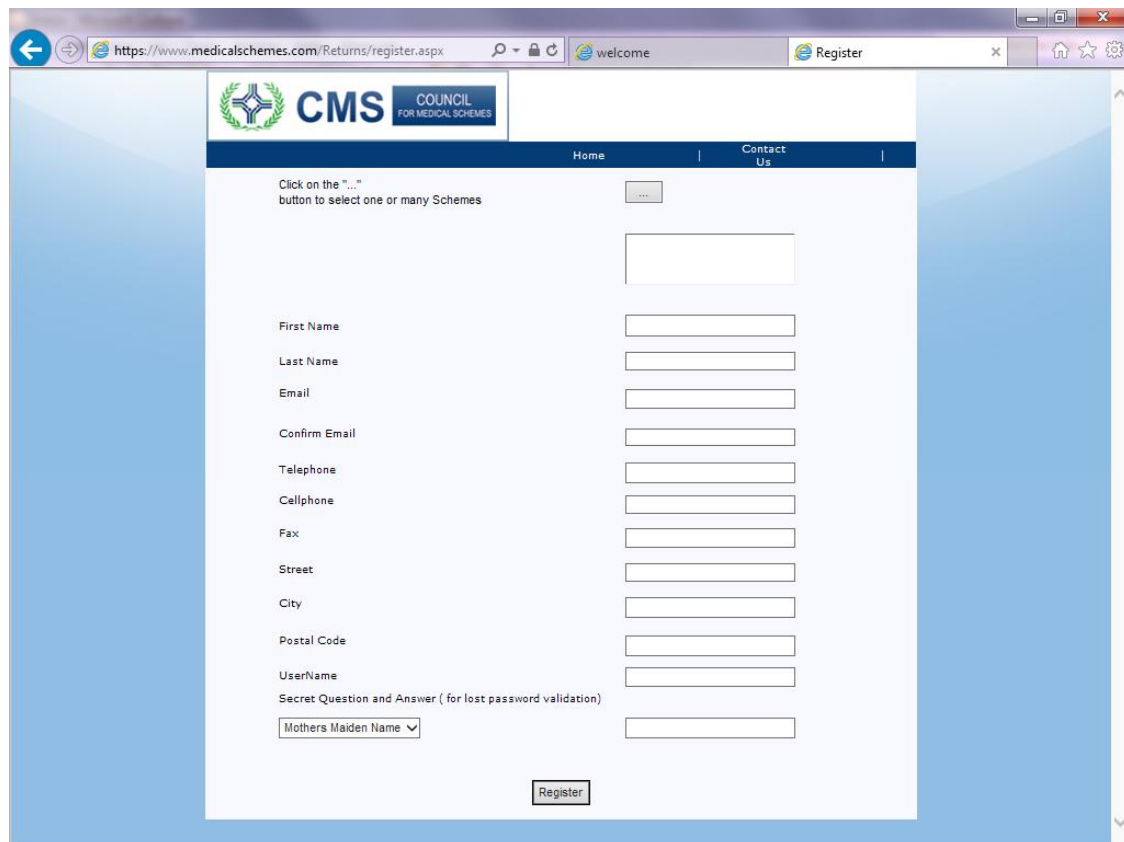
*Not yet a user on the system:*

Click on the words 'Register Here'.

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The following screen will appear when the user clicked on the 'Register Here' button:



The screenshot shows a web browser window with the URL <https://www.medicalschemes.com/Returns/register.aspx>. The page features the CMS logo and navigation links for Home and Contact Us. A message at the top says: "Click on the '...' button to select one or many Schemes". Below this is a selection button with three dots. The registration form includes the following fields: First Name, Last Name, Email, Confirm Email, Telephone, Cellphone, Fax, Street, City, Postal Code, UserName, Secret Question and Answer (for lost password validation), and a dropdown menu for Mothers Maiden Name. A Register button is located at the bottom of the form.

The user should ensure that he or she selects all the schemes, for which he or she would want to register, when clicking on the selection-button.

When the user submits his or her request to be registered, an e-mail will be send to the 'administrator' of that scheme, to approve the registration of the user. Please note that our system has one administrator for each scheme, which is the very first person to register as a user for that specific scheme.

As soon as we receive the approval from the 'administrator' of the scheme, the Office will e-mail the new user his or her username and password to access the online statutory return.

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*Registered as an user on the system*

The user should then capture his or her user name and password on the login screen and press submit.

The screenshot shows a web browser window with the URL <https://www.medicalschemes.com/Returns/login.aspx>. The page features the CMS logo and navigation links for Home and Contact Us. A central login box titled "Please Log In" contains fields for Username (filled with "Julindi") and Password (masked with dots). Below these fields are "submit" and "reset" buttons. Links for "Register here" and "Forgot your password? Click here" are also present. The footer includes links for "Legal information" and "Privacy Policy Statement" and a copyright notice for the Council for Medical Schemes.

https://www.medicalschemes.com/Returns/login.aspx

welcome

Login to the Statutory Return...

**CMS** COUNCIL FOR MEDICAL SCHEMES

Home | Contact Us

Welcome to the Statutory Returns Portal

**Please Log In**

Username:

Password:

Not a member yet? [Register here](#)

Forgot your password? [Click here](#)

• [Legal information](#) | [Privacy Policy Statement](#)  
© Council for Medical Schemes



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### *Forgot your password?*

Should a user forget his or her password, the user should use the button provided on the login screen stating "Forgot your Password? Click Here"

The following screen will appear, and the user will be required to complete the required information and press OK. If the secret answer corresponds with the answer captured during the registration process of the user, the user will receive an e-mail from the Office with his password.

The screenshot shows a web browser window with the URL <https://www.medicalschemes.com/Returns/forgot.aspx>. The page features the CMS logo and a navigation bar with 'Home' and 'Contact Us' links. The main content area contains the following text and form fields:

Complete the form below, if you have forgotten your password. The password will be e-mailed to you.

UserName	<input type="text"/>
Secret Question	<input type="text" value="Mothers Maiden Name"/>
Secret Answer	<input type="text"/>

Below the form fields is an 'OK' button.

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As soon as the user has logged in, the following screen will appear:

The screenshot shows a web browser window with the URL <https://www.medicalchemes.com/Returns/choosenow.aspx>. The page features the CMS logo and a 'Log Out' link. The main content area contains three sections:

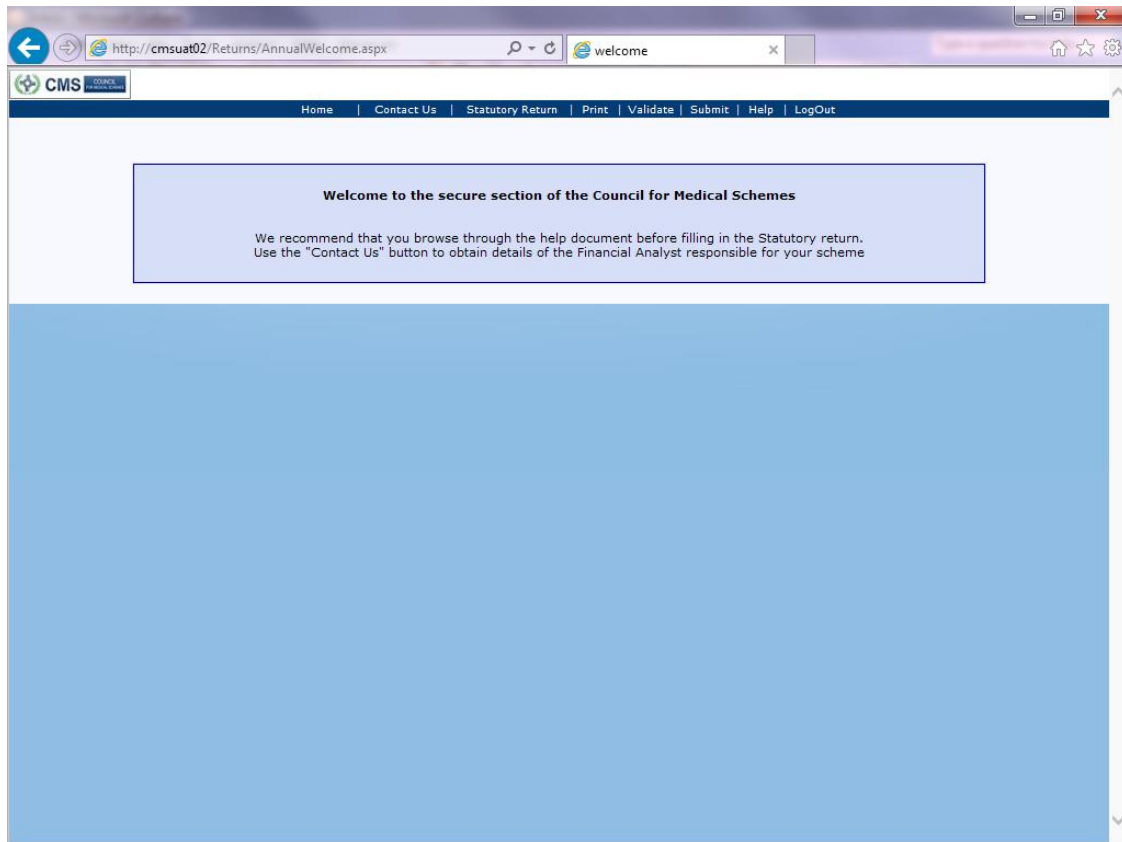
- Please select return and scheme for online submission:**
  - Radio buttons for **ANNUAL RETURN** (selected), **QUARTERLY RETURN**, and **SRM RETURN**.
  - A dropdown menu showing **MMED**.
  - An **Ok** button.
  - Radio buttons for **Current** (selected) and **Select a Year (Readonly)**.
  - Links for [Request User Access to New Scheme](#) and [User Access Management](#).
- Please click on 'Batch Submit' for SRM Batch Submission:**
  - A **Batch Submit** button.
- CMS Comments on SRM Submissions:**
  - A dropdown menu showing **SRM Submissions 2012**.
  - A **View Comments** button.

The user should choose the specific scheme he or she wants to access. The user will also have the option to choose whether he or she wants to access the current year's return or the previous years' returns (in a read-only format).

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After selecting the scheme, the following screen will appear:



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## CONTACT US

Should a user experience any problems with the online statutory return, he or she can contact the Office at any point in time by just clicking on the 'Contact us' option on the task bar. The following screen will appear:

The name of the financial analyst responsible for the specific scheme will appear on the screen.

The user should complete the subject of the enquiry (indicating the specific parts of the annual return affected), provide details of his/her enquiry and attach screenshots to illustrate the problem where applicable, and then press 'send'. An e-mail will be send to the specific financial analyst responsible for the scheme. It is then the financial analyst's responsibility to contact the scheme and resolve the enquiry.

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## STATUTORY RETURN

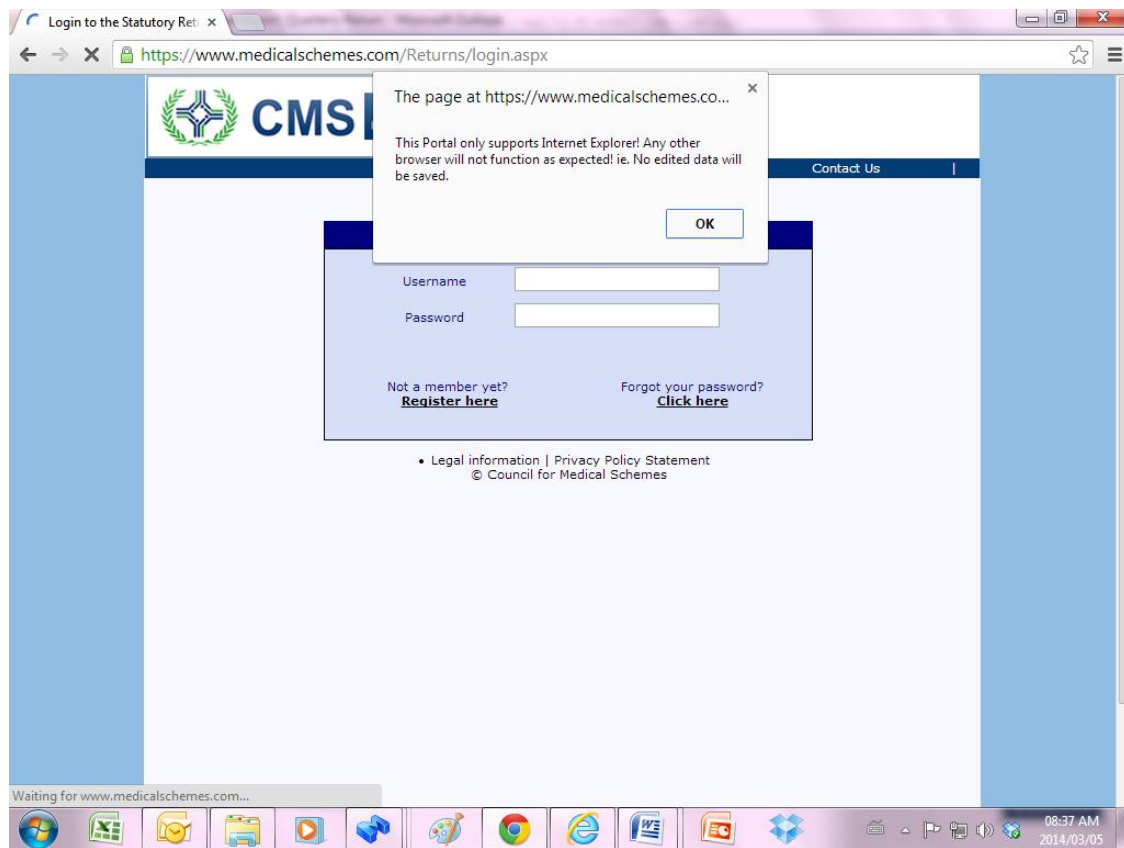
To access the individual parts of the online statutory return, the user should click on the 'statutory return' button on the task bar. Part 1.1 will automatically open.

General comments on the completion of the return

*The system does not recognise apostrophes (') and &-signs.*

*The user will not be able to input any figures with decimals; only whole figures will be accepted.*

The Annual Statutory Return's web application is only compatible with Internet Explorer version 10 or higher. Data captured through other browsers (e.g. Firefox, Chrome, etc.) would not save. When accessing the return through these applications, the following error message would be generated:



To ensure that the return is viewed optimally, the user should ensure that the computer screen size is set at 1 280 x 1024.

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## PART 1 GOVERNANCE

### Part 1.1 Details of Medical Scheme and Certification of Return

Part 1.1: DETAILS OF MEDICAL SCHEME AND CERTIFICATION OF RETURN

Name of Medical Scheme: MMED

Type of Scheme: Test

Type of Administration: Third party administered

Change in Administrator: Yes ☐ No ☒

Amalgamated: Yes ☐ No ☒

Liquidated: Yes ☐ No ☒

Under Curatorship: Yes ☐ No ☒

Name Change: Yes ☐ No ☒

Financial Period End: 31 December 2013

Ref No.: 3315

1. Initials and Surname of Principal Officer: TEBOGO MAZIYA

1.1 Postal Address: Private Bag X34  
Hatfield  
0028

1.2 Telephone Number (including area code): (012)-431-0537

1.3 Cell Phone Number: (082)-000-0000

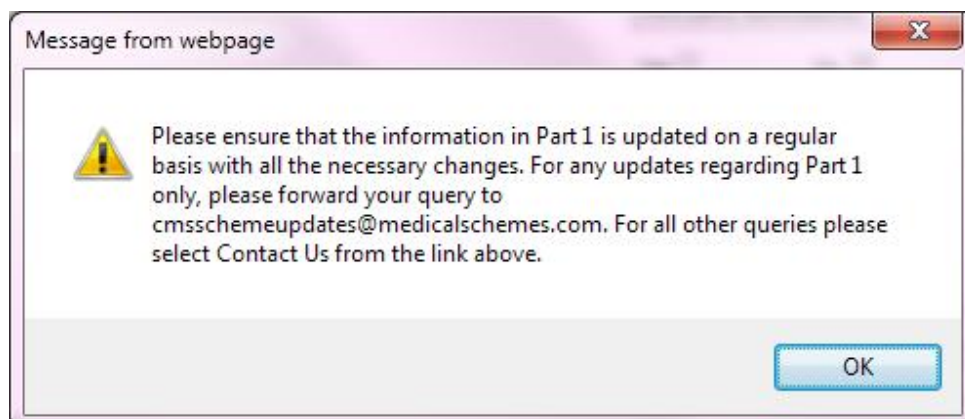
1.4 Fax Number (including area code): (012)-431-0637

1.5 Email Address: t.maziya@medicalschemes.com

2. Initials and Surname of Chairperson: LERATO SEHULARO

2.1 Postal Address: Private Bag X34  
Hatfield  
0028

The details of the scheme and its officials are maintained by the Office. Part 1.1 will therefore always be in a read-only format. In order to affect changes in this part, refer to the pop-up for the contact details of the relevant person to address the updates to:

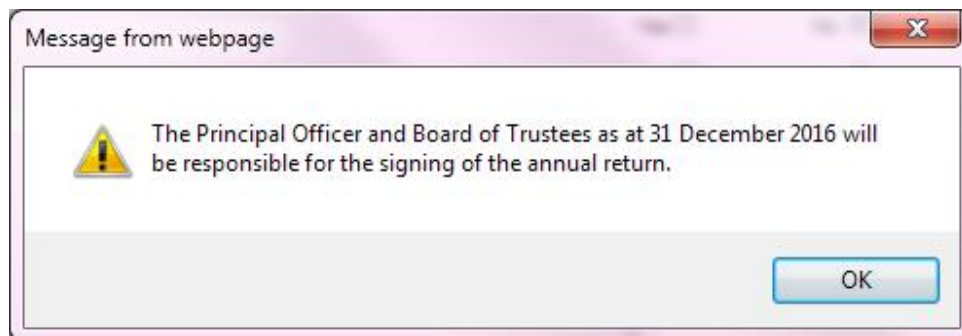


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Please ensure that the latest details of the Principal Officer, Chairperson, Trustee signatory, Scheme, Administrator, Co-Administrator, Fund manager, User, Auditor(s) and Liquidator or Curator (where applicable) are updated every period in part 1.1 of the return. Kindly also refer to Circular 27 of 2014 in this respect.

It is extremely important to ensure that the correct contact details for the Principal Officer, the Chairperson and the other trustee are captured in part 1.1, as these details will be used when the SignFlow process described below, is initiated. Should the scheme have contracted with the previous Principal Officer or Chairperson (i.e. as at 31 December) to sign off on the annual financial statements, the new officials will be able to create a proxy to allow the previous officials to electronically sign the return.



### *Reference number*

When the scheme was originally uploaded onto the system, a reference number was automatically registered on our system.

Please note that the reference number will stay the same even if the scheme changed its name.

### *Amalgamations*

A final set of audited accounts (as at the date of the amalgamation), including the statutory return (as at 31 December) for the year in which a scheme has amalgamated have to be prepared and submitted to the Registrar.

Please take note that all the sections must be completed with the data for the period in which the scheme that amalgamated was still in operation. This is done to ensure that the full 12 months' figures are obtained for all sections, especially parts 2 and 4 and the statement of comprehensive income (the reason being that the new scheme will not report on that data in their return as only opening balances are taken into account in their return).

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Every line item of the statement of financial position should be completed in detail. The closing statement of financial position figures will become zero in the return through the use of the last line item "Less: Transfer of assets / liability due to amalgamation during the year". These lines are applicable for amalgamations that occurred during the year, as the annual financial statements would have been prepared as at the date of amalgamation, whilst the return is as at 31 December.

For example:

PART 4.2 INVESTMENTS			
	Non-Current R	Current R	Total R
4.2.1 Investment property	7,000,000	0	7,000,000
4.2.2 Available for sale investments	4,000,000	0	4,000,000
4.2.3 Held-to-maturity investments	400	600	1,000
4.2.4 Investments held at fair value through profit or loss	643,996,432	2,246,157,964	2,890,154,396
4.2.5 Other (specify)	600	400	1,000
4.2.6 Group investments on consolidation	0	3,000,000	3,000,000
4.2.7 Less: Transfer of assets due to amalgamation during the year	(654,997,432)	(2,249,158,964)	(2,904,156,396)
4.2.8 Total investments	0	0	0

Please ensure that the closing balances of the scheme that amalgamated agree with the opening balance that has been taken forward to the new scheme for incorporation into their accounts.



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## Consolidations

Where a scheme completes the annual return on a consolidated basis, group transactions that relates to other parties in the group (not the scheme) should be aggregated and included in the specific line provided for on the statement of financial position items, as well as on the statement of cash flows (line 8.7).

	Non-Current R	Current R	Total R
4.2.1 Investment property	7,000,000	0	7,000,000
4.2.2 Available for sale investments	4,000,000	0	4,000,000
4.2.3 Held-to-maturity investments	400	600	1,000
4.2.4 Investments held at fair value through profit or loss	643,996,432	2,246,157,964	2,890,154,396
4.2.5 Other (specify)	600	400	1,000
4.2.6 Group investments on consolidation	0	3,000,000	3,000,000
4.2.7 Less: Transfer of assets due to amortisation during the year	0	0	0
4.2.8 Total investments	654,997,432	2,249,158,964	2,904,156,396

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All income statement transactions for the group companies should be included in part 4.23 line 4.23.35 and part 6.1 line 6.1.21:

http://cmsuat02>Returns/annual.aspx?p=6			
Statutory Returns Portal - C...			
Home - Report Manager Login to the Statutory Ret... Testing 2014 AR Testing 2015 AR			
0.1.2	Less: Savings contributions	(3,615,556,366)	(3,615,556,366)
0.1.3	<b>Risk contribution income</b>	13,003,632,985	13,003,632,985
0.1.4	<b>Relevant healthcare expenditure</b>	(11,413,608,885)	(11,320,284,851)
0.1.4.1	Net claims incurred	(11,320,284,851)	(11,320,284,851)
0.1.4.2	Net income/(expense) on risk transfer arrangements	(93,324,034)	
0.1.5	<b>Gross healthcare result</b>	1,590,024,100	1,683,348,136
0.1.6	Net income/(expense) on commercial reinsurance	19,527	19,527
0.1.7.1	<b>Less: Broker service fees</b>	(404,562,667)	(404,562,667)
0.1.7.2	<b>Less: Other distribution costs</b>	(7,000)	(7,000)
0.1.8	<b>Less: Administration expenses</b>	(2,398,799,394)	(2,062,854,911)
0.1.9	Net impairment losses: Trade and other receivables	(16,327,046)	(16,327,046)
0.1.10	<b>Net healthcare result</b>	(1,229,652,480)	(800,383,961)
0.1.11	Net impairment losses: Other (specify)	0	(4,000)
0.1.12	Other investment income	335,049,973	335,049,973
0.1.13	<b>Less: Investment management fees</b>	(9,354,280)	(9,354,280)
0.1.14	<b>Less: Operating expenses on rental of investment property</b>	(5,000)	(5,000)
0.1.15	Other realised and unrealised gains/(losses)	135,708,107	135,708,107
0.1.16	Other income (specify)	0	822,230,822
0.1.17	Own facility surplus/(deficit)	12,823,986	12,823,986
0.1.18	<b>Less: Other expenses (specify)</b>	0	(1,000)
0.1.19	<b>Less: Finance costs</b>	(14,909,824)	(14,909,824)
0.1.20	<b>Surplus/(Deficit) for the year before consolidation</b>	(770,339,518)	481,154,822
0.1.21	<b>Consolidation results</b>	20,000	20,000
0.1.22	<b>Surplus/(Deficit) for the year after consolidation</b>	(770,319,518)	481,174,822
0.1.23	<b>Other comprehensive income</b>	11,000,000	(1,298,702,061)
0.1.24	Fair value adjustment on available-for-sale investments	3,215,437	5,000,000
0.1.25	Reclassification adjustment	784,563	(1,000,000)
0.1.26	Land and buildings revaluation	7,000,000	7,000,000
0.1.27	Other (specify)	0	(1,309,702,061)
0.1.28	<b>Total comprehensive income for the year</b>	(759,319,518)	(817,527,171)

## Liquidations

A final set of accounts, including the statutory return, should be prepared until the effective date of liquidation. As with amalgamations, the submitted financial statements would be prepared as at the date of the liquidation, whilst the statutory return should be prepared as at 31 December.

Again the scheme would need to complete all the line items of the statement of financial position in detail. The closing statement of financial position figures will become zero in the return through the use of the last line item.

## Auditor(s)

The details of the auditor(s), as approved by the Registrar in terms of section 36 of the Act for the applicable financial year, will be reflected in part 1.9.

The auditor is also required to electronically sign the return. It is important to note that the auditor's signature is for identification purposes only (it is also indicated as such on the signature page), and does not represent a sign-off on the return. The auditor will therefore still need to submit the required audit reports separately.

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## *Certification of the return*

In terms of section 39(1) of the Act a medical scheme shall be deemed not to have complied with any provision of this Act which imposes upon such a medical scheme the obligation to furnish to the Registrar a document prepared by the medical scheme, unless such document is signed by either the Principal Officer and one other person authorised in accordance with the rules of the medical scheme to sign documents or the Curator.

In addition section 39(2)(a) of the Act requires that the following persons shall sign any document within terms of any provision of the Act must be furnished by a medical scheme to the Registrar:

- (a) In the case of a board of trustees, the chairperson of the board of trustees, and by one other member of such board; and
- (b) In any other case, persons designated by the Registrar who exercise control over the business of the medical scheme concerned.

Should the Principal Officer or Chairperson as at 31 December no longer be officials of the medical scheme, it is important to note that the signing authority of a Principal Officer and/or Chairperson can only be delegated to a suitable person appointed by the board of trustees; the appointment of the acting Principal Officer should be in line with the provisions of section 57(4) (a) and 57(7) of the Medical Schemes Act, and the appointment of the acting Chairperson in line with the rules of the scheme.

Where applicable, a copy of the signed board of trustee resolution, where another person was appointed, should accompany the annual statutory return.

In terms of the workflow created by SignFlow to enable the electronic signing of the return, as well as to ensure that the annual return is not sent to a mailbox no longer being monitored, the current Principal Officer and Chairperson's details will be used for signature purposes. Should the scheme have alternative arrangements with the previous Principal Officer or Chairperson (i.e. as at 31 December) to sign off on the annual financial statements, the new official will be able to create a proxy to allow the previous officials to electronically sign the return.

It is extremely important to ensure that the correct contact details for the Principal Officer, the Chairperson and the other trustee are captured in part 1.1, as these details will be used when the SignFlow process described below, is initiated.

## *Signflow for annual return purposes: electronic signatures*

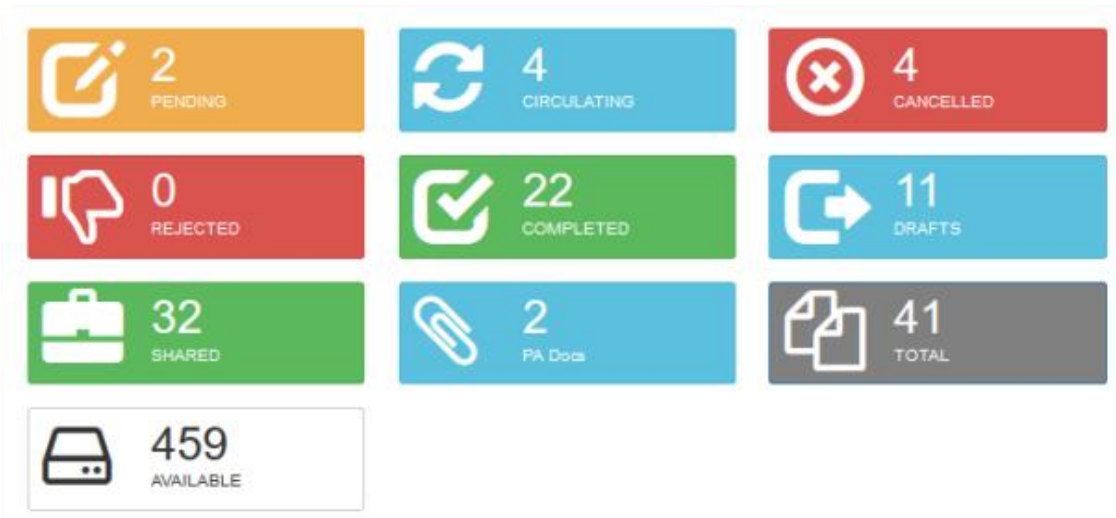
SignFlow SignFREE™ allows scheme officials and auditors to receive, approve (or decline) and e-sign electronic documents that were sent to them by the Council for Medical Schemes free of charge. These digital SignFREE e-signatures are securely created for each individual and will prohibit any changes being made to the document after it has been signed.

The scheme officials and auditors would simply need to open the link from their email, create their password and login to their SignFREE account.

The SignFlow workflow engine will automatically circulate the annual return to applicable signatories until all signatories have signed.

The Dashboard will be the starting point for anything that a user want to do in SignFlow. Below is a description of the baskets relevant to the signing of the annual return and what it contains:

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- **Pending**  
Any items that require a user to perform an action like signing or approving will be in this basket.
- **Circulating**  
All the documents that a user has sent to be signed will be displayed in this basket. So any document that has an incomplete workflow will be displayed here.
- **Cancelled**  
Any document workflow that a user has cancelled will be displayed in this basket.
- **Completed**  
Documents that have been signed and approved are stored in this basket.
- **Shared**  
This basket will display all the documents that have been shared with a user. If the user has been added to a workflow as a viewer, documents will be displayed in this basket. They will also be displayed here if a user has been part of a workflow to sign a document.

### *Signing a document:*

From the Dashboard there are two indicators that a user has documents pending. Firstly, a notification flashing in the top right-hand corner of the window will be displayed, and then the pending basket will indicate how many documents a user currently have pending. In addition to these, if a user is not signed into SignFlow, the user will receive an email requesting the document to be actioned.



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With these three options, there are three ways of initiating the signing ceremony:

- Click on the link in the email received, and then enter the user's login details.
- Click on the flashing notification icon in SignFlow, and click on the Open button to go directly to the signing page.
- Click on the Pending basket, and select the document to be signed.

Once the signing ceremony has been initiated/started, thumbnails of the pages will be displayed on the left-hand side of the page. Each page that requires an action is marked with a yellow indicator: **HERE**

If there are Plain Text Fields in the document, the user will have to complete these fields before proceeding to sign the document. Once required text fields are completed, click on the **Proceed to signing** button.

Read through the document and click on the block that says "Sign Here". The user's document is now digitally signed.

The document originator will be notified that a signatory has signed the document, and the document will be moved to the signatory's Shared basket. Shared documents do not impact the available documents on the SignFlow license, where the signatory has not originated the document.

There are other options besides signing the document, as displayed in the right-hand menu.



- **Back**  
This button will take the user back to the previous step.
- **Download**  
This button will download the document as a .PDF document.
- **Reject the document**  
This button will reject the document sent to the user, and request that a reason why the document is being rejected is entered/provided. This reason will be sent with the user's rejection to the document originator.
- **Nominate someone else**  
If the document originator allowed Proxy, by clicking on this button new window will be displayed where a user will be able to enter the details of a nominated person and send the document to them.

The current Principal Officer and Chairperson's would be able to make use of this button to re-allocate the signatory in the event that the scheme has made alternative arrangements with the previous Principal Officer or Chairperson (i.e. as at 31 December) to sign off on the annual financial statements.

# Help File: 2017 Annual Statutory Return



## Part 1.2 Benefit Options

http://cmsuat02>Returns/annual.aspx?p=&d=2 Statutory Returns Portal - C...

Home - Report Manager Login to the Statutory Ret... Testing 2015 AR

CMS Council

Home | Contact Us | Statutory Return | Print | Validate | Submit | Help | LogOut

Part 8 Part 9 Part 10 Part 1 Part 2 Part 3 Part 4 Part 5 Part 6 Part 7

Part 1.1 Part 1.2 Part 1.3.1 Part 1.3.2 Part 1.4

PART 1.2 BENEFIT OPTIONS	
Registered Benefit Options	Efficiency Discount Option Names
OPTION B	Sub Benefit Options
OPTION C	Sub Benefit Options
OPTION EDO NETCARE	Sub Benefit Options
OPTION EDO PRIMECURE	Sub Benefit Options

http://cmsuat02>Returns/AnnualSubBenefitOptions2016.aspx?count=0&H1=Previous Year&H2=Current Ye - Window...

PART 1.2  
SUB BENEFIT OPTIONS

No	Description
1	EDO 1
2	EDO 2
3	EDO 3

85%



## Help File: 2017 Annual Statutory Return



The Council keeps record of the registered benefit options, as well as any Efficiency Discount Sub-Option registered in terms of an exemption obtained from Section 29(1)(n) in terms of Section 8(h), of the scheme and as such the names of the registered benefit options in part 1.2 will be in a read-only format. Part 1.2 reflects all registered options for the financial year concerned; even if some of the options were discontinued during the course of the year.

A scheme should NOT request the registration of an option in part 1.2 if that option was not in operation during the year concerned. Provision has been made for financial transactions in the 'other' column in part 4.23 of the return, should the scheme have incurred some financial transactions in the year concerned for options been deregistered but are in process of being winded down.

The benefit options captured in part 1.2 will automatically pull through to parts 2.1, 2.3, 2.7, 3.6 and 4.23.

The names of the sub-options will pull through to Part 6.3. Part 6.3 is the only part in the return that requires information (financial as well as non-financial) relating to Efficiency Discount Sub-Options.

### Part 1.3.1 Board of Trustees

Board of Trustee members	Race	Nr of Board meetings attended	Nr of Sub-committee meetings attended
ANELE DACA	Black	7	3
ELIZABETH FIGUEIREDO	White	2	1
GLENDA MOSLEY (Resigned on: 30 Sep 2016)	Coloured	5	0
JULINDI SCHEEPERS	White	6	0
KABELO MAHOBYE	Other	7	3
LERATO SEHULARO	Black	5	2
SAMEER RAJAB	Indian	6	0

As the Office keeps record of the details of the scheme and its officials, the trustee names is in a read-only format. The names of all the board of trustees that were in office during the financial year (at any point in time) are listed in this part; together with their racial profile. It should be noted that the names captured in part 1.3.1 automatically pulls through to part 4.17, where the scheme completes the remuneration and considerations paid to the board of trustee members during the financial year concerned.

## Help File: 2017 Annual Statutory Return



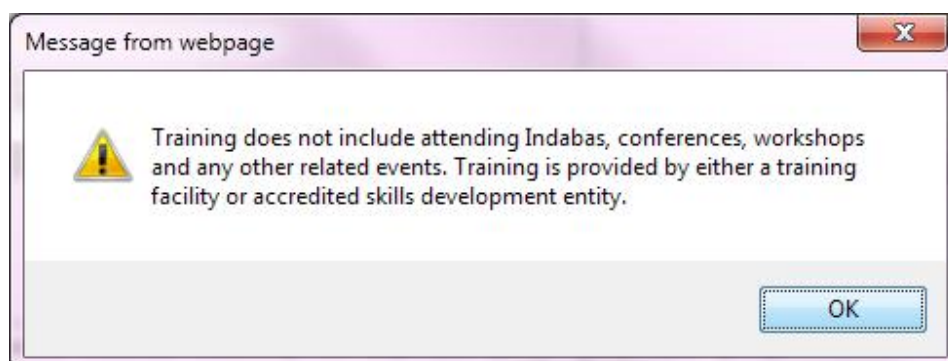
The scheme should indicate the number of Board meetings and Sub-committee meetings each trustee attended during the year.

### Part 1.3.2 Training attended

Trustee Name	Name of Training Programme Attended	Name of Service Provider
ANELE DACA	1. Attended CMS Trustee training; and	1. CMS; and
	2. Attended BHF conference.	2. BHF
ELIZABETH FIGUEIREDO	1. Attended internal trustee training (at employer group).	1. Employer group.
GLENDA MOSLEY (Resigned on: 30 Sep 2016)	1. Went to BHF conference.	1. BHF Conference.
JULINDI SCHEEPERS	1. Corporate Governance.	1. UNISA
KABELO MAHOBYE	1. None	1. None
	1. None	1. None

This part requires details on the training attended by each individual trustee.

Training does not include attending Indabas, conferences, workshops and any other related events. Training is provided by either a training facility or accredited skills development entity:





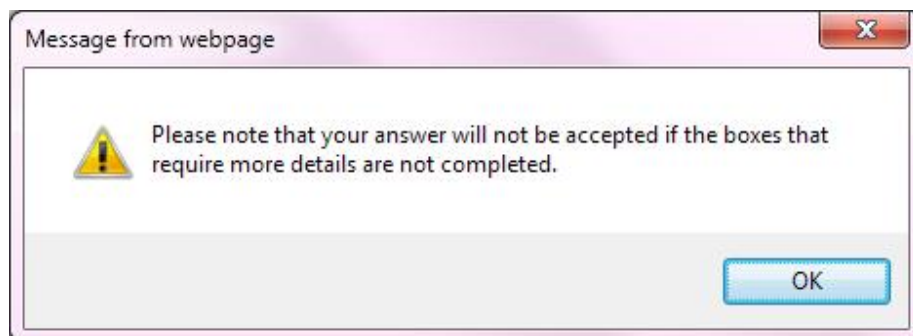
# Help File: 2017 Annual Statutory Return



## Part 1.4 Report of the Management Board/Committee

Questions	Answer
<b>GENERAL</b>	
Has there been a change in accounting policies? Please provide full details.	YES <input checked="" type="checkbox"/> NO <input type="checkbox"/>
1. Investment properties are now accounted for at historic cost.	
Has there been a change in accounting estimates? Please provide full details.	YES <input checked="" type="checkbox"/> NO <input type="checkbox"/>
2. Investment properties are now accounted for at historic cost.	
Has any company/institution/person to your knowledge received or dealt with the contributions of the scheme otherwise than in terms of Sections 26(6) and 26(7)? Please provide full details.	YES <input checked="" type="checkbox"/> NO <input type="checkbox"/>
3. Rogue broker.	
Are transfers to and from reserves fully disclosed in the attached financial statements? Please provide full details.	YES <input type="checkbox"/> NO <input checked="" type="checkbox"/>
4. Accounting error occurred.	
Does the scheme have fidelity guarantee and professional indemnity insurance cover in terms of the Act? Please provide full details.	YES <input type="checkbox"/> NO <input checked="" type="checkbox"/>
5. Per the administration contract the fidelity and professional indemnity is included in the administration fee. The administrator neglected to pay the relevant levies. Penalties have been introduced against the administrator.	
6. Were any contract(s) in place during the previous and current financial years in respect of inter alia the following services provided to the members of the scheme:	
a) Accredited managed healthcare services: no transfer of risk	YES <input checked="" type="checkbox"/> NO <input type="checkbox"/>
Name (specify)...	4
b) Risk transfer arrangements	YES <input checked="" type="checkbox"/> NO <input type="checkbox"/>
Name (specify)...	5

This part requires the board of trustees to complete a number of questions. The format of the questions requires a "yes" or "no" answer. More details might be required in some questions depending on the answer. Please note that the user's answer will not be accepted if the boxes that require more detail are not completed:



The names of the contracts entered in questions 6(a), 6(b) and 6(f)(i) in the previous year's return will automatically pull through to the current year. Similarly the contract names in question 6(d) will be generated from the information displayed in part 1.1 of the return. Any additional contracts should be entered manually by the scheme.

The names of third party providers in questions 6(a), 6(b), 6(c), 6(f)(i), 6(g) and 7 pulls through to parts 4.12, 4.13, 4.14, 4.16.2, 9(b) and 4.26 respectively.

# Help File: 2017 Annual Statutory Return



## PART 2 MEMBERSHIP

Please note that when certain specifications are met, the user will be required to complete a reason box. The user will not be able to submit the return without completing the relevant reason boxes.

### Part 2.1 Membership at the End of the Financial Year

Benefit Options	Members	Adult Dependents	Child Dependents	Beneficiaries	Dependand Ratio
2.1.1.1 OPTION A	180,762	126,155	139,943	446,860	1.47
2.1.1.2 OPTION B	5,000	2,002	1,002	8,004	0.60
2.1.1.3 OPTION C	90,411	58,043	60,339	208,793	1.31
2.1.1.4 OPTION D	561,536	304,208	385,387	1,251,129	1.23
2.1.1.5 OPTION E	0	0	0	0	0
2.1.1.6 OPTION F	0	0	0	0	0
2.1.1.7 OPTION G	0	0	0	0	0
2.1.1.8 OPTION H	0	0	0	0	0
2.1.1.9 OPTION I	0	0	0	0	0
2.1.1.10 OPTION J	0	0	0	0	0
2.1.1.11 OPTION K	0	0	0	0	0
2.1.1.12 OPTION L	0	0	0	0	0
2.1.1.13 OPTION M	0	0	0	0	0
2.1.2 Consolidated Total	837,709	490,406	586,671	1,914,786	1.29

Please provide the reasons, should the members and/or adult and/or child dependants be zero for any option: [Click here](#)

Please provide the reasons, and actions to be taken, should the principal members be less than 6 000 members: [Click here](#)

The membership figures for each of the benefit options should be provided in this part. The dependants should also be split between adult and child dependants as defined in the rules of the scheme. Beneficiaries are the sum of members and dependants.

#### *Dependant ratio*

The dependant ratio is calculated as the total dependants (adult plus child) divided by the number of members. This calculation is done automatically.

#### *Reason boxes*

The following reason boxes must be completed when specifications are met:

- Please provide the reasons, should the members and/or adult and/or child dependants be zero for any option; and
- Please provide the reasons, and action to be taken, should the principle members be less than 6 000 members.

# Help File: 2017 Annual Statutory Return



## Part 2.2 Number of Registered Members and Dependants at the End of Each Month

PART 2.2 NUMBER OF REGISTERED MEMBERS AND DEPENDANTS AT THE END OF EACH MONTH						
		Members	Adult Dependants	Child Dependants	Beneficiaries	Dependant Ratio
2.2.1	January	799,806	493,527	561,297	1,854,630	1.32
2.2.2	February	803,742	494,177	562,035	1,859,954	1.31
2.2.3	March	808,611	495,419	563,448	1,867,478	1.31
2.2.4	April	808,522	481,176	575,720	1,865,418	1.31
2.2.5	May	812,761	482,882	577,761	1,873,404	1.30
2.2.6	June	819,586	485,648	581,070	1,886,304	1.30
2.2.7	July	822,864	500,143	568,821	1,891,826	1.30
2.2.8	August	826,969	501,688	570,578	1,899,235	1.30
2.2.9	September	831,436	488,691	585,774	1,905,901	1.29
2.2.10	October	832,182	488,733	585,827	1,906,742	1.29
2.2.11	November	835,307	489,567	586,823	1,911,697	1.29
2.2.12	December	837,790	490,498	588,871	1,916,759	1.29
2.2.13	Average	819,958	491,005	575,485	1,886,448	1.30

Please provide the reasons if the members and/or adult dependants and/or child dependants are zero in any month: [Click here](#)

The scheme should capture the number of members, adult dependants and child dependants (as defined in the scheme's rules) per month in this section. Beneficiaries are the sum of members and dependants.

The December figures automatically pulls from part 2.1.

### *Average members and dependants*

The total number of members and dependants for the year divided by the number of months in which the medical scheme had members. For example, if a scheme had members from October to December for the financial year, the total will be divided by three. This calculation is done automatically.

### *Dependant ratio*

The dependant ratio is calculated as the total number of dependants (adult plus child) divided by the number of members. This calculation is done automatically.

### *Reason boxes*

The following reason box must be completed when specifications are met:

- Please provide the reasons, should the members and/or adult and/or child dependants be zero for any option.

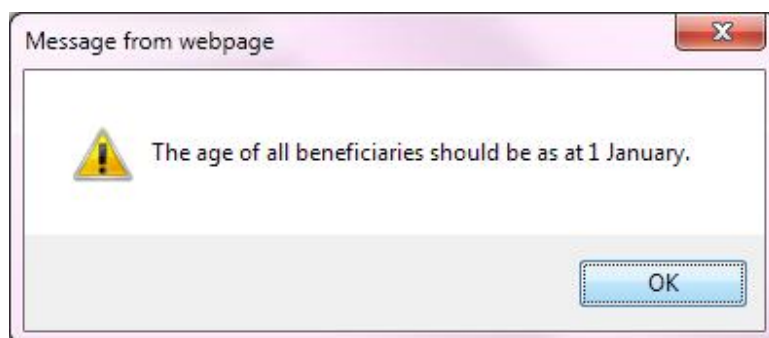
# Help File: 2017 Annual Statutory Return



## Part 2.3 Age Analysis of Beneficiaries as at the End of the Financial Year

		Consolidated Total		Per Benefit Option OPTION B	
		Male	Female	Male	Female
2.3.1	Less than one year	14,556	21,134	2	0
2.3.2	1-4 years	37,950	37,016	3	0
2.3.3	5-9 years	52,523	61,355	5	1
2.3.4	10-14 years	43,198	42,317	0	4
2.3.5	15-19 years	33,630	42,961	0	54
2.3.6	20-24 years	53,251	28,475	0	1
2.3.7	25-29 years	93,141	107,700	16	5
2.3.8	30-34 years	223,552	138,590	1,205	1,298
2.3.9	35-39 years	149,602	139,297	341	70
2.3.10	40-44 years	105,297	108,506	676	2,351
2.3.11	45-49 years	43,997	54,250	544	70
2.3.12	50-54 years	50,409	41,362	80	85
2.3.13	55-59 years	22,630	27,956	66	123
2.3.14	60-64 years	21,346	22,341	2	0
2.3.15	65-69 years	10,384	12,534	1	456
2.3.16	70-74 years	13,574	15,316	3	1
2.3.17	75-79 years	12,430	12,787	0	15
2.3.18	80-84 years	1,821	5,682	1	512
2.3.20	<b>Total</b>	<b>988,559</b>	<b>926,227</b>	<b>2,945</b>	<b>5,059</b>
<b>Cumulative Total</b>		<b>1,914,786</b>		<b>8,004</b>	
<b>65 Years + Ratio</b>		<b>5.04 %</b>		<b>12.52 %</b>	

The scheme should capture the number of beneficiaries as at 31 December per age band in this section. It is important to note that the age of the beneficiary should be calculated as at 1 January of the financial year concerned:



This information should be provided on an option level, and should be split between male and female beneficiaries.

The consolidated number of beneficiaries as well as the number of beneficiaries per option should validate to the number of beneficiaries captured in part 2.1.

## Help File: 2017 Annual Statutory Return



### 65 years + ratio

The system automatically calculates the number of beneficiaries older than 65 years as a percentage of the total beneficiaries. This is done on a consolidated as well as option level.

### Average age per beneficiary

The system automatically calculates the average age per beneficiary for the scheme as well as the individual options.

### Reason boxes

The following reason box must be completed when specifications are met:

- Please provide the reasons, should the total males or females be zero for any option.

## Part 2.4 Racial Demographics of Beneficiaries as at the End of the Financial Year

Province	African	Coloured	Indian/Asian	White	Unknown	Beneficiaries
2.4.1 Eastern Cape	136,770	13,677	15,729	23,594	7	189,777
2.4.2 Free State	218,833	21,883	25,165	37,748	8	303,637
2.4.3 Gauteng	164,125	16,412	18,874	28,311	8,969	236,691
2.4.4 Kwa-Zulu Natal	209,416	10,941	12,582	118,873	5	351,817
2.4.5 Limpopo	82,062	8,206	9,437	14,156	900	114,761
2.4.6 Mpumalanga	218,833	21,883	25,165	37,748	1,300	304,929
2.4.7 Northern Cape	54,708	5,470	6,291	9,437	8,000	83,906
2.4.8 North West	27,354	2,735	3,145	4,718	789	38,741
2.4.9 Western Cape	191,478	19,147	22,019	33,029	456	266,129
2.4.10 Outside the Republic	13,677	2,735	3,145	4,718	123	24,398
2.4.11 Total	1,317,256	123,089	141,552	312,332	20,557	1,914,786

Please provide reasons should the beneficiary race be unknown: [Click here](#)

The scheme should capture the racial demographics of its beneficiaries per province in this section.

The total number of beneficiaries should validate to the number of beneficiaries captured in part 2.1.

### Reason boxes

The following reason box must be completed when specifications are met:

- Please provide the reasons, should the members and/or adult and/or child dependants be zero for any option.

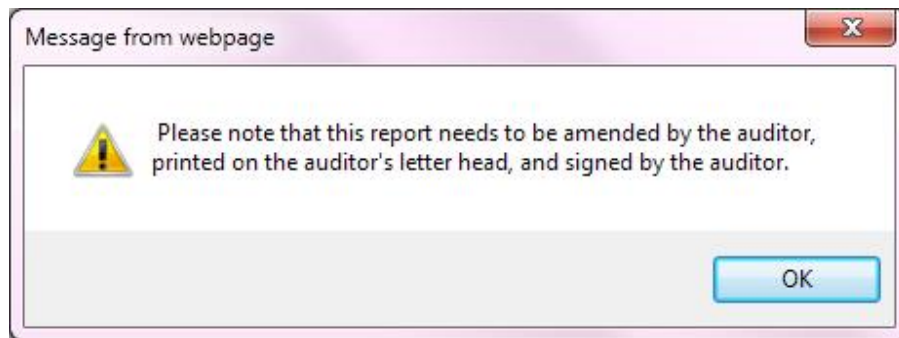


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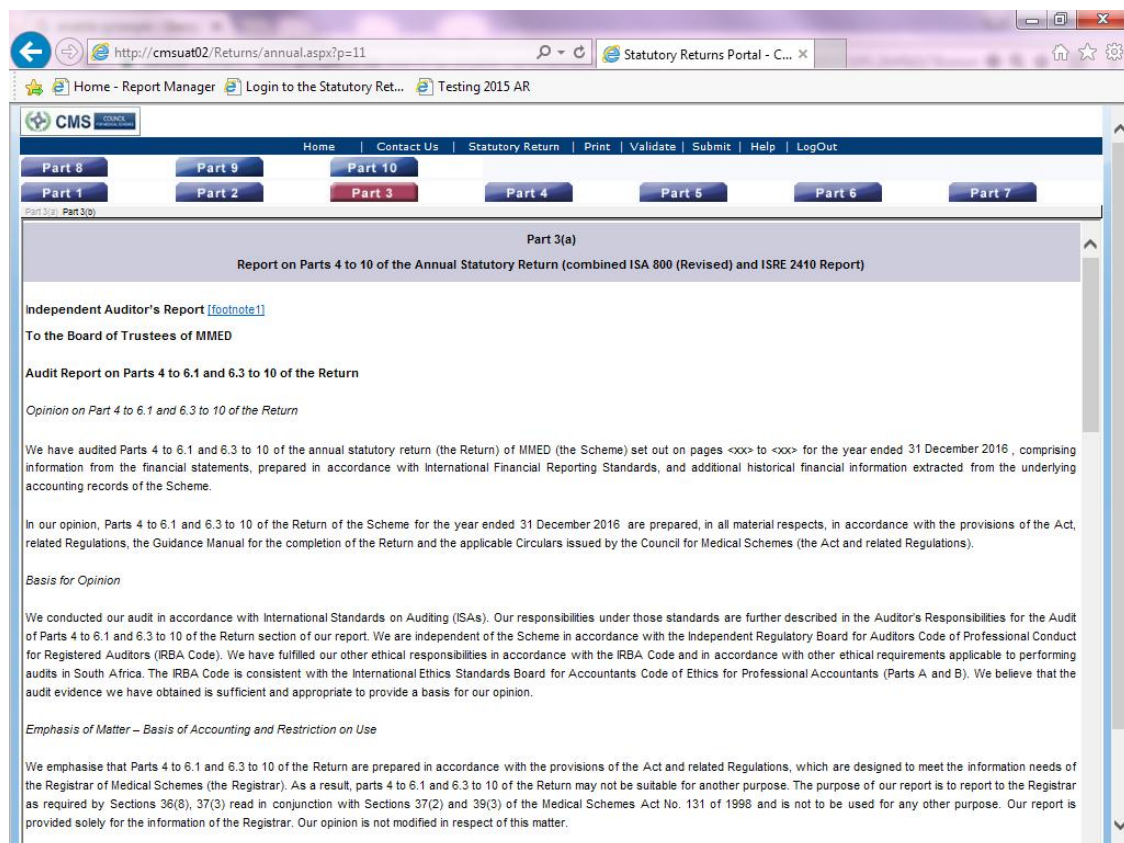


## PART 3 REPORTING BY THE AUDITORS IN TERMS OF SECTIONS 36, 37 & 39 OF THE ACT

Please note that these reports need to be amended by the auditor, printed on the auditor's letterhead and signed by the auditor:



### Part 3(a) Auditor's report



The auditor report provides assurance through an audit of Parts 4 – 10 of the Return, and a review on Part 6.2 of the Return of a scheme, that these have been prepared in all material respects in accordance

## Help File: 2017 Annual Statutory Return



with the provisions of the Act, related Regulations, the Help File for the completion of the Return and the applicable Circulars issued by the CMS.

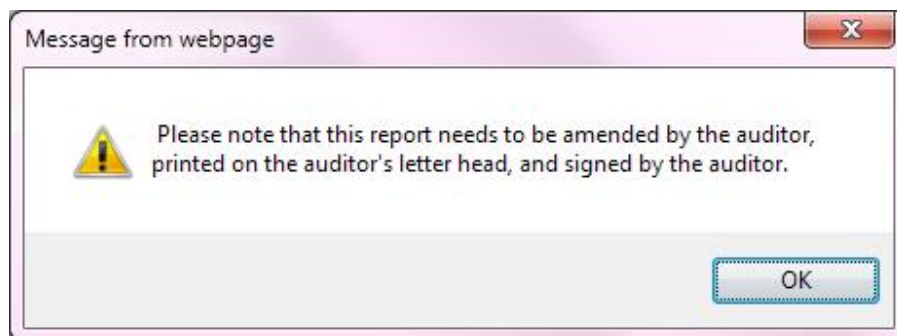
This report originates from the following sections in the Act:

- Section 36(8), which states that the auditor should certify whether any return or statement which he or she is required to examine in terms of Chapter 7 (Financial Matters) of the Act, complies with the requirements of the Act and whether it presents fairly the matters dealt with therein, as if such return or statement were a financial statement; and
- Section 37(2), which inter alia states that the AFS shall consist of "(e) such other returns as the Registrar may require", which in this case is the Return.
- As the Return is deemed to be part of the AFS, it is required to be audited in terms of Section 37(3).

The audit is performed using ISA 800 and the review is performed using ISRE 2410. The auditor report is restricted to the financial information contained in Parts 4 – 10 of the Return.

Even though the auditor is required to electronically sign the return, it is for identification purposes only (it is also indicated as such on the signature page).

It should therefore be noted that the Part 3(a) report should be amended and printed on the auditor's letterhead; and signed:



# Help File: 2017 Annual Statutory Return



## Part 3(b) Limited assurance report

Part 3(b)

Assurance Report on Compliance with Sections 36(5) and 36(8) of the Act (ISAE 3000 (Revised) Report)

Independent Auditor's Limited Assurance Report in Accordance with the Requirements of Sections 36(5) and 36(8) of the Medical Schemes Act No. 131 of 1998 [\[footnote 1\]](#)

To the Board of Trustees of MMED

We have undertaken our engagement in accordance with the requirements of Sections 36(5) and 36(8) of the Medical Schemes Act of South Africa (the Act) in order to provide the Registrar of Medical Schemes (the Registrar) with limited assurance regarding compliance by MMED (the Scheme) with the Sections of the Act and related Regulations specified below (the specified Sections of the Act and related Regulations) for the year ended 31 December 2017:

1. Section 24(5) and/or Regulation 2 (1)(i); and/or Sections 33(3) and 44(9)(b) as applicable, relating to the furnishing of financial guarantees;
2. Section 26(1)(c) relating to the establishment of a bank account under the scheme's direct control;
3. Sections 26(4) relating to the restriction of payments made from the scheme's bank account; and 26(5) relating to the prohibition on any dividend, rebate or bonus payment by a Scheme;
4. Section 26(7) relating to the period within which all subscriptions or contributions are to be paid directly to the Scheme;
5. Section 26(11) relating to the prohibition on a registered medical Scheme from carrying on any other business;
6. Section 37(4)(d) relating to disclosures in the annual financial statements in respect of benefit options offered, read together with Section 33 relating to approval and withdrawal of benefit options;
7. Sections 35(4), 35(5), 35(7) and 35(8) relating to assets and investments held by the Scheme, as well as Regulation 30 relating to limitations on assets held, read together with Annexure B of the Regulations which specifies the limitations on percentages of different categories of assets that may be held;
8. Section 35(6) relating to prohibition on encumbrances of Scheme assets without the prior approval of the Medical Council;
9. Sections 36(10) and 36(11) relating to the appointment of an audit committee and the composition of the majority of its members;
10. Section 57(4)(f) regarding the duties of the Trustees to take out and maintain an appropriate level of professional indemnity and fidelity insurance; [\[footnote 2\]](#)
11. Sections 59(2) relating to the payment within 30 days of a benefit to be paid to a member or supplier of service, read together with Regulations 6(1), 6(2), 6(3) and 6(4) relating to the manner of payment of benefits;
12. Regulation 9A relating to a prohibition on any provision in the rules of a Scheme that permits an accumulation of unexpended benefits by a beneficiary from one year to the next, other than as provided for in personal medical savings accounts;
13. Section 30(1)(e) relating to Scheme Rules allocating a personal medical savings account to a member within the limit and in the manner prescribed from time to time for payment of any relevant health service;
14. Regulations 10(1), 10(4), 10(5) and 10(6) relating to personal medical savings accounts;

This auditor report is the format in which the CMS requires an auditor to report on *all* non-compliance matters by a medical scheme of which an auditor becomes aware in the performance of the auditor's functions as an auditor, as required by Sections 36(5)(b) and 36(8)(b) of the Act.

These sections are limited to the financial aspects of the Act which an auditor will address in the auditor's normal audit procedures.

The auditor should ensure that all the necessary tests are performed during the course of the audit, to be able to sign off on this report.

It should be noted that for purposes of this auditor report, materiality is set as one, as *all non-compliance matters* need to be reported to the CMS.

In determining compliance to Section 57(4)(f) regarding the duties of the Trustees to take out and maintain an appropriate level of professional indemnity and fidelity insurance, the auditor is referred to the following audit procedures:

- Inspect the fidelity guarantee and professional indemnity policy and confirm the policy number and R-value of the cover taken out by the scheme in accordance with Section 57(4)(f) of the Act;
- Inspect the appropriate documentation and enquire from the scheme's administrator and management whether the premiums were fully paid up; and
- Inspect the minutes of meetings to confirm that cover was assessed for appropriateness by Board of Trustees.



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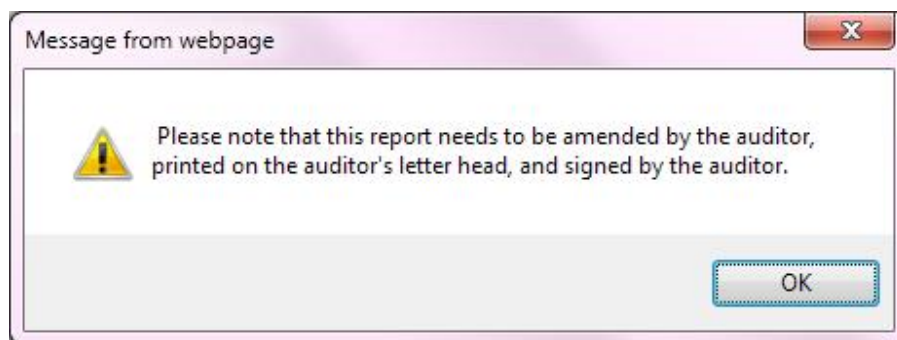
The auditor must only report on the relevant paragraph relating to personal medical savings accounts (PMSA):

- Sections 10 and 11(d) of the Prescription Act 68 of 1969 relating to the prescription of a debt owed to a member in respect of personal medical savings accounts; or
- Sections 4(1), 4(2), 4(4) and 4(5) of the Financial Institutions (Protection of Funds) Act 28 of 2001 relating to the investment of personal medical savings account monies and the separation thereof from scheme assets, read together with Section 2(c) of the Protection of Funds Act relating to the allocation of investment income earned in respect of these monies.

The auditor will report on the Protection of Funds Act where the Scheme Rules created a trust arrangement between the member and the scheme by stating that the PMSA monies belong to members.

Even though the auditor is required to electronically sign the return, it is for identification purposes only (it is also indicated as such on the signature page).

It should therefore be noted that the Part 3(b) report should be amended and printed on the auditor's letterhead; and signed:



## PART 4 NOTES TO THE FINANCIAL STATEMENTS

Please note that when certain specifications are met, the user will be required to complete a reason box. The user will not be able to submit the return without completing the relevant reason boxes.

# Help File: 2017 Annual Statutory Return



## Part 4.1 Property, Plant and Equipment

PART 4.1 PROPERTY, PLANT AND EQUIPMENT						
	Total	Land and Buildings	Computer Equipment and Software	Furniture and Fittings	Motor Vehicles	Other
	R	R	R	R	R	R
4.1.1 Gross Carrying Amount						
4.1.1.1 At beginning of year	9,540,000	7,990,000	500,000	20,000	1,000,000	30,000
4.1.1.1.1 - As previously reported	13,359,218	12,935,772	80,326	142,029	70,000	131,091
4.1.1.1.2 - Prior year adjustment	(3,819,218)	(4,945,772)	419,674	(122,029)	930,000	(101,091)
4.1.1.2 Additions	1,121,091	800,000	120,000	100,000	0	101,091
4.1.1.3 Disposals	(1,270,000)	(200,000)	(60,000)	(10,000)	(1,000,000)	0
4.1.1.4 Impairment write down	(102,000)	(100,000)	0	(2,000)	0	0
4.1.1.5 Revaluation surplus	1,000,000	1,000,000	0	0	0	0
4.1.1.6 Other movements (specify)	(999,873)	(554,228)	(479,674)	34,029	0	0
4.1.1.7 Other group balances on consolidation	4,070,000	4,000,000	0	0	70,000	0
4.1.1.8 Transfer of assets due to amalgamation	0	0	0	0	0	0
4.1.1.9 At end of year	13,359,218	12,935,772	80,326	142,029	70,000	131,091
4.1.2 Accumulated Depreciation						
4.1.2.1 At beginning of year	(1,020,000)	0	(300,000)	(10,000)	(700,000)	(10,000)
4.1.2.1.1 - As previously reported	(2,325,781)	(2,000,000)	(56,865)	(105,865)	(70,000)	(93,051)
4.1.2.1.2 - Prior year adjustment	1,305,781	2,000,000	(243,135)	95,865	(630,000)	83,051
4.1.2.2 Depreciation charges	(54,687)	0	(11,992)	(42,695)	0	0
4.1.2.3 Impairment charges	(47,000)	0	0	0	(47,000)	0
4.1.2.4 Accumulated depreciation on disposals	774,000	0	20,000	7,000	747,000	0
4.1.2.5 Other movements (specify)	(1,908,094)	(2,000,000)	235,127	(60,170)	0	(83,051)
4.1.2.6 Other group balances on consolidation	(70,000)	0	0	0	(70,000)	0
4.1.2.7 Transfer of assets due to amalgamation	0	0	0	0	0	0
4.1.2.8 At end of year	(2,325,781)	(2,000,000)	(56,865)	(105,865)	(70,000)	(93,051)
4.1.3 Net carrying amount at end of year	11,033,437	10,935,772	23,461	36,164	0	38,040

The opening balances in lines 4.1.1.1.1 and 4.1.2.1.1 pulls through from lines 4.1.1.9 and 4.1.2.8 of the previous year's annual return respectively.

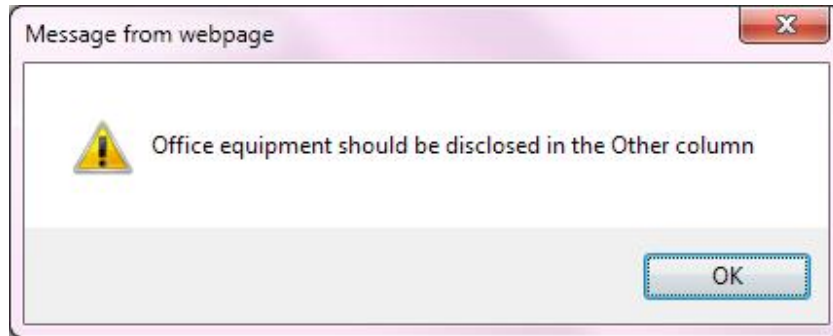
A minus must be placed in front of all credit entries (i.e. disposals / impairment write down / accumulated depreciation).

The total depreciation charges in part 4.1.2.2 must agree with the depreciation in part 4.16.1.16.

Investment property should not be included in this part. Land & buildings in this part only relates to owner-occupied assets. Investment properties should be included in part 4.2.

All assets not specifically provided for in the column headings of part 4.1 (e.g. office equipment) should be aggregated and included in the 'other' column provided:

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The scheme should provide the exact nature of any amounts included in parts 4.1.1.6 and 4.1.2.5. The scheme should only complete this part if the return does not cater specifically for that kind of transaction elsewhere in part 4.1.

The following reason box should be completed (if the specifications are met):

<i>Specification</i>	<i>Reason box wording</i>
Previous year figures were restated / reclassified in line 4.1.1.1.2 or line 4.1.2.1.2.	Please provide the reasons for any prior year restatements/reclassifications.

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## Part 4.2 Investments

	Non-Current R	Current R	Total R
4.2.1 Investment property	7,000,000	0	7,000,000
4.2.2 Available for sale investments	4,000,000	0	4,000,000
4.2.3 Held-to-maturity investments	400	600	1,000
4.2.4 Investments held at fair value through profit or loss	643,996,432	2,246,157,964	2,890,154,396
4.2.5 Other (specify)	600	400	1,000
4.2.6 Group investments on consolidation	0	3,000,000	3,000,000
4.2.7 Less: Transfer of assets due to amalgamation during the year	0	0	0
4.2.8 Total investments	654,997,432	2,249,158,964	2,904,156,396

The investments should be split between non-current (long-term) investments and (current) short-term investments, as per the audited financial statements of the scheme. Investments are considered to be current when it satisfies any of the following criteria:

- It is expected to be realised in, or is intended for sale in, the scheme's normal operation cycle;
- It is held primarily for the purpose of being traded; or
- It is expected to be realised within 12 months after statement of financial position date.

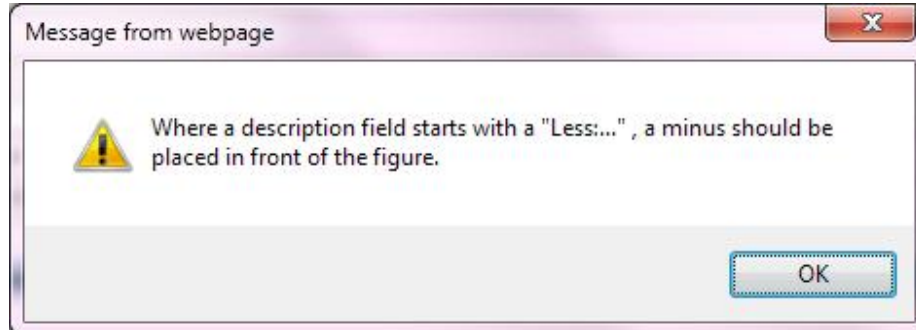
Every class of investments should be aggregated and disclosed in the line item provided for that specific class of investments. The scheme should provide the full details of any investments included in the 'other' button in 4.2.5.

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## Part 4.3 Trade and Other Receivables

Where a line starts with the word 'Less', the scheme should place a minus in front of the figure:



### Part 4.3(a)

The screenshot shows a web browser window with the URL <http://cmsuat02/Returns/annual.aspx?p=4&d=3>. The browser title is "Statutory Returns Portal - C...". The page displays a table for "PART 4.3 (a) TRADE AND OTHER RECEIVABLES". The table has two columns: a description field and a "Total" field. The "Total" field is labeled "R". The table lists various receivables categories and their corresponding values.

	Total R
4.3.1 Contributions outstanding	624,576,760
4.3.1.1 - Current	614,994,466
4.3.1.2 - 30 days	5,697,022
4.3.1.3 - 60 days	(358,416)
4.3.1.4 - 90 days	(806,723)
4.3.1.5 - 120 days +	5,050,411
4.3.2 Recoveries from members for co-payments paid and payable (except for contributions, loans and savings plan account advances)	10,030
4.3.2.1 - Current	2,000
4.3.2.2 - 30 days	10
4.3.2.3 - 60 days	10
4.3.2.4 - 90 days	10
4.3.2.5 - 120 days +	8,000
4.3.3 Personal medical savings account advances	50,000
4.3.3.1 - Current	45,000
4.3.3.2 - 30 days	2,750
4.3.3.3 - 60 days	250
4.3.3.4 - 90 days	150
4.3.3.5 - 120 days +	1,850
4.3.4 Risk transfer arrangements	3,136,680
4.3.4.1 Commercial reinsurance contracts	290,000
4.3.4.1.1 Share of outstanding claims provision	50,000
4.3.4.1.2 Share of claims reported not yet paid	250,000
4.3.4.1.3 Less: Provision for impaired losses at year end	(10,000)
4.3.4.2 Other risk transfer arrangements	2,846,680
4.3.4.2.1 Share of outstanding claims provision	2,846,680
4.3.4.2.2 Share of claims reported not yet paid	0

The scheme should provide a proper ageing of debtor balances, where required in the return. The scheme should not disclose the full debtor balance under one age category.

Any advances on personal medical savings accounts should be shown separately as part of trade and other receivables (part 4.3.3); these balances should also be aged.

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The total advances on the savings plan accounts should agree with the savings plan advances disclosed in part 4.5.1.16.

Risk transfer arrangements (4.3.4) are the sum of commercial reinsurance contracts (4.3.4.1) and other risk transfer arrangements (4.3.4.2).

Commercial reinsurance contracts will constitute insurance contracts entered into with a long-term insurer registered in terms of section 9 of the Long-term Insurance Act, 1998 (Act No. 52 of 1998), or a short-term insurer registered in terms of section 9 of the Short-term Insurance Act, 1998 (Act No. 53 of 1998).

The share of outstanding claims provision covered by commercial reinsurance contracts (4.3.4.1.1) plus the share of claims reported not yet paid covered by commercial reinsurance contracts (4.3.4.1.2) must agree with the provision for reinsurance claims recovered in part 4.14.3. Line 4.3.4.1.1 also has to agree to the closing balance of the "outstanding claims provision-covered by commercial reinsurance contracts" (4.9.8 Column C).

Commercial reinsurance claims paid by the scheme but not yet recovered from the reinsurer should be included in part 4.3.4.1.2.

A risk transfer asset is considered to be impaired when there is objective evidence, as a result of an event that occurred after initial recognition of the asset, that the scheme may not recover its full exposure in kind in terms of the contract, and that the event has a reliably measurable impact on the amounts that the scheme will now have to pay to the member. The provision for impaired losses in respect of commercial reinsurance contracts must be included in 4.3.4.1.3.

Other risk transfer arrangements will constitute all "other" reinsurance contracts that fall within the definition of IFRS 4, for example a capitation agreement entered into with a managed healthcare provider. Please note that not all capitation agreements will fall within the definition of IFRS 4 by default. Each contract will have to be evaluated in terms of IFRS 4. (Also refer to the relevant Appendix of the SAICA Medical Schemes Accounting Guide (SAICA Guide))

Depending on the tail of the specified benefits provided and the timing and accuracy of the information received from the managed healthcare provider regarding the specified benefits delivered before year end, the scheme should recognise an outstanding claims provision and an "other risk transfer" asset. This represents the scheme's best estimate of costs incurred and "costs" recovered in kind before year end, but not yet reported at the time.

The share of outstanding claims provision covered by other risk transfer arrangements (4.3.4.2.1) should therefore agree with the closing balance of the "outstanding claims provision-covered by other risk transfer arrangements" (4.9.8 Column D). A risk transfer asset, under for example a capitation agreement, is considered to be impaired when there is objective evidence, as a result of an event that occurred after initial recognition of the asset, that the scheme may not recover its full exposure in kind in terms of the contract, and that the event has a reliably measurable impact on the amounts that the scheme will now have to pay to the member. The provision for impaired losses in respect of other risk transfer arrangements must be included in 4.3.4.2.3.

The corresponding entries in respect of the share of claims reported not yet paid (both commercial reinsurance contracts (4.3.4.1.2) and other risk transfer arrangements (4.3.4.2.2) needs to be included in 4.8.1 (reported claims not yet paid).

The scheme should provide the exact nature of any prepaid expenditure included in line 4.3.7.

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Accrued interest (part 4.3.9) should include all accrued interest, including those specified on the schemes' investment portfolios.

All amounts owing by providers (i.e. overpayments made to providers), should be included in the provider balances line in part 4.3.11 of the return.

The scheme should include any related party debit balances at year-end in 4.3.12.5 (unless the return provides for that related party in another specific line). These balances should correspond with the scheme's related party disclosure note in terms of IAS 24 in its audited financial statements. The nature of the related party relationship should also be indicated. Balances captured in this line would also pull through automatically to part 4.26.2.

The scheme should ensure that they disclose every debtor in the specific line provided for in part 4.3. Sundry debtors (4.3.13) should only be used if the return did not make provision for that specific debtor.

The scheme should furthermore NOT aggregate all its sundry debtor balances together in one line item in sundry debtors (4.3.13). Any balance greater than 10% of the total trade and other receivables should be disclosed separately in part 4.3.13.

Users are referred to the guidance provided in the SAICA Guide in respect of the recognition of Road Accident Fund (RAF) debtors.

The following reason boxes might warrant completion (if the specifications are met):

<i>Specification</i>	<i>Reason box wording</i>
Contributions outstanding for more than 30 days	Please indicate whether the scheme has any agreements in place with employers / members to pay their contributions after 3 days of it becoming due.
Contributions outstanding for more than 30 days	Please indicate the remedial actions taken by the scheme where contributions were received after three days of it becoming due
4.3.12.1 > R0	What is the nature of/reasons for the amount owed by the administrator?
4.3.12.2 > R0	What is the nature of/reasons for the amount owed by reinsurers (other than claims recoveries)?
4.3.12.3 > R0	What is the nature of/reasons for the amount owed by managed care organisations (other than claims recoveries)?
4.3.12.4 > R0	What is the nature of/reasons for the amount owed by brokers?
4.3.12.5 > R0	What is the nature of/reasons for the amount owed by other related parties?



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## Part 4.3(b)

PART 4.3(b)		Total R
<b>ANALYSIS OF MOVEMENTS IN RESPECT OF RISK TRANSFER ARRANGEMENTS ASSETS</b>		
4.3.1	Commercial reinsurance contracts	290,000
4.3.1.1	Balance at beginning of year	290,000
4.3.1.2	Less: Payments in respect of prior year	(50,000)
4.3.1.3	Over / (under) provision in respect of prior year	240,000
4.3.1.4	Adjustment for current year	50,000
4.3.2	Other risk transfer arrangements	2,846,680
4.3.2.1	Balance at beginning of year	2,846,680
4.3.2.2	Less: Payments in respect of prior year	(2,846,680)
4.3.2.3	Over / (under) provision in respect of prior year	0
4.3.2.4	Adjustment for current year	2,846,680
4.3.3	<b>Total risk transfer arrangements assets</b>	<b>3,136,680</b>

In part 4.3(b) the scheme has to split out the movements in respect of risk transfer arrangements.

The previous year's balance automatically pulls through to lines 4.3.1.1 and 4.3.2.2.

The closing balances should correspond with the balances entered in part 4.3(a), and the movements in these balances between periods with the scheme's risk transfer arrangements (trade and other receivables) disclosure note in terms of IFRS 4 par.37(e) in its audited financial statements.

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## Part 4.4 Cash and Cash Equivalents

Any bank overdraft balances should not be netted off against positive bank balances in this part; bank overdrafts should be disclosed in part 4.8 (trade and other payables).

Outstanding cheques are only disclosed in part 4.4.8 if it has not already been written back to trade and other payables (4.8). If the outstanding cheques are included in cash and cash equivalents, it should be noted that 4.4.8 is only a disclosure item, to enable the Office to test the scheme's compliance with Regulation 30, read together with Annexure B. Line 4.4.7 should still agree with the scheme's audited cash and cash equivalents.

PART 4.4 CASH AND CASH EQUIVALENTS		Total
		R
4.4.1	Call accounts	281,410,625
4.4.2	Current accounts	242,693,813
4.4.3	Fixed deposits	20,000
4.4.4	Money market instruments	28,626,355
4.4.5	Cash and cash equivalents of group companies on consolidation	80,000
4.4.6	Less: Transfer of assets due to amalgamation during the year	0
4.4.7	<b>Total cash and cash equivalents per statement of financial position</b>	<b>552,830,793</b>
4.4.8	Outstanding cheques	7,000
4.4.9	<b>Total cash and cash equivalents per part 9 of the return</b>	<b>552,837,793</b>

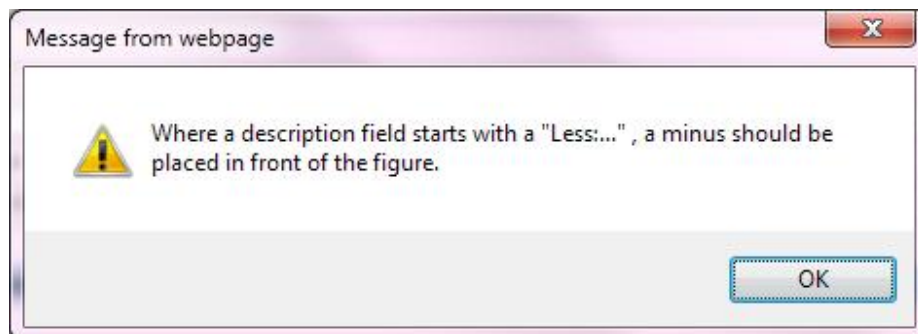
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## Part 4.5.1 Personal Medical Savings Account Liability

PART 4.5.1 PERSONAL MEDICAL SAVINGS ACCOUNT LIABILITY		Total
		R
4.5.1.1	Balance on savings plan liability at the beginning of the year (credit balance)	1,222,301,612
4.5.1.2	Prior year adjustment	69,147,313
4.5.1.3	<b>Less:</b> Advances on savings plan accounts	(50,000)
4.5.1.4	<b>Balance on savings plan liability at the beginning of the year (net balance)</b>	1,291,398,925
4.5.1.5	Savings contributions received or receivable	3,615,606,466
4.5.1.5.1	- For the current year	3,615,556,366
4.5.1.5.2	- Received in advance	50,000
4.5.1.5.3	- Allocated to settle prior year advances	100
4.5.1.6	Transfers from other schemes	32,095,446
4.5.1.7	Savings plan liabilities transferred to/(from) the scheme upon amalgamation	500,000
4.5.1.8	Interest paid on savings plan accounts	14,850,504
4.5.1.9	<b>Less:</b> Transfers to other schemes	(50,100)
4.5.1.10	<b>Less:</b> Claims paid on behalf of members	(3,529,440,455)
4.5.1.11	<b>Less:</b> Administration expenses	(500,000)
4.5.1.12	<b>Less:</b> Bank charges and investment management fees incurred	(38,376)
4.5.1.13	<b>Less:</b> Refunds on death or resignation	(134,000,000)
4.5.1.14	<b>Less:</b> Unclaimed personal medical savings accounts written off to scheme funds	(90,000,000)
4.5.1.15	Other (specify)	21,829,202
4.5.1.16	<b>Net balance at the end of the year</b>	1,222,251,612
4.5.1.17	<b>Add:</b> Advances on savings plan accounts	50,000
4.5.1.18	<b>Balance of savings plan liability at the end of the year (credit balance)</b>	1,222,301,612

Where a line starts with the word 'Less', the scheme should place a minus in front of the figure:



The savings plan liability at the beginning of the year 4.5.1.1 as well as the opening advances on the savings plan account 4.5.1.3 is pulled through from the previous year's closing savings plan liability (4.5.1.16 in the previous year's annual return) and advances on the savings plan account (4.5.1.15 in the previous year's annual return).

The savings contributions for the current year in part 4.5.1.5.1 pulls automatically through from part 4.10.2.

The interest paid on savings plan accounts in part 4.5.1.8 pulls automatically through from part 4.22.2 (finance costs – interest paid on savings accounts).

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The claims paid on behalf of members in part 4.5.1.10 pulls automatically through from part 4.11.2 (savings claims paid).

Administration expenses in part 4.5.1.11 pulls automatically through from part 4.16.38 (administration expenses recoverable from savings plan accounts).

Unclaimed personal medical savings accounts written off to scheme funds in part 4.5.1.14 automatically through from part 4.23.30 (unclaimed personal medical savings accounts written off).

The scheme should provide the exact nature of any amounts included in line 4.5.1.15. The scheme should only complete this part if the return does not cater specifically for that kind of transaction elsewhere in part 4.5.1.

It is very important to split the debit balances included in the savings plan liability from the credit balances. These debit balances at year-end should be disclosed in part 4.5.1.17.

The scheme is required to split the credit savings balance at year-end between current members and resigned members. The scheme should further perform an ageing of the credit savings balances of resigned members between the balances younger than 6 months and the balances older than 6 months.

The balances older than 6 months should also be split further in accordance with its monetary value:

- ≤ R100
- R101 - R500
- R501 - R1 000
- R1 001 - R2 000
- R2 001 - R5 000
- R5 001 - R10 000
- > R10 000

The number of PMSA accounts in respect of each monetary bracket and the total amount owed in respect of these accounts needs to be disclosed.

Resigned members in the ageing should include members resigned from the scheme as well as members resigned from an option with savings to an option without savings within the scheme.

Both savings contributions and withdrawals are accounted for on the cash basis, i.e. no provision is made for outstanding claims at the end of the accounting period.

When certain specifications are met, the reason boxes need to be completed:

<i>Specification</i>	<i>Reason box wording</i>
Line 4.5.1.19.2.2 > R0	What procedures are in place to follow-up on members that need to be refunded?
Previous year figures were restated / reclassified in line 4.5.1.2.	Please provide the reasons for any prior year restatements/reclassifications.

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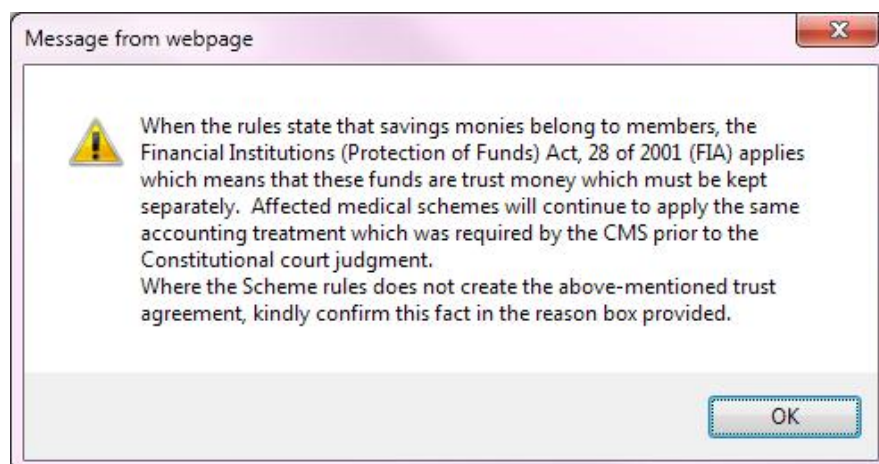
## Part 4.5.2 Personal Medical Savings Account Trust Investment

Part 4.5.2 PERSONAL MEDICAL SAVINGS ACCOUNT TRUST INVESTMENT		Total R
4.5.2.1	Call accounts	987,456,321
4.5.2.2	Current accounts	12,387,402
4.5.2.3	Fixed deposits	132,272,800
4.5.2.4	Other (specify)	90,185,089
4.5.2.5	Less: Transfer of assets due to amalgamation during the year	0
4.5.2.6	<b>Total personal medical savings account trust investment</b>	<b>1,222,301,612</b>

Please provide detail as to why the personal medical savings account trust investment does not agree with the trust liability: [Click here](#)

When the rules state that savings monies belong to members, the Financial Institutions (Protection of Funds) Act, 28 of 2001 (FIA) applies which means that these funds are trust money which must be kept separately. Affected medical schemes can continue to apply the same accounting treatment which was required by the CMS prior to the Constitutional court judgment.

Where the Scheme rules does not create the above-mentioned trust agreement, kindly confirm this fact in the reason box provided.



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This part requires information on how the personal medical savings account trust monies were invested on the members' behalf.

The scheme should provide the exact nature of any balances included in line 4.5.2.4.

The scheme would also be required to provide information on the reconciling items between the balance of the trust investment and that of the PMSA liability.

## Part 4.6 Borrowings

Part 4.6 BORROWINGS

		Interest bearing borrowings		Non-interest bearing borrowings		Total
		Current	Non-Current	Current	Non-Current	
		R	R	R	R	R
4.6.1	Description (specify)	10,000	2,000	3,000	7,000	22,000
4.6.2	Borrowings of group companies on consolidation	9,118,124	900,000	247,000	243,000	10,508,124
4.6.3	Less: Transfer of liabilities due to amalgamation during the year	0	0	0	0	0
4.6.4	<b>Total borrowings</b>	<b>9,128,124</b>	<b>902,000</b>	<b>250,000</b>	<b>250,000</b>	<b>10,530,124</b>

Were the borrowings approved by Council? [Click here](#)

The scheme should split its borrowings between interest bearing borrowings and non-interest bearing borrowings. The borrowings should further be split between current borrowings and non-current borrowings.

A liability shall be classified as current when it satisfies any of the following criteria:

- It is expected to be settled in the scheme's normal operating cycle;
- It is due to be settled within 12 months after the statement of financial position date; or
- The scheme does not have an unconditional right to defer settlement of the liability for at least 12 months after the statement of financial position date.

Details of every borrowing should be provided in the description line provided (4.6.1); it should be noted that all the scheme's borrowings should not be aggregated and disclosed as a single line in part 4.6.1.



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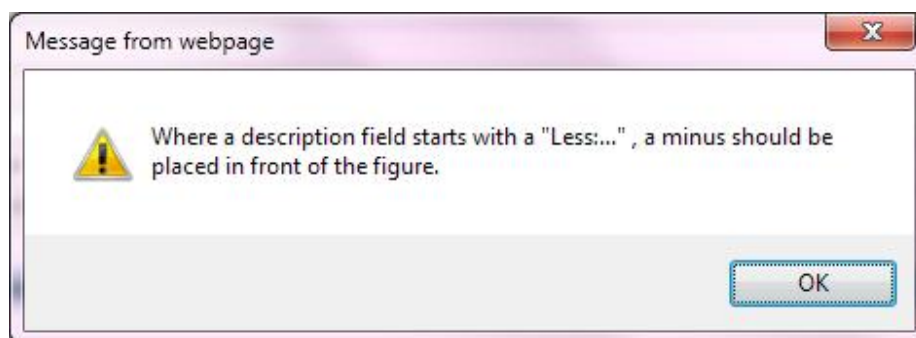
In this regard it is important to note that section 35(6) (c) states that a medical scheme shall not directly or indirectly borrow money without the prior approval of the Council or subject to such directives as the Council may issue, this being the reason why further detail in respect of approval of the borrowings is requested in the reason box.

### Part 4.7 Other Non-Current Liabilities

PART 4.7 OTHER NON-CURRENT LIABILITIES		Total
		R
4.7.1	Other non current liabilities	1,474,490
4.7.1.1	Post retirement benefits	520,000
4.7.1.2	Other non-current liabilities (specify)	954,490
4.7.2	Less: Current portion included in current liabilities	(376,069)
4.7.2.1	Post retirement benefits	(20,000)
4.7.2.2	Other	(356,069)
4.7.3	Balances of group companies on consolidation	80,200
4.7.4	Less: Transfer of liability due to amalgamation during the year	0
4.7.5	<b>Total other non-current liabilities</b>	<b>1,178,621</b>

In respect of which employees are the post retirement benefits due? [Click here](#)

Where a line starts with the word 'Less', the scheme should place a minus in front of the figure:



Details of every non-current liability should be provided in the description line provided (4.7.1.2); it should be noted that all the scheme's non-current liabilities should not be aggregated and disclosed as a single line in part 4.7.1.



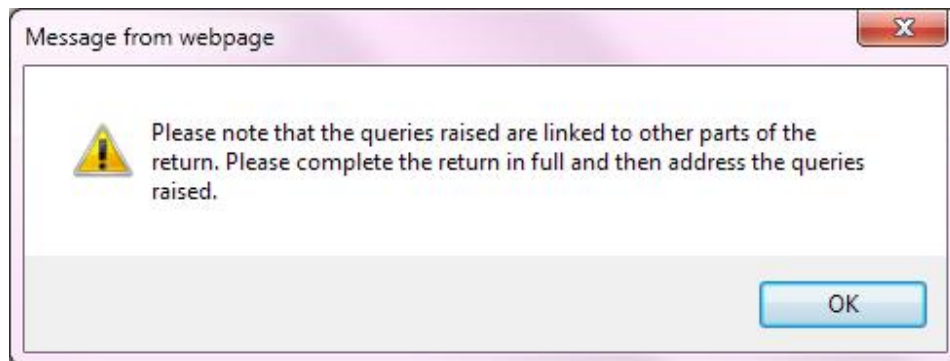
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When certain specifications are met, the following reason boxes need to be completed:

Specification	Reason box wording
Third party administered scheme and line 4.7.1.1 > R0	In respect of which employees are the post retirement benefits due?

## Part 4.8 Trade and Other Payables



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Part 8 | Part 9 | Part 10 | Part 1 | Part 2 | Part 3 | Part 4 | Part 5 | Part 6 | Part 7

Part 4.1 Part 4.2 Part 4.3(a) Part 4.3(b) Part 4.4 Part 4.5.1 Part 4.5.2 Part 4.6 Part 4.7 Part 4.8 Part 4.9 Part 4.10 Part 4.11 Part 4.12 Part 4.13 Part 4.14 Part 4.15(a) Part 4.15(b) Part 4.16.1 Part 4.16.2 Part 4.16.3 Part 4.16.4 Part 4.17 Part 4.18 Part 4.19 Part 4.20 Part 4.21 Part 4.22 Part 4.23 Part 4.24 Part 4.25 Part 4.26

**PART 4.8**  
**TRADE AND OTHER PAYABLES**

	Total
4.8.1 Reported claims not yet paid	201,522,856
4.8.1.1 Reported claims not yet paid - due to members (including outstanding cheques)	66,823,046
4.8.1.2 Reported claims not yet paid - due to providers (including outstanding cheques)	134,699,810
4.8.2.1 Stale cheques for claims expenses	20,000
4.8.2.2 Stale cheques for expenses other than claims	20,000
4.8.3 Net contributions received in advance	4,106,738
4.8.4 Payments received in advance under risk transfer arrangements	280,473
4.8.4.1 Payments received in advance under commercial reinsurance contracts	272,473
4.8.4.2 Payments received in advance under other risk transfer arrangements	8,000
4.8.5 Bank overdraft (current account)	0
4.8.6 Amounts owing to:	224,310,301
4.8.6.1 - Administrator	188,529,396
4.8.6.2 - Reinsurer (other than claim recoveries)	339,935
4.8.6.3 - Brokers	35,220,968
4.8.6.4 - Accredited managed care organisations	200,000
4.8.6.5 Other related parties (specify)	20,000
4.8.7 Current portion of non-current borrowings and other non-current liabilities	9,734,193
4.8.8 Amounts owing to members	20,000
4.8.9 Unallocated deposits	5,046,144
4.8.10 Post retirement benefits	20,000
4.8.11 Other payables & accrued expenses (specify)	10,064,196

Line 4.8.1 (Reported claims not yet paid) should include all the scheme's claims creditors (including outstanding cheques relating to reported claims not yet paid that were written back to trade and other payables). It should be noted that the reported claims not yet paid must be equal to part 4.11.1.3 (Direct benefits reported not yet paid) (Total column).

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All outstanding cheques relating to expenses other than claims that have been written back to trade and other payables should be included in other payables and accrued expenses (4.8.11). The nature of these expenses must also be included.

Stale cheques are those long outstanding cheques that have not yet been cashed, but have also not yet prescribed.

The scheme should include all related party credit balances at year-end in 4.8.6.5 (unless the return provides for that related party in another specific line). These balances should correspond with the scheme's related party disclosure note in terms of IAS 24 in its audited financial statements. The nature of the related party relationship should also be indicated. Balances captured in this line would also pull through automatically to part 4.26.2.

The current portion of non-current borrowings and other non-current liabilities (4.8.7) pulls automatically through from parts 4.6.4 (Total of current borrowings) and 4.7.2.2 (Current portion included in current liabilities).

The current portion of post-retirement benefits pulls automatically through from part 4.7.2.1.

It should be noted that all unallocated deposits should be disclosed separately in part 4.8.9 and should not be netted off against outstanding contributions in part 4.3.1 of the return.

The scheme should ensure that they disclose every creditor in the specific line provided for. Other payables and accrued expenses (4.8.11) should only be used if the return did not make provision for that specific creditor.

The scheme should furthermore NOT aggregate all its sundry creditor balances together in one line item in other payables and accrued expenses (4.8.11). Any balance greater than 10% of the total trade and other payables should be disclosed separately in part 4.8.11.

It is important to note that the provision for outstanding claims is not included in this section, but disclosed in part 4.9.

When certain specifications are met, the following reason boxes need to be completed:

<i>Specification</i>	<i>Reason box wording</i>
Line 4.8.6.1 > (Line 4.16.1.2 current year both columns / 12)	What is the nature of/the reasons for the amount owed to the administrator? The amount owed is larger than the average fee per month.
Line 4.8.6.3 > (- Line 6.1.7.1 total column / 12)	What is the nature of/the reasons for the amount owed to brokers? The amount owed is larger than the average fee per month.
If line 4.8.6.4 > ((Line 4.12.7 total column + lines 4.13.1.1 - 4.13.1.7) consolidated total / 12)	What is the nature of/the reasons for the amount owed to accredited managed care organisations? The amount owed is larger than the average fee per month.
If 4.8.8 > (4.8.14 x 10%)	Part 4.8: What is the nature of/the reasons for the amount owed to members in line 4.8.8?

# Help File: 2017 Annual Statutory Return



Specification	Reason box wording
Line 4.8.9 > (Line 6.1.1 total column / 12)	What is the nature of/the reasons for the unallocated deposits? The amount owed is larger than the average gross contributions per month.
Third party administered scheme and line 4.8.10 > R0	In respect of which employees are the post retirement benefits due?
If lines 4.8.5 + 4.8.7 > R0	Please indicate whether the scheme obtained approval from Council to directly or indirectly borrow money, as is required by section 35(6)(c) of the Medical Schemes Act.

Please note that the queries raised in this part are linked to other parts in the return. After completing the return in full it will be necessary to return to this part, and address the queries.

## Part 4.9 Outstanding Claims Provision

http://cmsuat02/Returns/annual.aspx?p=4&d=10 Statutory Returns Portal - C...

Home - Report Manager Login to the Statutory Ret... Testing 2015 AR

CMS

Home | Contact Us | Statutory Return | Print | Validate | Submit | Help | LogOut

Part 8 Part 9 Part 10 Part 1 Part 2 Part 3 Part 4 Part 5 Part 6 Part 7

Part 4.1 Part 4.2 Part 4.3(a) Part 4.3(b) Part 4.4 Part 4.5.1 Part 4.5.2 Part 4.6 Part 4.7 Part 4.8 Part 4.9 Part 4.10 Part 4.11 Part 4.12 Part 4.13 Part 4.14 Part 4.15(a) Part 4.15(b) Part 4.16.1 Part 4.16.2 Part 4.16.3 Part 4.16.4 Part 4.17 Part 4.18 Part 4.19 Part 4.20 Part 4.21 Part 4.22 Part 4.23 Part 4.24 Part 4.25 Part 4.26

**PART 4.9**  
**OUTSTANDING CLAIMS PROVISION**

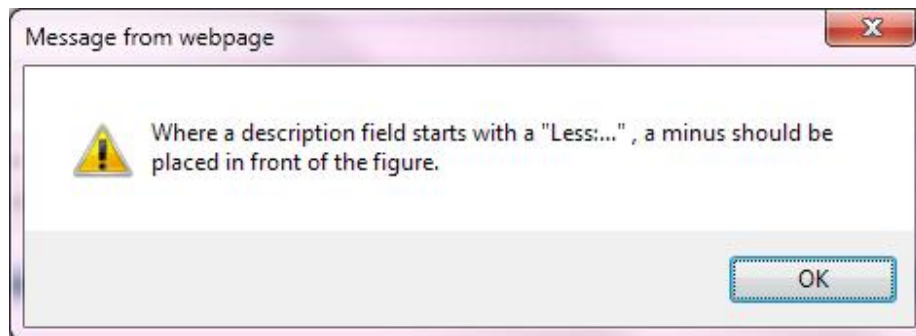
	A Total R	B Outstanding claims provision - not covered by risk transfer arrangements R	C Outstanding claims provision - covered by commercial reinsurance contracts R	D Outstanding claims provision - covered by other risk transfer arrangements R
4.9.1 Balance at beginning of year	481,911,127	479,064,447	0	2,846,680
4.9.1.1 - As previously reported	544,995,606	542,098,926	50,000	2,846,680
4.9.1.2 - Prior year adjustment	(63,084,479)	(63,034,479)	(50,000)	0
4.9.1.3 - Transfer of liability due to amalgamation (IN)	0	0	0	0
4.9.2 Less: Payments in respect of prior year	(463,341,845)	(460,495,165)	0	(2,846,680)
4.9.3 (Under)/Over provision in respect of prior year	18,569,282	18,569,282	0	0
4.9.4 Adjustment for the current year	526,376,324	523,479,644	50,000	2,846,680
4.9.5 Liability adequacy test (LAT) provision adjustment	50,000	50,000	0	0
4.9.6 Total outstanding claims provision at end of year	544,995,606	542,098,926	50,000	2,846,680
4.9.7 Less: Transfer of liability due to amalgamation (OUT)	0	0	0	0
4.9.8 Total outstanding claims provision at end of year	544,995,606	542,098,926	50,000	2,846,680
	R	R	R	R
Representing:				
4.9.8.1 Estimated gross claims	579,640,505	576,743,825	50,000	2,846,680
4.9.8.2 Less: Estimated recoveries from	(34,644,899)	(34,644,899)	0	0
4.9.8.2.1 - Co-payments	(30,000)	(30,000)	0	0
4.9.8.2.2 - Savings plan accounts	(34,614,899)	(34,614,899)	0	0
4.9.8.3 Balance at end of year	544,995,606	542,098,926	50,000	2,846,680

Please provide reasons for any (under)/over provision which is more than 10% of the previous year's provision: [Click here](#)

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Where a line starts with the word 'Less', the scheme should place a minus in front of the figure:



The outstanding claims provision (total) (column A) consists out of the following categories:

- a) Outstanding claims provision (not covered by risk transfer arrangements) (column B)
- b) Outstanding claims provision (covered by commercial reinsurance contracts) (column C)
- c) Outstanding claims provision (covered by other risk transfer arrangements) (column D)

Please refer to explanation provided in 4.3(a) in respect of other risk transfer arrangements. Also refer to the SAICA Guide for further details.

The balance at the beginning of the year as previously reported (4.9.1.1) (columns A - D) pulls automatically through from the closing balance per the previous year's return in part 4.9.8.

Any prior year adjustments should be reflected in part 4.9.1.2 (prior year adjustment). A reason box will need to be completed to explain any such adjustments.

The outstanding claims provision at the end of the year (covered by commercial reinsurance contracts) (column C) must agree with part 4.3.4.1.1 (a) (commercial reinsurance contracts: share of outstanding claims provision).

The outstanding claims provision at the end of the year (covered by other risk transfer arrangements) (column D) must agree with part 4.3.4.2.1 (a) (other risk transfer arrangements: share of outstanding claims provision).

The scheme should at all times be able to explain any over or under provision of the prior year's outstanding claims provision. The reason box will require further details in respect of over/under provisions greater than 10% of the previous year's provision.

The liability adequacy test (LAT) provision adjustment in line 4.9.5 should be made in terms of IFRS 4. (Please refer to guidance provided in the SAICA Guide.)

The provision is net of estimated recoveries from members for co-payments and savings plan accounts. Thus, the provision is only calculated on the claims that the scheme has a liability to pay for. It should further be noted that the totals per line 4.9.8.5 should agree with the totals in line 4.9.8.

# Help File: 2017 Annual Statutory Return



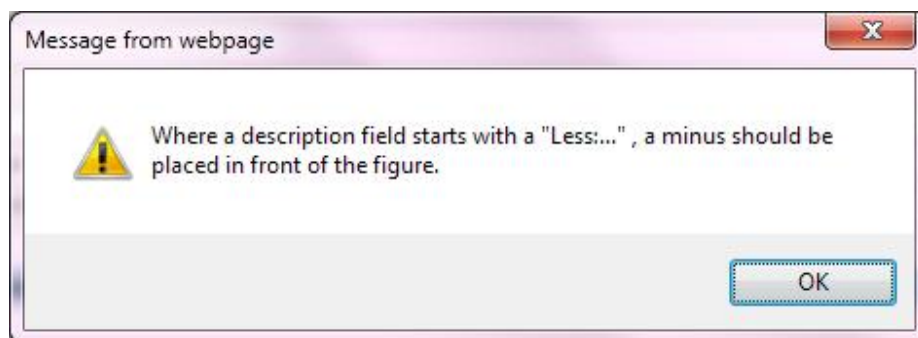
## Part 4.10 Risk Contribution Income

The screenshot shows the CMS Statutory Returns Portal. The browser address bar displays <http://cmsuat02>Returns/annual.aspx?p=4&d=11>. The page title is "Statutory Returns Portal - C...". The navigation menu includes "Home", "Report Manager", "Login to the Statutory Ret...", "Testing 2014 AR", and "Testing 2015 AR". The main content area is titled "PART 4.10 RISK CONTRIBUTION INCOME". It contains a table with the following data:

	Total
	R
4.10.1 Gross contributions per registered rules	16,619,189,351
4.10.2 Less: Savings contributions received	(3,615,556,366)
4.10.3 Risk contribution income	13,003,632,985

Below the table, there is a text field with the prompt "Please provide the reasons if the gross contributions are zero:" and a "Click here" button.

Where a line starts with the word 'Less', the scheme should place a minus in front of the figure:



Gross contributions are the amounts incurred by members, in terms of the registered rules of the scheme, for the purchase of healthcare benefits. Gross contributions include savings contributions. Therefore, any subsidies received from an employer, over and above the contributions per the registered rules of the scheme should not form part of gross contributions. These subsidies should be disclosed in other income in parts 6.1.17 and 4.23.31 of the return.

Also, important to note that any prescribed unallocated deposits should also not form part of gross contributions; as these amounts are not in line with the scheme's current year's registered contribution table.



# Help File: 2017 Annual Statutory Return



Any prescribed unallocated deposits should be disclosed in other income in parts 6.1.17 and 4.23.31 of the return.

Any contributions written off, which is not recoverable, should not be deducted from risk contributions; any write-offs of contribution income should form part of impairment losses: Trade and other receivables in parts 6.1.9.10 and 4.23.24 of the return.

Contribution income is recognised in the accounting period to which the related risks refer. For this reason, any unpaid contributions at the end of the accounting period are reflected as current assets, and any contributions received in advance are reflected as current liabilities. These amounts are disclosed separately in trade and other receivables (part 4.3) or trade and other payables (part 4.8).

In accordance with sections 26(1)(c) and 26(4) of the Act, a scheme is not allowed to collect fees payable by a member to a third party, e.g. a funeral fund/wellness programmes on behalf of that third party. Therefore, gross contributions should not include any such fees. Should any fees of this nature exist, it should be disclosed as a liability in part 4.8 of the return.

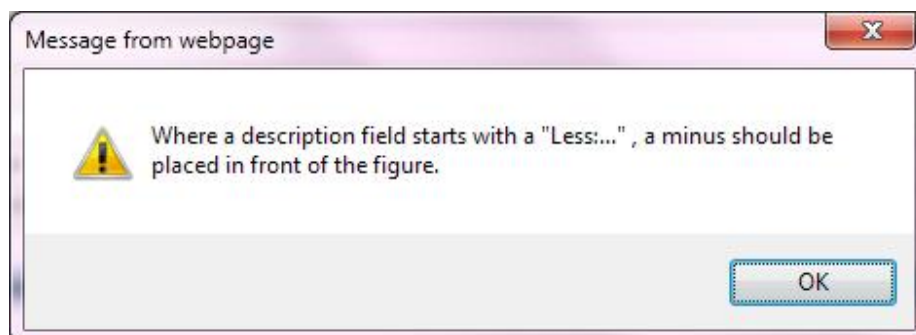
Schemes will be required to provide more details if no gross contributions were accrued during the year.

## Part 4.11 Relevant Healthcare Expenditure

The screenshot shows the CMS Statutory Returns Portal interface. The browser address bar displays 'https://cmsuat02>Returns/annual.aspx?p=4&cd=12'. The page title is 'Statutory Returns Portal - C...'. The navigation menu includes 'Home', 'Report Manager', 'Login to the Statutory Ret...', and 'Testing AR portal'. The main content area shows the 'PART 4.11 RELEVANT HEALTHCARE EXPENDITURE' table. The table has three columns: 'Total', 'In respect of risk carried by the scheme (including claims incurred in respect of commercial reinsurance contracts)', and 'In respect of related risk transfer arrangements (excluding claims incurred in respect of commercial reinsurance contracts)'. The table is divided into three sections: 'Gross claims paid and reported', 'Less: Savings plan claims paid', and 'Less: Discount received on claims'. The final row shows the 'Relevant healthcare expenditure' as 11,296,455,565.

	A Total	B In respect of risk carried by the scheme (including claims incurred in respect of commercial reinsurance contracts)	C In respect of related risk transfer arrangements (excluding claims incurred in respect of commercial reinsurance contracts)
	R	R	R
4.11.1 Gross claims paid and reported	14,835,949,939	14,652,240,722	183,709,217
4.11.1.1 - Direct benefits for the period	11,250,530,480	11,069,667,943	180,862,537
4.11.1.2 - Direct benefits for the previous period	1,253,131,634	1,250,284,954	2,846,680
4.11.1.3 - Direct benefits reported not yet paid	201,522,856	201,522,856	0
4.11.1.4 - Accredited managed healthcare services (no transfer of risk)	2,117,940,983	2,117,940,983	0
4.11.1.5 - Service provided to members in own facilities	12,823,988	12,823,988	0
4.11.2 Less: Savings plan claims paid	(3,529,440,455)	(3,529,440,455)	0
4.11.3 Less: Discount received on claims	(14,060,060)	(14,060,060)	0
4.11.4 Less: Claims recoveries from third parties	(35,249,052)	(35,249,052)	0
4.11.5 Net actual claims paid and reported	11,257,200,372	11,073,491,155	183,709,217
4.11.6 Provision for outstanding claims at the end of the financial year	544,995,606	542,148,926	2,846,680
4.11.7 Less: Provision for outstanding claims at end of the previous year	(481,911,127)	(479,064,447)	(2,846,680)
4.11.8 Net claims incurred (excluding net (income)/expenses from risk transfer arrangements)	11,320,284,851	11,136,575,634	183,709,217
4.11.9 Net (income)/expenses from risk transfer arrangements	(23,829,286)	0	(23,829,286)
4.11.10 Relevant healthcare expenditure	11,296,455,565	11,136,575,634	159,879,931

Where a line starts with the word 'Less', the scheme should place a minus in front of the figure:



Only positive figures will be accepted in the other lines.

*Net relevant healthcare expenditure incurred in respect of risk carried by the scheme (including claims incurred in respect of commercial reinsurance contracts) (Column B)*

*Gross claims paid and reported*

Total costs of settling all claims (before deducting claims paid from savings accounts) arising from healthcare events that have occurred in the period and those that have occurred previously (gross claims reported), and for which no provision was made, including costs for managed care: healthcare services (no transfer of risk).

There is a validation rule testing that when the scheme had an outstanding claims provision in line 4.11.7, line 4.11.1.2 should have a value greater than zero. This validation rule tests both Columns B and C.

The direct benefits reported not yet paid in line 4.11.1.3 should be greater or equal to the share of claims reported not yet paid in line 4.3.4.1.2.

*Accredited Managed Healthcare Services (no transfer of risk)*

All accredited managed health care services are included under healthcare expenditure, as managed health care services as defined in the Medical Schemes Act directly impact the delivery of cost-effective and appropriate (evidence-based medicine) healthcare benefits to beneficiaries of medical schemes.

The amount per part 4.11.1.4 pulls through from the Consolidated total Accredited managed healthcare services (no transfer of risk) in line 4.12.7.

*Services provided to members in own facilities*

Line 4.11.1.5 should be greater than zero when there is a value in line 4.21.3.

*Net claims incurred*

Claims assessed, accrued and paid for services rendered during the accounting period and for services rendered during the previous accounting period not included in the previous period's outstanding claims provision, net of recoveries from members for co-payments and savings plan accounts and discounts received.

*Provision for outstanding claims*

The provision for outstanding claims at the end of the financial year in part 4.11.6 (column B) automatically pulls through from part 4.9.8 ((column B) (outstanding claims provision not covered by risk transfer arrangements) + (column C) (outstanding claims provision covered by commercial reinsurance contracts at end of year)).



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The provision for outstanding claims at the end of the previous financial year in part 4.11.7 (column B) automatically pulls through from 4.9.1 ((column B) outstanding claims provision not covered by risk transfer arrangements + (column C) (outstanding claims provision covered by commercial reinsurance contracts at end of year)).

*Net relevant healthcare expenditure incurred in respect of related risk transfer arrangements (excluding claims incurred in respect of commercial reinsurance contracts) (Column C)*

Please note that this part must only be completed if the risk transfer arrangement (capitation agreement) meets the definition of a reinsurance contract in terms of IFRS 4. IFRS 4 requires the scheme to assess each contract separately to determine whether there is a significant transfer of insurance risk.

In the event that a capitation agreement meets the definition of a reinsurance agreement, IFRS 4 states that an insurer shall not offset risk transfer assets against the related insurance liabilities or income or expense from risk transfer arrangements against the expense or income from the related insurance contracts.

The cost that the scheme would have incurred (had it not entered into the capitation agreement) to deliver the specified benefits represents the scheme's exposure to its member (as the capitation agreement cannot absolve a medical scheme from its responsibility towards its members). These "costs" have to be disclosed in 4.11.1.1 and/or 4.11.1.2 and/or 4.11.1.3 as claims incurred from insurance contracts. The claims included in these parts should also include claims that have been incurred but not yet reported. (Please refer to the relevant SAICA Guide Appendix.) There is a validation rule testing that when the scheme had an outstanding claims provision in line 4.11.7, line 4.11.1.2 should have a value greater than zero.

The cost that the scheme would have incurred (had it not entered into the capitation agreement) to deliver the specified benefits represents the scheme's recovery in kind from the managed healthcare provider. This recovery in kind of cost incurred has to be disclosed as recoveries from risk transfer arrangements (4.13.2). The recovery included in part 4.13.2 must also include the recovery in respect of the risk transfer asset raised at year end.

Please take note that the above estimate claims incurred and estimated claims recoveries may not be offset.

The direct benefits reported not yet paid in line 4.11.1.3 should be equal to the share of claims reported not yet paid in line 4.3.4.12.2.

As amounts should only be included in 4.11.1.4 if there was no transfer of risk from the scheme to the accredited managed healthcare service provider in terms of IFRS 4, these fields are fixed as zeros in column C.

Similarly are lines 4.11.2 (savings plan claims paid) and 4.11.3 (discount received on claims) also fixed as zeros.

The provision for outstanding claims at the end of the financial year in part 4.11.6 (column C) automatically pulls through from part 4.9.8 (column D) (outstanding claims provision covered by other risk transfer arrangements).

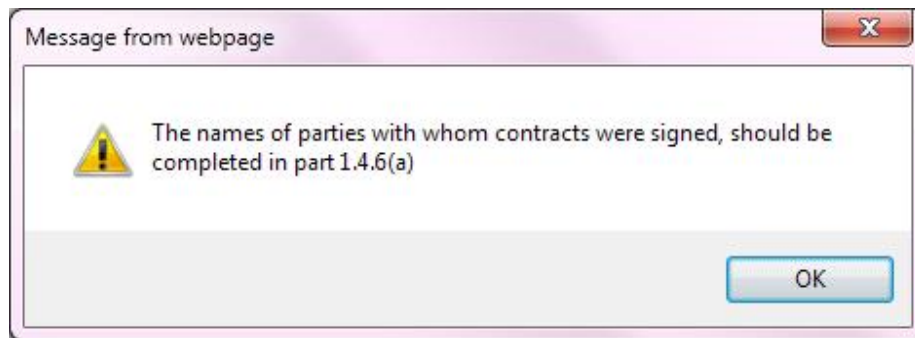
The provision for outstanding claims at the end of the previous financial year in part 4.11.7 (column C) automatically pulls through from 4.9.1 (column D) (outstanding claims provision covered by other risk transfer arrangements).

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Part 4.11.9 (net (income)/expense from risk transfer arrangements) column C (net claims incurred in respect of related risk transfer arrangements (excluding claims incurred in respect of commercial reinsurance contracts) automatically pulls through from part 4.13.4 (net (income)/expense from other risk transfer arrangements- consolidated total current year column). Part 4.11.9 column B is a fixed zero field.

### Part 4.12 Accredited Managed Healthcare Services (No Transfer of Risk)



The screenshot shows the CMS Statutory Returns Portal interface. The top navigation bar includes links for Home, Contact Us, Statutory Return, Print, Validate, Submit, Help, and LogOut. Below this, there are tabs for Part 1 through Part 7. The main content area is titled "PART 4.12 ACCREDITED MANAGED HEALTHCARE SERVICES (NO TRANSFER OF RISK)". It features a table with columns for "Consolidated total" and "Per contract" (Aid for Aids Manag). The table has sub-columns for "Current year" and "Previous year" for both consolidated and per contract data. The data is presented in a grid format with rows for various services and a total row. A "Click here" button is located at the bottom right of the table area.

	Consolidated total		Per contract Aid for Aids Manag (LOCKED)	
	Current year R	Previous year R	Current year R	Previous year R
4.12.1 Active Disease Risk Management Services	1,851,840,466	160,000,000	1,473,900,466	160,000,000
4.12.2 Disease Risk Management Support Services	0	0	0	0
4.12.3 Dental Benefit Management Services	0	350,000,000	0	0
4.12.4 Hospital Benefit Management Services	200,000,000	470,000,000	0	0
4.12.5 Managed Care Network Management Services and Risk Management	26,100,517	80,000,000	0	0
4.12.6 Pharmacy Benefit Management Services	40,000,000	84,041,500	0	0
4.12.7 Total accredited managed healthcare services (no transfer of risk)	2,117,940,983	1,144,041,500	1,473,900,466	160,000,000

This part makes provision for a split of all accredited managed healthcare services provided by accredited managed care organisations.

This part should be completed per contract. The names of the various contracts will be pulled through from the detail completed in part 1.4, question 6(a). In the event that the response to question 6(a) indicates that a specific contract did not exist in respect of either the current or previous year, such annum's amounts would be fixed as zeros.

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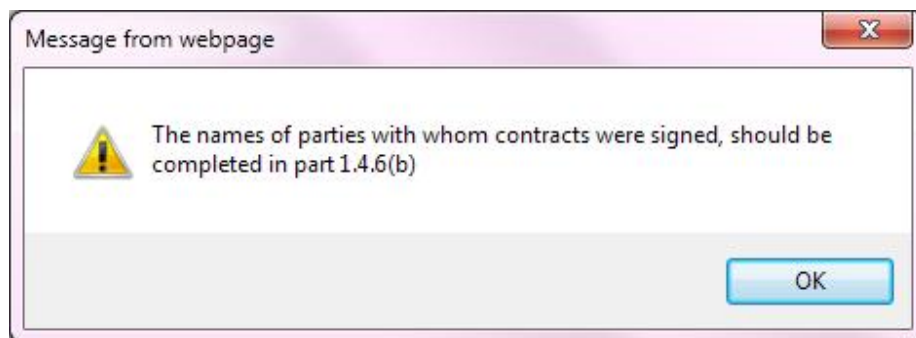


The previous year's amounts automatically pull through from the previous year's return. The "Unlock previous year amounts" button allows the scheme to make adjustments to these figures if needs be. The scheme would then need to provide the reasons for any prior year adjustments.

The scheme will only be able to capture amounts relating to accredited managed healthcare services provided by the accredited managed care organisations in part 4.12. All non-accredited services provided need to be included in part 4.16.3.

The total amount per line 4.12.7 pulls through to part 4.11.1 line 4.11.1.4.

Part 4.13      Net (income)/expenses from other risk transfer arrangements (excluding commercial reinsurance contracts)



This part should be completed per contract ("other" risk transfer arrangement-capitation agreement). The names of the various contracts for both the current and previous financial years will be pulled through from the detail completed in part 1.4, question 6(b). In the event that the response to question 6(b) indicates that a specific contract did not exist in respect of either the current or previous year, such annum's amounts would be fixed as zeros.

The previous year's amounts automatically pull through from the previous year's return. The "Unlock previous year amounts" button allows the scheme to make adjustments to these figures if needs be. The scheme would then need to provide the reasons for any prior year adjustments.

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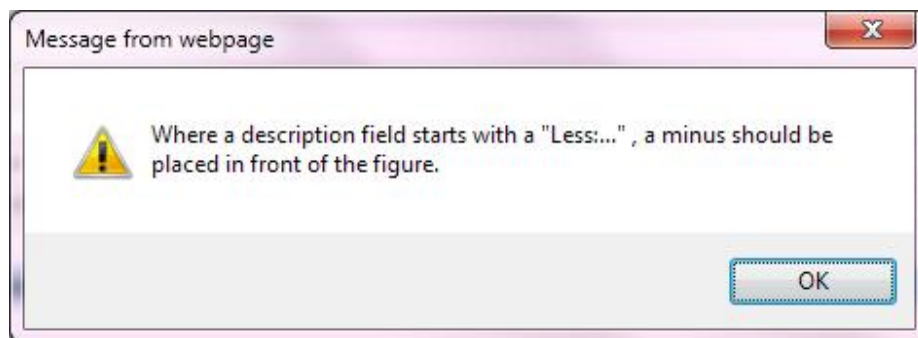
Part 8 Part 9 Part 10  
Part 1 Part 2 Part 3 Part 4 Part 5 Part 6 Part 7

Part 4.13  
NET (INCOME)/EXPENSE FROM OTHER RISK TRANSFER ARRANGEMENTS (EXCLUDING COMMERCIAL REINSURANCE CONTRACTS)

Unlock previous year

		Consolidated total		Per contract Centre for Diabetes (LOCKED)	
		Current year R	Previous year R	Current year R	Previous year R
4.13.1	Premiums/fees paid (capitation fee)	156,033,251	272,033,251	29,000,000	0
<b>Accredited managed care: healthcare benefits</b>					
4.13.1.1	Active Disease Risk Management Services	29,000,000	0	29,000,000	0
4.13.1.2	Disease Risk Management Support Services	0	0	0	0
4.13.1.3	Dental Benefit Management Services	0	0	0	0
4.13.1.4	Health Care Services (Risk Transfer)	0	0	0	0
4.13.1.5	Hospital Benefit Management Services	0	0	0	0
4.13.1.6	Managed Care Network Management Services and Risk Management	40,033,251	55,000,000	0	0
4.13.1.7	Pharmacy Benefit Management Services	25,000,000	12,500,000	0	0
<b>Other capitation agreements</b>					
4.13.1.8	Emergency transport	52,000,000	129,533,251	0	0
4.13.1.9	Other (specify)	10,000,000	75,000,000	0	0
4.13.2	<b>Less: Claims recoveries in respect of related risk transfer arrangements</b>	(183,709,217)	(1,095,773,385)	(14,998,217)	0
<b>Accredited managed care: healthcare benefits</b>					
4.13.2.1	Active Disease Risk Management Services	(14,998,217)	0	(14,998,217)	0
4.13.2.1.1	Asthma / COPD / Bronchiectasis	0	0	0	0
4.13.2.1.2	Cardiac Failure / Cardiomyopathy / Dysrhythmias / Coronary Artery Disease	(1,070,000)	0	(1,070,000)	0

Where a line starts with the word 'Less', the scheme should place a minus in front of the figure:



Important to note that this part should only be completed if the capitation agreement meets the definition of a reinsurance contract in terms of IFRS 4. IFRS 4 requires the scheme to assess each contract separately to determine whether there is a significant transfer of insurance risk. For additional guidance on risk transfer arrangements, please refer the SAICA Guide.

The premiums/fees paid (capitation fees) should be captured in part 4.13.1, split between the various accredited managed healthcare benefits and other (non-accredited) capitation services contracted. The estimated claim recovery (as explained in part 4.11 under net claims in respect of related risk transfer arrangements) should be captured in part 4.13.2. The return requires a more detailed split of the recoveries as is required in respect of the capitation fee paid. Please note that this figure should be a negative figure,

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as claims recoveries is a credit balance. Again the amount should be split between the various services contracted.

The scheme will only be able to capture amounts relating to accredited managed healthcare services provided by the accredited managed care organisations in part 4.13. The other lines (4.13.1.9 and 4.13.2.9) should only be used if the return did not make provision for a specific non-accredited service.

Any other transactions not provided for in part 4.13.1 and part 4.13.2 should be captured in part 4.13.3 (other). The details of these transactions should be provided; this would include profit/(loss) sharing arrangements, etc.

It should further be noted that Part 4.13.2 (Less: Claims recoveries in respect of related risk transfer arrangements consolidated total current year column) should agree with:

- the sum of Part 4.11.1.1 to 4.11.1.3 (Column C: direct benefits in respect of related risk transfer arrangements (excluding claims incurred in respect of commercial reinsurance contracts)); and
- plus the difference movement in the provision for outstanding claims in respect of related risk transfer arrangements (excluding claims incurred in respect of commercial reinsurance contracts) in lines 4.11.6 and 4.11.7 (Column C).

When certain specifications are met, the following reason boxes need to be completed:

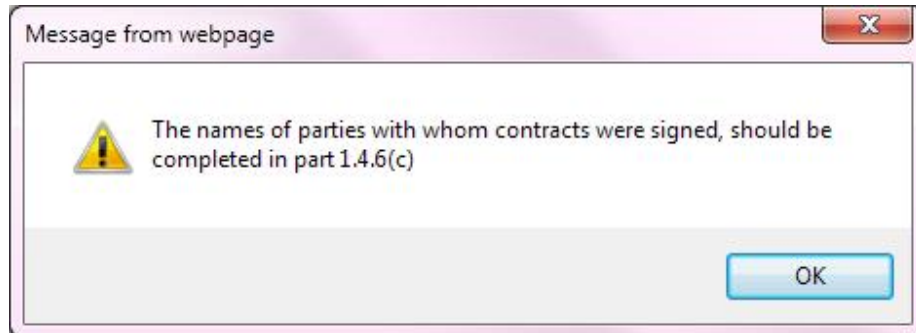
<i>Specification</i>	<i>Reason box wording</i>
(Per contract current year lines 4.13.1 + 4.13.2)/Per contract current year line 4.13.1 > 50% or if < 50%	Please provide the basis for the calculation of the estimated claims recoveries in respect of related risk transfer arrangements.
Previous year figures were restated.	The scheme is required to provide the reasons for any prior year restatements.

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### Part 4.14 Net income/ (expenses) from risk transfer arrangements: commercial reinsurance contracts

This part should be completed per reinsurance contract. The names of the various contracts will be pulled through from the detail completed in part 1.4, question 6(c):



The screenshot shows the "Statutory Returns Portal" interface. The browser address bar displays "http://cmsuat02>Returns/annual.aspx?p=4&d=15". The portal has a navigation menu with tabs for Part 8 through Part 11, and a sub-menu for Part 4.14. The main content area is titled "PART 4.14 NET INCOME/(EXPENSE) FROM RISK TRANSFER ARRANGEMENTS: COMMERCIAL REINSURANCE CONTRACTS". It contains a table with columns for "Consolidated total" and "Per reinsurance contract". The table lists various reinsurance items and their corresponding values.

	Consolidated total	Per reinsurance contract ABC Insurers
4.14.1 Re-insurance premiums paid	(222,696)	(222,696)
4.14.2 Re-insurance claims recovered	4,000	4,000
4.14.3 Provision for reinsurance claims recovered	300,000	300,000
4.14.4 Profit/(Loss) on re-insurance arrangements	(851,356)	(851,356)
4.14.5 Commissions on reinsurance agreements	789,456	789,456
4.14.6 Discounts received	123	123
4.14.7 Net income/(expense) from commercial reinsurance arrangements	19,527	19,527

A *reinsurance contract* is defined by IFRS 4 as an insurance contract issued by one insurer (the reinsurer) to compensate another insurer (the cedant) for losses on one or more contracts issued by the cedant. Contracts which meet the definition of reinsurance contracts in IFRS 4 are referred to as risk transfer arrangements in the SAICA Guide. Income and expenses relating to risk transfer arrangements are disclosed separately in the statement of comprehensive income.

## Help File: 2017 Annual Statutory Return



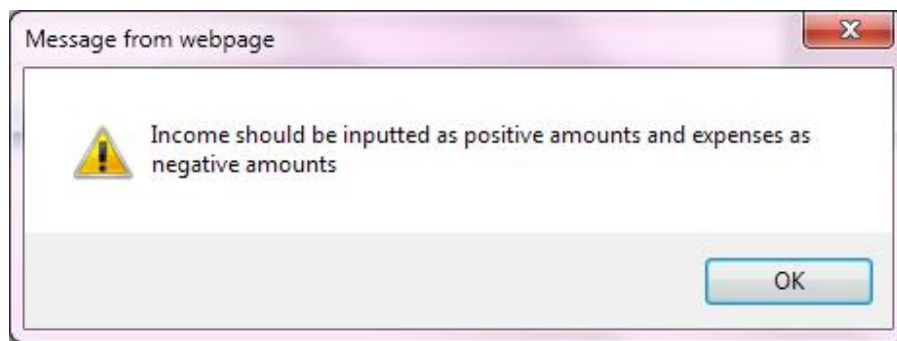
A medical scheme may also enter into *commercial reinsurance contracts*, in terms of which it transfers some or all of its risk to a legally registered reinsurer. In this instance the reinsurer will compensate the medical scheme in cash for losses incurred.

It should be noted that all reinsurance contracts should be submitted to the Registrar in terms of section 20(3) of the Act.

Prepaid re-insurance premiums are included in current assets in part 4.3 of the return. Profit/ (loss) on a commercial reinsurance arrangements (4.14.4) should be recognised either as a debtor or creditor over the period of risk covered by the policy that covers a period for more than one year. Please note that this is not the difference between the claims recovered and the premiums paid, but the profit/ (loss) share in terms of the commercial reinsurance contract.

The commissions on commercial reinsurance arrangements (4.14.5) and discounts received (4.14.6) are as specified in the actual commercial reinsurance contract.

Please note that all expenses in respect of commercial reinsurance contracts must be captured as a negative amount and all income in respect of commercial reinsurance contracts as a positive amount:





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## Part 4.15(a) Broker service fees

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Part 1 | Part 2 | Part 3 | **Part 4** | Part 5 | Part 6 | Part 7

Part 4.1 | Part 4.2 | Part 4.3(a) | Part 4.3(b) | Part 4.4 | Part 4.5.1 | Part 4.5.2 | Part 4.6 | Part 4.7 | Part 4.8 | Part 4.9 | Part 4.10 | Part 4.11 | Part 4.12 | Part 4.13 | Part 4.14 | Part 4.15(a) | Part 4.15(b) | Part 4.16.1 | Part 4.16.2 | Part 4.16.3 | Part 4.16.4 | Part 4.17 | Part 4.18 | Part 4.19 | Part 4.20 | Part 4.21 | Part 4.22 | Part 4.23 | Part 4.24 | Part 4.25 | Part 4.26

**PART 4.15(a)  
BROKER SERVICE FEES**

	Broker service fees
	R
4.15.1 Paid to brokers	400,562,667
4.15.2 Paid to related party brokers (specify)	4,000,000
4.15.3 <b>Total broker service fees</b>	<b>404,562,667</b>

Why does the broker fees per average member per month exceed the statutory limit of R 96.90? [Click here](#)

Why does the broker fees exceed the statutory limit of 3.42% of gross contributions? [Click here](#)

A scheme may compensate a person, in accordance with its rules and the provisions of the Act and the regulations, for services provided to the scheme's members. Broker service fees usually accrue and are paid on a monthly basis as contributions are received. Amounts paid and payable for broker services comprise fees paid to brokers for new contracts initiated by the brokers "ongoing fees" in respect of current contracts. Acquisition costs are the costs that an insurer incurs to sell, underwrite and initiate a new insurance contract. Consideration should be given to related party relationships in transactions relating to brokers.

When certain specifications are met, the following reason boxes need to be completed:

Specification	Reason box wording
4.15.3/12/2.2.13 (Members)) > R91.20	Why does the broker fee per average member per month exceed the statutory limit of R96.90?
4.15.3 > (4.10.1 x 3.42%)	Why do the broker fees exceed the statutory limit of 3.42% of gross contributions?

# Help File: 2017 Annual Statutory Return



## Part 4.15(b) Other distribution costs

The screenshot shows the CMS Statutory Returns Portal interface. The main heading is 'PART 4.15(b) OTHER DISTRIBUTION COSTS'. Below this, there is a table with three columns: a description of the cost, a field for the amount, and a field for the currency (R). The table contains three rows of data:

PART 4.15(b) OTHER DISTRIBUTION COSTS		Other distribution costs
		R
4.15.1	Paid to related parties (specify)	700
4.15.2	Other (specify)	6,300
4.15.3	Total distribution costs	7,000

Distribution costs that are incurred under co-administration or other arrangements are included under administration expenses in the statement of comprehensive income and are separately disclosed in the notes, unless those fees are paid to brokers. Where those distribution fees are paid to brokers, they are included as part of brokers' service fees.

The scheme should ensure that an accurate split between broker fees and distribution costs are made between part 4.15(a) and part 4.15(b). The scheme should furthermore ensure no distribution costs are included in part 4.16 (administration expenses).

Distribution costs do not include marketing and advertising expenses unless those expenses are paid to brokers. Marketing expenditure (including advertising costs) is included in part 4.16.22.

Consideration should be given to related party relationships and transactions relating to brokers fees and distribution costs. These transactions should correspond with the scheme's related party disclosure note in terms of IAS 24 in its audited financial statements.

The scheme should specify the distribution costs in part 4.15.2 per individual party; all distribution costs should not be aggregated and disclosed as one line item in part 4.15.2.

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## Part 4.16.1 Administration Expenses

http://cmsuat02>Returns/annual.aspx?p=4&d=18 Statutory Returns Portal - C...

Home - Report Manager Login to the Statutory Ret... Testing 2014 AR Testing 2015 AR

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Part 8 Part 9 Part 10 Part 1 Part 2 Part 3 Part 4 Part 5 Part 6 Part 7

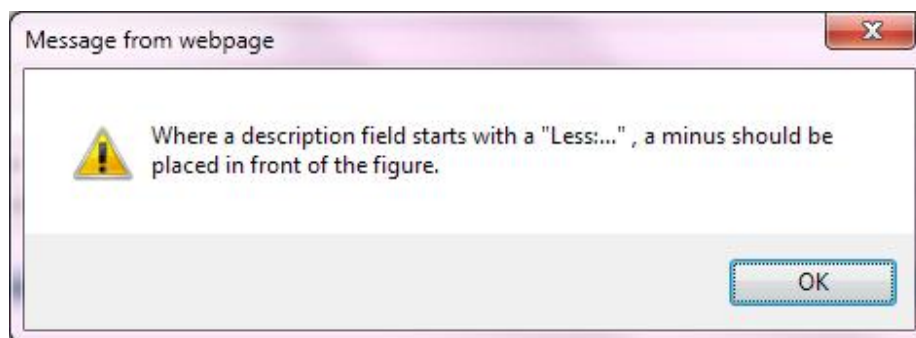
Part 4.1 Part 4.2 Part 4.3(a) Part 4.3(b) Part 4.4 Part 4.5.1 Part 4.5.2 Part 4.6 Part 4.7 Part 4.8 Part 4.9 Part 4.10 Part 4.11 Part 4.12 Part 4.13 Part 4.14 Part 4.15(a) Part 4.15(b) Part 4.16.1 Part 4.16.2 Part 4.16.3 Part 4.16.4 Part 4.17 Part 4.18 Part 4.19 Part 4.20 Part 4.21 Part 4.22 Part 4.23 Part 4.24 Part 4.25 Part 4.26

**PART 4.16.1 ADMINISTRATION EXPENSES**

Unlock previous year amounts

	Current year		Previous year (LOCKED)	
	Fund R	Own Facilities R	Fund R	Own Facilities R
4.16.1.1 Actuarial fees	7,892,222	0	30,000	0
4.16.1.2 Administration fees:				
4.16.1.2.1 - Fees paid to the administrator	1,764,003,852	0	1,764,004,641	0
4.16.1.2.2 - Indirect fees paid to the administrator	789	99,999,999	0	0
4.16.1.3 Administration expenditure: benefit management services (not accredited managed care)	276842630	79558	139960072	43000
4.16.1.4 Annual general meeting costs	8,731	0	72,000	0
4.16.1.5 Association fees	4,563,312	120,000	0	32,500
4.16.1.6 Audit expense (external):				
4.16.1.6.1 - Audit services	2,241,838	682	2,242,739	0
4.16.1.6.2 - Audit expenses	894	0	19,000	0
4.16.1.6.3 - (Over)/under provision of prior year's audit fees	7	0	4,000	0
4.16.1.6.4 - Other non-audit expenses (specify)	0	0	140,000	0
4.16.1.7 Audit expense (internal)	20,000,000	0	432,000	0
4.16.1.8 Bank charges	6,229,891	0	6,230,000	70,000
4.16.1.9 Board/ sub-committees (i.e. non trustee members)				
4.16.1.9.1 - Audit committee	186,751	0	190,000	0
4.16.1.9.2 - Clinical committee	500000	0	0	0
4.16.1.9.3 - Dispute committee	600000	0	0	0
4.16.1.9.4 - Investment committee	70000	0	0	0
4.16.1.9.5 - Remuneration committee	897112	0	0	0
4.16.1.9.6 Stakeholder relations committee	1000000	0	0	0

Where a line starts with the word 'Less', the scheme should place a minus in front of the figure:



The previous year's amounts are automatically pulled through from the previous year's return. The "Unlock previous year amounts" button allows the scheme to make adjustments to these figures if needs be. The scheme would then need to provide the reasons for any prior year restatements/reclassifications.

The scheme should ensure that they disclose every expense in the specific line provided for in part 4.16 of the return. Other administration expenses (4.16.1.37) should only be used if the return did not make provision for that specific expense.

Association fees (4.16.1.4) relate to fees paid to non-professional organisations, e.g. BHF membership etc.

## Help File: 2017 Annual Statutory Return



Administration expenditure: benefit management services (not accredited managed care) pulls through from the Total Fund and Own Facilities columns (both current and previous year) in part 4.16.3.

In the event that a scheme entered an amount in line 4.16.1.11 (co-administration fees paid for ongoing services provided by third parties), but no such contracts exists in part 1.1, the scheme would be required to provide more information on the nature of the services, including the name of the provider.

Consultancy fees (4.16.1.13) are those fees paid where the board of trustees obtained expert advice on legal, accounting and/or any other business matter of which the members of the board of trustees may lack sufficient expertise.

Council for Medical Schemes expenses (4.16.1.14) are any other fees paid to the Council for Medical Schemes such as rule registration fees etc. It also includes membership levies paid to the Council for Medical Schemes. Penalties incurred should however not be included in this line, but in line 4.16.1.25.

The depreciation included in part 4.16.1.16 should agree with the total depreciation charges included in part 4.1.2.2.

In the event that the scheme has not incurred any expenses in respect of fidelity guarantee insurance fees (4.16.1.18) or professional indemnity insurance premiums (4.16.1.29), the scheme will be required to complete a reason box, indicating the reasons for not incurring the said expenditure (non-compliance with the requirements imposed by section 57(4)(f)).

Investigation fees (4.16.1.20) will include any special investigations initiated by the scheme (including fraud investigations).

Please note that marketing expenditure (including advertising) (4.16.1.22) exclude fees paid to brokers as well as any distribution costs, which are disclosed under part 4.15 of the return.

Principal Officer / curator fees and remuneration (4.16.1.26.1) should include all fees and remuneration paid to the Principal Officer (or curator where applicable), which is regarded as remuneration for his own benefit.

Principal Officer / curator travel and other expenses incurred (4.16.1.26.2) should include all fees paid to the Principal Officer (or curator where applicable) in terms of where the Principal Officer (or curator) were reimbursed for expenses incurred that did not form part of his remuneration/fees. This also includes fees paid on behalf of the Principal Officer (or curator) (e.g. travelling, accommodation etc.).

Please note that penalties in part 4.16.1.25 should include those penalties paid to the Registrar.

Professional fees (4.16.1.28) relate to membership fees paid to associations in respect of individuals (i.e. accountants, nurses, doctors etc.).

Travel, accommodation and conferences (4.16.1.34) should include all cost incurred in respect of travel, accommodation and conferences. However, these costs should exclude the cost incurred with regards to the Principal Officer and trustees, which should be included in 4.16.1.26.2 and 4.16.1.35.4 respectively.

The trustee remuneration expenses in part 4.16.1.37 pulls automatically through from part 4.17:

- 4.16.1.35.1: Trustees' remuneration: Board pulls through from Parts 4.17.2 (Total column) - Fees for meeting attendance: Board + 4.17.2 (Total column) - Fees for holding of office: Board + 4.17.2 (Total column) – Allowances;

## Help File: 2017 Annual Statutory Return



- 4.16.1.35.2: Trustees' remuneration: Sub-committees pulls through from Parts 4.17.2 (Total column) - Fees for meeting attendance: Sub-committees + 4.17.2 (Total column) - Fees for holding of office: Sub-committees;
- 4.16.1.35.3: Services provided pulls through from Part 4.17.2 (Total column) - Fees for consultancy services; and
- 4.16.1.35.4: Reimbursements and other expenditure pulls through from Parts 4.17.2 (Total column) - Training + 4.17.2 (Total column) - Conference fees + 4.17.2 (Total column) - Telephone expenses + 4.17.2 (Total column) - Accommodation, travel and meals + 4.17.2 (Total column) - Other disbursements and reimbursements.

The scheme should not aggregate all its other administration expenses together in one line item in part 4.16.1.37. Every expense greater than 10% of the total administration expenses should be disclosed separately in part 4.16.1.39.

Where a scheme received a subsidy or refund from any third party for administration expenses incurred by the scheme, those subsidies should not be included in part 4.16.1.37. Any such subsidies should be included in 'other income' in part 6.1.17 of the return. The Office wants to see the total costs to administer the scheme in part 4.16.1.

### Part 4.16.2 Breakdown of Composite Administration Fee Paid

This part only generates in respect of third party administered schemes.

Part 4.16.2  
BREAKDOWN OF COMPOSITE ADMINISTRATION FEE PAID

Unlock previous year		Current year	Previous year (LOCKED)
		R	R
4.16.2.1	Actuarial services	7,892,222	800,000
4.16.2.2	Administration services	1,588,000,000	1,407,892,222
4.16.2.3	Fidelity and indemnity insurance	57,068,000	30,000,000
4.16.2.4	Financial management	173,456,789	28,000,000
4.16.2.5	Governance and compliance	155,732,000	158,732,000
4.16.2.6	Internal audit	20,000,000	10,000,000
4.16.2.7	Marketing expenditure (inclusive of advertising)	897,000	897,000
4.16.2.8	Printing and stationery	1,000,000	13,000,000
4.16.2.9	Other (specify)	15,000,000	128,456,789
4.16.2.10	<b>Total composite administration fee paid to the administrator (and co-administrator)</b>	<b>2,019,046,011</b>	<b>1,777,778,011</b>

Please provide the reasons for any prior year restatements: [Click here](#)

## Help File: 2017 Annual Statutory Return



Regulation 18 of the Act requires that the scope and duties of the administrator and its remuneration (as well as the basis on which the remuneration is determined) be clearly specified in the administration agreement.

In terms of Circular 48 of 2014 administrators and medical schemes are required to clearly distinguish between the various types of services delivered in terms of the administrator agreement when completing the Annual Statutory Return.

The previous year's amounts are automatically pulled through from the previous year's return. The "Unlock previous year amounts" button allows the scheme to make adjustments to these figures if needs be. The scheme would then need to provide the reasons for any prior year restatements.

The following validation rules exist to ensure the completeness of Part 4.16.2:

- Actuarial services: Part 4.16.1.1 Current year Fund and Own facilities columns should be equal to or greater than Part 4.16.2.1 Current year;
- Actuarial services: Part 4.16.1.1 Previous year Fund and Own facilities columns should be equal to or greater than Part 4.16.2.1 Previous year;
- Fidelity and indemnity insurance : Part 4.16.1.18 Current year Fund and Own facilities columns and Part 4.16.1.29 Current year Fund and Own facilities columns should be equal to or greater than Part 4.16.2.3 Current year;
- Fidelity and indemnity insurance : Part 4.16.1.18 Previous year Fund and Own facilities columns and Part 4.16.1.29 Previous year Fund and Own facilities columns should be equal to or greater than Part 4.16.2.3 Previous year;
- Internal audit: Part 4.16.1.7 Current year Fund and Own facilities columns should be equal to or greater than Part 4.16.2.6 Current year;
- Internal audit: Part 4.16.1.7 Previous year Fund and Own facilities columns should be equal to or greater than Part 4.16.2.6 Previous year;
- Marketing expenditure (inclusive of advertising): Part 4.16.1.22 Current year Fund and Own facilities columns should be equal to or greater than Part 4.16.2.7 Current year; and
- Marketing expenditure (inclusive of advertising): Part 4.16.1.22 Previous year Fund and Own facilities columns should be equal to or greater than Part 4.16.2.7 Previous year;
- Printing and stationary: Part 4.16.1.27 Current year Fund and Own facilities columns should be equal to or greater than Part 4.16.2.8 Current year; and
- Printing and stationary: Part 4.16.1.27 Previous year Fund and Own facilities columns should be equal to or greater than Part 4.16.2.8 Previous year.



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## Part 4.16.3 Administration Expenditure: Benefit Management Services (Not Accredited Managed Care)

http://cmsuat02/Returns/annual.aspx?p=4&d=33 Statutory Returns Portal - C...

Home - Report Manager Login to the Statutory Ret... Testing 2015 AR

CMS

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Part 4.1 Part 4.2 Part 4.3(a) Part 4.3(b) Part 4.4 Part 4.5.1 Part 4.5.2 Part 4.6 Part 4.7 Part 4.8 Part 4.9 Part 4.10 Part 4.11 Part 4.12 Part 4.13 Part 4.14 Part 4.15(a) Part 4.15(b) Part 4.16.1 Part 4.16.2 Part 4.16.3 Part 4.16.4 Part 4.17 Part 4.18 Part 4.19 Part 4.20 Part 4.21 Part 4.22 Part 4.23 Part 4.24 Part 4.25 Part 4.26

**PART 4.16.3**  
**ADMINISTRATION EXPENDITURE: BENEFIT MANAGEMENT SERVICES**  
**(NOT ACCREDITED MANAGED CARE)**

Unlock previous year

	Current year		Previous year (LOCKED)	
	Fund R	Own Facilities R	Fund R	Own Facilities R
4.16.3.1 Claims review and auditing	7,891,230	0	700,000	0
4.16.3.2 Data warehousing	700,000	0	8,000,000	0
4.16.3.3 Emergency transport services (i.e. call centre fees)	4,567,000	0	7,891,230	0
4.16.3.4 Ex-gratia facilitation	963,000	0	32,165,400	0
4.16.3.5 Forensic and fraud services	79,558	79,558	4,567,000	0
4.16.3.6 Medical advisors	654,000	0	200,852,000	0
4.16.3.7 Medicine bags	8,000,000	0	963,000	0
4.16.3.8 Nurse advice lines	4,999,884	0	7,410,000	43,000
4.16.3.9 Pre-authorisations	7,410,000	0	5,159,000	0
4.16.3.10 Provider network management services	7,530,000	0	951,000	0
4.16.3.11 Switching fees	32,165,400	0	58,831,126	0
4.16.3.12 Wellness programmes / Wellness days	13,698,874	0	654,000	0
4.16.3.13 Other (specify)	331,183,684	0	143,000,000	0
4.16.3.14 Total administration expenditure: benefit management services (not accredited managed care)	419,842,630	79,558	471,143,756	43,000

Please provide the reasons for any prior year restatements: [Click here](#)

It should be noted that there is a distinct difference between disease management programmes, which makes use of the different techniques as mentioned in the definitions provided in Circular 13 of 2014, versus wellness programmes and nurse-advice lines.

Wellness programmes might be in the form of outreach programmes where members are sent for general evaluations (blood pressure, non-fasting glucose test, non-fasting total cholesterol test, weight, eyes, etc.) or it may be in the form of a benefit once yearly for instance a prostate antigen test that will be funded by the scheme (and not from the members' Personal Medical Savings Accounts). This type of services does not make use of the techniques as specified in the definition of managed healthcare.

The same apply for nurse advice lines which are accessed ad hoc, and where the nurse has access to a database of information and only relays the information, which might include a referral to a doctor. None of the managed care techniques are used for these services – it is also not possible to really measure or monitor these services for efficacy or effectiveness.

Other items to be included in this category are inter alia medical advisors, claims review and auditing, provider network management, etc. (where these services are not integral to the managed care services listed in Circular 13 of 2014).

These services are included in non-healthcare expenditure, the details of which is provided in part 4.16.3. The total in line 4.16.3.14 automatically pulls through to part 4.16.1, line 4.16.1.3.

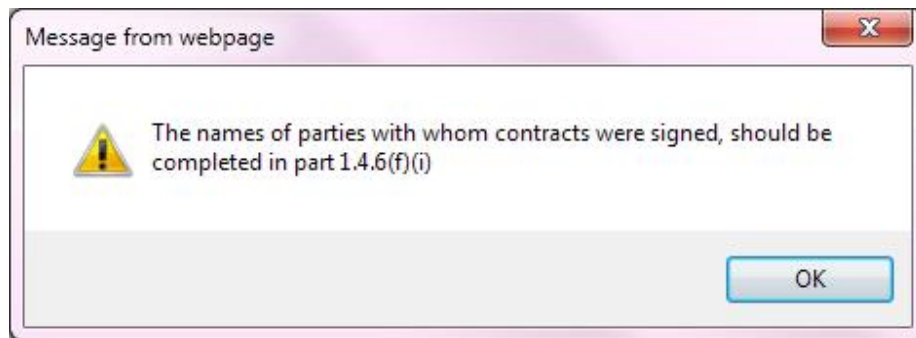


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The previous year's amounts are automatically pulled through from the previous year's return. The "Unlock previous year amounts" button allows the scheme to make adjustments to these figures if needs be. The scheme would then need to provide the reasons for any prior year restatements.

### Part 4.16.4 Marketing Expenditure (Inclusive of Advertising)



The screenshot shows the CMS Statutory Returns Portal interface. The browser address bar displays the URL: <http://cmsuat02/Returns/annual.aspx?p=4&d=34>. The page title is "Statutory Returns Portal - C...". The navigation menu includes links for Home, Contact Us, Statutory Return, Print, Validate, Submit, Help, and LogOut. The main content area is titled "PART 4.16.4 MARKETING EXPENDITURE (INCLUSIVE OF ADVERTISING)". It features a table with columns for "Consolidated total" and "Ad-hoc expenditure", each with sub-columns for "Current year" and "Previous year". The table also includes a "Per contract" dropdown menu set to "The Cheese that Moved (Pty) L" and a "(LOCKED)" status. The table data shows values for "Detail of services provided" and "Total marketing expenditure (inclusive of advertising)". Below the table, there is a section for "Please provide the reasons for any prior year restatements:" with a "Click here" link.

		Consolidated total		Ad-hoc expenditure		Per contract	
		Current year	Previous year	Current year	Previous year	Current year	Previous year
		R	R	R	R	R	R
4.16.4.1	Detail of services provided	0	5,161,209	0	0	0	3,161,209
4.16.4.2	Total marketing expenditure (inclusive of advertising)	0	5,161,209	0	0	0	3,161,209

Please provide the reasons for any prior year restatements: [Click here](#)

This part should be completed per contract. The names of the various contracts will be pulled through from the detail completed in part 1.4, question 6(f)(i). In the event that the response to question 6(f)(i) indicates that a specific contract did not exist in respect of either the current or previous year, such annum's amounts would be fixed as zeros.

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Where a scheme did not have any marketing / advertising agreements, but did incur such expenditure, the scheme would need to provide details of such expenditure in the ad-hoc expenditure column.

Kindly note that when the response in part 1.4 question 6(f)(i) is changed from "No" to "Yes" to indicate the existence of contracts, part 4.16.4 is reloaded and any information already entered in the ad-hoc expenditure column will be lost.

The previous year's amounts would automatically pull through from the previous year's return. The "Unlock previous year amounts" button allows the scheme to make adjustments to these figures if needs be. The scheme would then need to provide the reasons for any prior year adjustments.

The user will only be able to delete entries created in the current upon clicking the "Unlock previous year amounts" button. This was built in as a safety measure to ensure that users do not delete entries by mistake. Entries pulled through from the previous year are not delete-able.

The total amount per line 4.16.4.2 in respect of both the current and the previous year should agree with the amounts captured in part 4.16.1 line 4.16.1.22 (fund and own facilities columns).

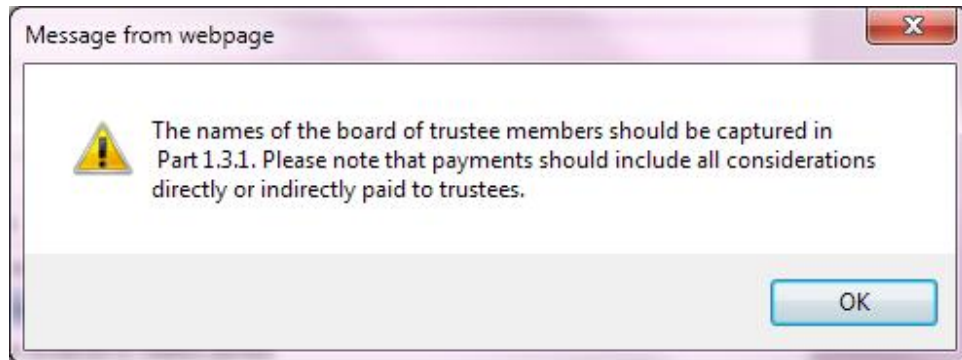
### Part 4.17 Trustee Remuneration and Considerations

The screenshot shows the CMS Statutory Returns Portal interface. The browser address bar displays the URL: <http://cmsuat02>Returns/annual.aspx?p=4&d=19>. The page title is "Statutory Returns Portal - C...". The navigation menu includes links for Home, Report Manager, Login to the Statutory Ret..., Testing 2014 AR, and Testing 2015 AR. The main content area is titled "PART 4.17 TRUSTEE REMUNERATION AND CONSIDERATIONS". It contains a table with columns for "Total trustee remuneration and considerations" and "Per trustee member". The table lists various expenses and their amounts.

		Total trustee remuneration and considerations	Per trustee member
4.17.1	Fees for meeting attendance: Board	511,000	72,000
4.17.2	Fees for holding of office: Board	20,000	0
4.17.3	Fees for meeting attendance: Sub committees	2,364	0
4.17.4	Fees for holding of office: Sub committees	1,820	379
4.17.5	Fees for consultancy services	40,461	0
4.17.6	Allowances	7,821	7,821
4.17.7	Training	1,600	0
4.17.8	Conference fees	7,000	0
4.17.9	Telephone expenses	8,576	0
4.17.10	Accommodation, travelling and meals	14,756	0
4.17.11	Other disbursements and reimbursements	2,131	0
4.17.12	<b>Total trustee remuneration and considerations</b>	<b>617,529</b>	<b>80,200</b>
4.17.13	Fees received in respect of services rendered to related parties	107,200	0

Please note that the names of the trustees automatically pull through from part 1.3.1. This would encompass the names of all the trustees that were trustees during the financial year, including those trustees that have resigned within the financial year. Trustees appointed in the new financial year (effective 1 January 2017), will not be reflected.

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As per section 57(8) of the Medical schemes Act 131 of 1998 as amended, the members of the board of trustees shall disclose annually in writing to the Registrar any payment or considerations made to them in that particular year by the medical scheme. Therefore all scheme expenditure relating to trustees must be disclosed per trustee member in this section, and not only trustee remuneration. The scheme should also ensure the correct disclosure of fees received by the trustees in respect of services rendered to related parties (i.e. subsidiaries, joint ventures, associates and significant control) to the scheme.

The scheme should further ensure that an accurate split is made between the different kinds of payments made in respect of the trustees, as requested in the return.

## Part 4.18 Provision for impaired losses at year-end

PART 4.18 PROVISION FOR IMPAIRED LOSSES AT YEAR-END									
		Amount recognised in the income statement for the year							
		A	B	C	D	E	F	G	H
		Provision for impaired losses at beginning of year	Unused amounts reversed during the year (credit in income statement)	Additional provisions made during the year (debit in income statement)	Amounts utilised during the year	Provision for impaired losses at year-end	Impaired losses recognised directly in the income statement (debit in income statement)	Previous impairment losses recovered (credit in income statement)	Total movement in income statement for the year
		R	R	R	R	R	R	R	R
4.18.1	Contributions owed by members that are not collectable	11,251,717	(3,925,524)	0	0	7,326,193	177,750	(173,586)	(3,921,360)
4.18.2	Amounts owed in respect of members' portions of claims that are not recoverable	50,730,923	0	10,339,462	0	61,070,385	10,737,298	0	21,076,760
4.18.3	Amounts owed by service providers that are not recoverable	4,115,162	0	540,003	0	4,655,165	0	0	540,003
4.18.4	Amounts owed by members in respect of savings plan accounts that are not recoverable	0	0	3,000	0	3,000	70,000	0	73,000
4.18.5	Other (specify)	25,576,750	0	(1,441,357)	0	24,135,393	4,000	0	(1,437,357)
4.18.6	<b>Total</b>	<b>91,674,552</b>	<b>(3,925,524)</b>	<b>9,441,108</b>	<b>0</b>	<b>97,190,136</b>	<b>10,989,048</b>	<b>(173,586)</b>	<b>16,331,048</b>

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Part 4.18 requires a reconciliation of the provision for impaired losses for the year (columns A to E) and a breakdown of the amount recognised in the statement of comprehensive income (columns B, C, and F to H).

The columns should therefore be completed as follows:

Column A: Positive amount – This represents the balance of the provision for impaired losses at the beginning of the year

Column B: Negative amount – This represent unused provisions reversed during the year to the statement of comprehensive income.

Column C: Positive amount – This represent additional provisions that were made during the year.

Column D: Negative Amount – This represent provisions utilised during the year (amounts written off directly against the provision).

Column E: Positive amount – This represents the balance of the provision for impaired losses at year-end.

Column F: Positive amount – This represent impaired losses that were recognised directly in the statement of comprehensive income, and not against the provision.

Column G: Negative amount – This column represents previous impairment losses that were recovered.

Column H: This constitutes the net effect in the statement of comprehensive income, and can therefore be either positive or negative, depending on the nature of the transaction flows.

The amount per part 4.18.6 (Total) (column E) must agree with part 4.3.4.1.3 (provision for impaired losses at year end – commercial reinsurance contracts) plus part 4.3.4.2.3 (provision for impaired losses at year end - other risk transfer arrangements) plus part 4.3.14 (provision for impaired losses at year end (excluding risk transfer arrangements)).

The amount per part 4.18.6 (Total) (column H) must agree with the sum of part 4.23.24 (consolidated column – Net impairment losses: Trade and other receivables) and part 4.23.26 (consolidated column - Net impairment losses: Other).

Any other transactions not specifically provided for in part 4.18 should be captured in part 4.18.5 (other), such as impairment losses on risk transfer arrangements. Thus, the movement in the provision for impaired losses relating to risk transfer arrangements (please refer to 4.3.4.1.3 and 4.3.4.2.3) should also be included in 4.18.5 (other).

Please note that the value calculated in column E (Provision for impaired losses at year-end) is the sum of columns A to D. The value of column H (Total movement in statement of comprehensive income for the year) is calculated as the sum of columns B, C, F and G.

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## Example:

20x0

Debtor X had an outstanding balance of R1 000 at 31 December 20x0.

- A provision for impaired losses in respect of debtor X was raised at 31 December 20x0 of R600. The scheme's total provision for impaired losses at 31 December 20x0 was R5 000.
- R1 000 of this provision was in respect of debtor Y. (Amounts owed in respect of member's portions of claims that are not recoverable).
- R3 400 was in respect of amounts owed by service providers that are not recoverable.

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**PART 4.18**  
**PROVISION FOR IMPAIRED LOSSES AT YEAR-END**

		Amount recognised in the income statement for the year				E Provision for impaired losses at year-end	F Impaired losses recognised directly in the income statement (debit in income statement)	G Previous impairment losses recovered (credit in income statement)	H Total movement in income statement for the year
		A Provision for impaired losses at beginning of year	B Unused amounts reversed during the year (credit in income statement)	C Additional provisions made during the year (debit in income statement)	D Amounts utilised during the year				
		R	R	R	R	R	R	R	R
4.18.1	Contributions owed by members that are not collectable	600	0	0	0	600	0	0	0
4.18.2	Amounts owed in respect of members' portions of claims that are not recoverable	1,000	0	0	0	1,000	0	0	0
4.18.3	Amounts owed by service providers that are not recoverable	3,400	0	0	0	3,400	0	0	0
4.18.4	Amounts owed by members in respect of savings plan accounts that are not recoverable	0	0	0	0	0	0	0	0
4.18.5	Other (specify)	0	0	0	0	0	0	0	0
4.18.6	<b>Total</b>	5,000	0	0	0	5,000	0	0	0



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20x1

1. During the 20x1 financial year debtor X was liquidated and the total amount of R1 000 was written off.
  - The amount of R600 included in the provision for impairment losses at 31 December 20x0 was written off directly against debtor X's account (Dt Provision for impaired losses R600, Ct Debtors R600).
  - The additional R400 was written off in the statement of comprehensive income in the 20x1 financial year (Dt I/S R400, Ct Debtors 400).

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**PART 4.18**  
**PROVISION FOR IMPAIRED LOSSES AT YEAR-END**

		Amount recognised in the income statement for the year							
		A	B	C	D	E	F	G	H
		Provision for impaired losses at beginning of year	Unused amounts reversed during the year (credit in income statement)	Additional provisions made during the year (debit in income statement)	Amounts utilised during the year	Provision for impaired losses at year-end	Impaired losses recognised directly in the income statement (debit in income statement)	Previous impairment losses recovered (credit in income statement)	Total movement in income statement for the year
		R	R	R	R	R	R	R	R
4.18.1	Contributions owed by members that are not collectable	600	0	0	(600)	0	400	0	400
4.18.2	Amounts owed in respect of members' portions of claims that are not recoverable	1,000	0	0	0	1,000	0	0	0
4.18.3	Amounts owed by service providers that are not recoverable	3,400	0	0	0	3,400	0	0	0
4.18.4	Amounts owed by members in respect of savings plan accounts that are not recoverable	0	0	0	0	0	0	0	0
4.18.5	Other (specify)	0	0	0	0	0	0	0	0
4.18.6	<b>Total</b>	5,000	0	0	(600)	4,400	400	0	400

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- The scheme recovered an amount of R300 in the 2010 financial year in respect of amounts previously written off (Dt Bank R300, Ct I/S R300) (Amounts owed by service providers that are not recoverable).

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### PART 4.18 PROVISION FOR IMPAIRED LOSSES AT YEAR-END

		Amount recognised in the income statement for the year							
		A Provision for impaired losses at beginning of year	B Unused amounts reversed during the year (credit in income statement)	C Additional provisions made during the year (debit in income statement)	D Amounts utilised during the year	E Provision for impaired losses at year-end	F Impaired losses recognised directly in the income statement (debit in income statement)	G Previous impairment losses recovered (credit in income statement)	H Total movement in income statement for the year
		R	R	R	R	R	R	R	R
4.18.1	Contributions owed by members that are not collectable	600	0	0	(600)	0	400	0	400
4.18.2	Amounts owed in respect of members' portions of claims that are not recoverable	1,000	0	0	0	1,000	0	0	0
4.18.3	Amounts owed by service providers that are not recoverable	3,400	0	0	0	3,400	0	(300)	(300)
4.18.4	Amounts owed by members in respect of savings plan accounts that are not recoverable	0	0	0	0	0	0	0	0
4.18.5	Other (specify)	0	0	0	0	0	0	0	0
4.18.6	<b>Total</b>	5,000	0	0	(600)	4,400	400	(300)	100



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Debtor Y's repayment of debt improved substantially during the year, and the provision of R1 000 was written back (Dt Provision for impaired losses R1 000, Ct I/S R1 000).

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### PART 4.18 PROVISION FOR IMPAIRED LOSSES AT YEAR-END

		Amount recognised in the income statement for the year							
		A	B	C	D	E	F	G	H
		Provision for impaired losses at beginning of year	Unused amounts reversed during the year (credit in income statement)	Additional provisions made during the year (debit in income statement)	Amounts utilised during the year	Provision for impaired losses at year-end	Impaired losses recognised directly in the income statement (debit in income statement)	Previous impairment losses recovered (credit in income statement)	Total movement in income statement for the year
		R	R	R	R	R	R	R	R
4.18.1	Contributions owed by members that are not collectable	600	0	0	(600)	0	400	0	400
4.18.2	Amounts owed in respect of members' portions of claims that are not recoverable	1,000	(1,000)	0	0	0	0	0	(1,000)
4.18.3	Amounts owed by service providers that are not recoverable	3,400	0	0	0	3,400	0	(300)	(300)
4.18.4	Amounts owed by members in respect of savings plan accounts that are not recoverable	0	0	0	0	0	0	0	0
4.18.5	Other (specify)	0	0	0	0	0	0	0	0
4.18.6	<b>Total</b>	5,000	(1,000)	0	(600)	3,400	400	(300)	(900)

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- During the 20x1 financial year an additional provision in respect of the scheme's debtors (excluding debtors X and Y) of R1 500 was raised  
(Dt I/S R1 500, Ct Provision for impaired losses R1 500).

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Part 4.1: Part 4.2: Part 4.3(a): Part 4.3(b): Part 4.4: Part 4.5.1: Part 4.5.2: Part 4.6: Part 4.7: Part 4.8: Part 4.9: Part 4.10: Part 4.11.1: Part 4.11.2: Part 4.12: Part 4.13: Part 4.14: Part 4.15(a): Part 4.15(b): Part 4.16.1: Part 4.16.2: Part 4.17: Part 4.18: Part 4.19: Part 4.20: Part 4.21: Part 4.22: Part 4.23: Part 4.24: Part 4.25: Part 4.26

**PART 4.18**  
**PROVISION FOR IMPAIRED LOSSES AT YEAR-END**

		Amount recognised in the income statement for the year							
		A	B	C	D	E	F	G	H
		Provision for impaired losses at beginning of year	Unused amounts reversed during the year (credit in income statement)	Additional provisions made during the year (debit in income statement)	Amounts utilised during the year	Provision for impaired losses at year-end	Impaired losses recognised directly in the income statement (debit in income statement)	Previous impairment losses recovered (credit in income statement)	Total movement in income statement for the year
		R	R	R	R	R	R	R	R
4.18.1	Contributions owed by members that are not collectable	600	0	0	(600)	0	400	0	400
4.18.2	Amounts owed in respect of members' portions of claims that are not recoverable	1,000	(1,000)	0	0	0	0	0	(1,000)
4.18.3	Amounts owed by service providers that are not recoverable	3,400	0	1,500	0	4,900	0	(300)	1,200
4.18.4	Amounts owed by members in respect of savings plan accounts that are not recoverable	0	0	0	0	0	0	0	0
4.18.5	Other (specify)	0	0	0	0	0	0	0	0
4.18.6	<b>Total</b>	5,000	(1,000)	1,500	(600)	4,900	400	(300)	600

The transactions will have to be included in the return as follows:

- Column A: R5 000 (balance at beginning of year)  
 Column B: -R1 000 (debtor Y's unused amount reversed)  
 Column C: R1 500 (additional provision during the year)  
 Column D: -R600 (debtor X amount utilised during the year)  
 Column E:  $R5\ 000 - R1\ 000 + R1\ 500 - R600 = R4\ 900$  (balance at end of year)  
 Column F: R400 (Debtor X's amount written off directly in the statement of comprehensive income)  
 Column G: -R300 (previous impairment losses recovered)  
 Column H:  $-R1\ 000 + R1\ 500 + R400 - R300 = R600$  (net effect in statement of comprehensive income)

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## Part 4.19 Other Investment Income

The screenshot shows the CMS Statutory Returns Portal interface. The browser address bar displays the URL: <http://cmsuat02>Returns/annual.aspx?p=4&d=21>. The page title is "Statutory Returns Portal - C...". The navigation menu includes links for Home, Report Manager, Login to the Statutory Ret..., Testing 2014 AR, and Testing 2015 AR. The main content area is titled "PART 4.19 OTHER INVESTMENT INCOME". It contains a table with the following data:

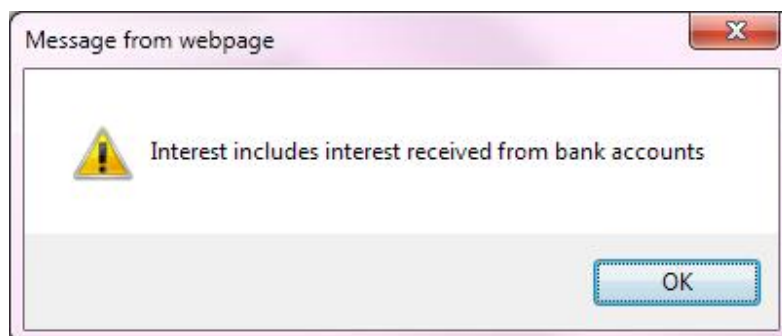
	Total
4.19.1 Income from investments and property	R 335,045,493
4.19.1.1 - Interest	309,884,989
<i>Note: Interest includes interest received from bank accounts</i>	
4.19.1.2 - Dividends received	10,145,968
4.19.1.3 - Rentals	78,596
4.19.1.4 - Policy income	85,436
4.19.2 Other (specify)	0
4.19.3 Income received from PMSA trust investment	14,850,504
4.19.4 Total other investment income	335,045,493

Please note that any fees paid to asset managers should be disclosed separately in part 6.1.14 (investment management fees).

Furthermore, the direct operating expenses on rental of investment property should also be included in part 6.1.15.

Important to note that realised gains/ (losses) on the disposal of investments should not form part of other investment income; all realised gains/ (losses) should be included in part 4.20.

For purposes of the return, please note that interest received on bank accounts should be included in part 4.19 (other investment income) and not part 6.1.17 (other income):



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Important to note that any interest paid by the scheme on borrowings or credit balances as well as interest paid on savings plan accounts are disclosed as part of finance costs in part 4.22, and should not be deducted from investment income. Income received from the PMSA trust investment should be disclosed separately in line 4.19.3.

The scheme should furthermore not aggregate all its investment income in one line item in part 4.19.2. The scheme should ensure that they disclose every type of investment income separately in the specific line provided for in part 4.19. Other investment income (4.19.2) should only be used if the return does not make provision for that type of investment income.

### Part 4.20 Other Realised and Unrealised Gains/ (Losses)

PART 4.20 OTHER REALISED AND UNREALISED GAINS/(LOSSES)	
	Total R
4.20.1 Profit/(loss) on disposal of property, plant and equipment	(78,945)
4.20.2 Profit/(loss) on disposal of investment property	123,674
4.20.3 Realised gain/(loss) on disposal of available-for-sale investments	784,563
4.20.4 Unrealised gain/(loss) on revaluation of investment property	(185,463)
4.20.5 Net gain/(loss) on revaluation of investments carried at fair value through the income statement	134,878,815
4.20.6 Other (specify)	185,463
4.20.7 Total realised and unrealised gains/(losses)	135,708,107

Net gains and losses arising from changes in the fair value of investments held at fair value through profit or loss are included in the income statement in the period in which they arise. Unrealised gains and losses arising from changes in the fair value of the available-for-sale investments are included in the available-for-sale reserve and statement of other comprehensive income. Once an available-for-sale investment is sold, the realised fair value gain or loss on the changes in the fair value of the available-for-sale investments is included in the income statement.

Only the movement through the income statement is accounted for in this part.

The scheme should furthermore not aggregate all its realised and unrealised gains and losses in one line item in part 4.20.6. The scheme should ensure that they individually disclose all realised and unrealised

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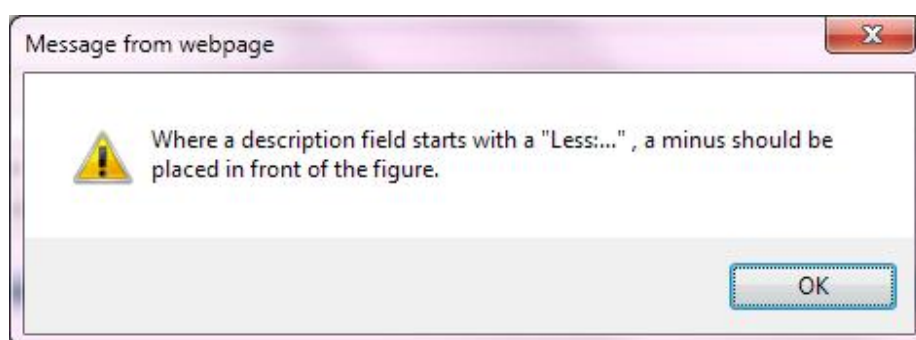


gains and losses in the specific line provided for in part 4.20. Other (4.20.6) should only be used if the return does not make provision for that type of realised and unrealised gains and losses.

### Part 4.21 Own Facility Surplus/ (Deficit)

PART 4.21 OWN FACILITY SURPLUS/(DEFICIT)		Total
		R
4.21.1	Income from services rendered to third parties	51,179,145
4.21.2	Less: Total cost incurred in operating own facility	(38,355,159)
4.21.2.1	Less: Total healthcare provider costs	(784,426)
4.21.2.2	Less: Changes in inventories	(1,999)
4.21.2.3	Less: Administration expenditure	(50,391,739)
4.21.2.4	Less: Other costs incurred in operating own facility	(981)
4.21.2.5	Add: Costs relating to members included in claims	12,823,986
4.21.3	Total own facility surplus/(deficit)	12,823,986

Where a line starts with the word 'Less', the scheme should place a minus in front of the figure:



#### *Total cost incurred in operating own facilities*

Costs incurred by the healthcare funder in operating its own medical equipment, hospital, clinic, pathology laboratory and radiology facility or any other related service on behalf of members.

4.21.1 (Income from services rendered to third parties) arises from making the scheme's own facilities available and rendering services to third parties, and is recognised on an accrual basis. This will not include

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any income from the scheme's members; only the non-related contributions income and claims expenditure are disclosed as part of own facility surplus or deficit.

The claims related expenditure paid on behalf of the scheme's members is shown as part of claims incurred, and the contributions received are disclosed as part of gross contributions. Hence, the cost of services provided to members included in net claims incurred (4.21.2.5) automatically pulls through from part 4.11.1.5 (Services provided to members in own facilities (column A)).

The scheme should disclose the total costs of operating the own facility in part 4.21.2 (and not only those costs that relate to services rendered to third parties). The total cost incurred in operating own facility (4.21.2) consists of the sum of the following costs:

- 4.21.2.1 – total healthcare provider costs
- 4.21.2.2 – changes in inventories
- 4.21.2.3 – administrative expenditure
- 4.21.2.4 – other costs incurred in operating own facility

The administrative expenditure incurred in operating the own facility in part 4.21.2.3 automatically pulls through from part 4.16.1.40 (current year: own facility column). Please note that although it is shown as part of administration expenses in part 4.16.1, it will not be included in the statement of comprehensive income as part of the administration expense, but as part of the own facility surplus/ (deficit) in line 6.1.18.

### Part 4.22 Finance Costs

The screenshot shows the CMS Statutory Returns Portal interface. The browser address bar displays the URL: <http://cmsuat02/Returns/annual.aspx?p=4&d=24>. The page title is "Statutory Returns Portal - C...". The CMS logo is visible in the top left corner. The navigation menu includes links for Home, Contact Us, Statutory Return, Print, Validate, Submit, Help, and LogOut. Below the navigation menu, there are tabs for Part 1 through Part 11. The "Part 4" tab is selected, and within it, the "Part 4.22" sub-tab is active. The main content area displays the "PART 4.22 FINANCE COSTS" section. It includes a table with the following data:

PART 4.22 FINANCE COSTS		Total R
4.22.1	Borrowings	58,000
4.22.2	Interest paid on savings plan accounts	14,850,504
4.22.3	Other (specify)	1,320
4.22.4	<b>Total finance costs</b>	<b>14,909,824</b>



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When considered to be material, finance costs are disclosed separately on the face of the statement of comprehensive income, and does not form part of investment income.

Finance costs include interest paid on savings plan accounts, and should not be netted off against interest received on savings plan accounts.

The scheme should not aggregate all its finance costs in one line item in part 4.22.3. The scheme should ensure that they disclose every type of finance costs separately in the specific line provided for in part 4.22. Other finance costs (4.22.3) should only be used if the return did not make provision for that type of finance cost.

## Part 4.23 Net Surplus/ (Deficit) per Benefit Option

PART 4.23 NET SURPLUS/(DEFICIT) PER BENEFIT OPTION				
		Consolidated Total	Other	Per benefit option OPTION B
		R	R	R
4.23.1	Gross contributions	16,619,189,351	(459,951)	639,624,090
4.23.2	Less: Savings contributions	(3,615,556,366)	0	0
4.23.3	<b>Risk contribution income</b>	13,003,632,985	(459,951)	639,624,090
4.23.4	Gross claims paid and reported in respect of risk carried by the scheme (including claims incurred in respect of commercial reinsurance contracts)	14,652,240,722	12,807,732	419,211,942
4.23.4.1	- Direct benefits for the period	11,069,667,943	(168,121)	330,106,082
4.23.4.2	- Direct benefits for the previous period	1,250,284,954	161,185	19,735,928
4.23.4.3	- Direct benefits reported not yet paid	201,522,856	(386)	7,480,662
4.23.4.4	- Accredited managed healthcare services (no transfer of risk)	2,117,940,983	(8,932)	61,889,270
4.23.4.5	- Service provided to members in own facilities	12,823,986	12,823,986	0
4.23.5	Less: Savings plan claims paid	(3,529,440,455)	(4,178)	(1,421,488)
4.23.6	Less: Discount received on claims	(14,060,060)	0	0
4.23.7	Less: Claims recoveries from third parties	(35,249,052)	(12,823,928)	(816,007)
4.23.8	Net actual claims paid and reported in respect of risk carried by the scheme (including claims incurred in respect of commercial reinsurance contracts)	11,073,491,155	(20,374)	416,974,447
4.23.9	Provisions for outstanding claims at the end of the financial year	542,148,926	1,075	18,516,315
4.23.10	Less: Provisions for outstanding claims at end of the previous year	(479,064,447)	0	(16,867,241)
4.23.11	Net claims incurred in respect of risk carried by the scheme (including claims incurred in respect of commercial reinsurance contracts)	11,136,575,634	(19,299)	418,623,521
4.23.12	Gross claims paid and reported in respect of related risk transfer arrangements (excluding claims incurred in respect of commercial reinsurance contracts)	183,709,217	0	0

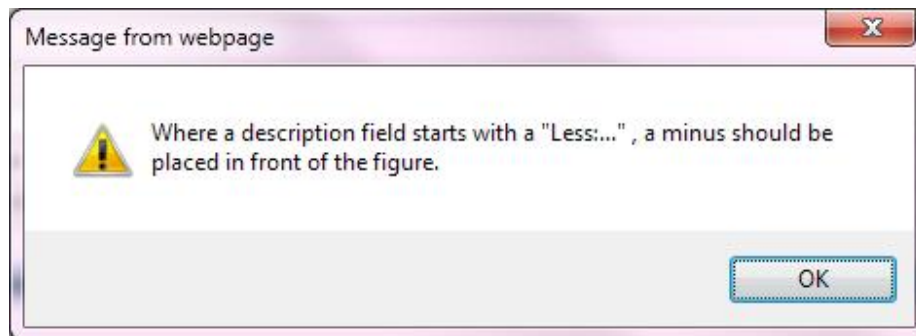
The option names captured in part 1.2 automatically pulls through to part 4.23.



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Where a line starts with the word 'Less', the scheme should place a minus in front of the figure:



The results of each benefit option under a medical scheme are to be separately disclosed, and the accounting records are to be maintained in such a way that the financial results for each benefit option can be determined.

The other column provided should be used to capture any transactions in this financial year which relates to options that were discontinued at the beginning of the financial year, for which the scheme incurred some expenses or received some income.

Any other transactions not provided for in part 4.23.17.1 and part 4.23.17.2 should be captured in part 4.23.17.3 (other). The details of these transactions should be provided.

Details (per nature of transaction) of the following income and expenses should also be provided in the different parts:

- Net impairment losses: Other (4.23.25)
- Other income (4.23.30)
- Other expenses (4.23.32)

The detailed entries in lines 4.23.25, 4.23.30 and 4.23.32 automatically pull through to part 6.1, and are matched against the previous year's detail. The detailed descriptions used in the previous year's return automatically pull through from part 6.1. Where a prior year entry's description needs to be amended, the user would need to make the change to the description in part 6.1 (by using the "Unlock previous year amounts" button) before a similar entry is created in part 4.23.

The consolidated column (the sum of the individual option results) in part 4.23 should agree on a line by line basis to the individual amounts in the income statement.

The consolidated column's lines should also agree to the following parts:

<i>Consolidated Column Line</i>	<i>Should agree to part</i>
4.23.1	4.10.1 - Gross contributions per registered rules
4.23.2	4.10.2 - Less: Savings contributions received
4.23.4.1	4.11.1.1- Direct benefits for the period (Column B)
4.23.4.2	4.11.1.2- Direct benefits for the previous period (Column B)
4.23.4.3	4.11.1.3 - Direct benefits reported not yet paid (Column B)
4.23.4.4	4.11.1.4 – Accredited managed healthcare services (no transfer of risk) (Total)
4.23.4.7	4.11.1.5 - Services provided to members in own facilities (Total)

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<i>Consolidated Column Line</i>	<i>Should agree to part</i>
4.23.5	4.11.2 Less: Savings plan claims paid (Total)
4.23.6	4.11.3 - Less: Discount received on claims (Total)
4.23.7	4.11.4 - Less: Claims recoveries from third parties (Total)
4.23.9	4.11.6 - Provision for outstanding claims at the end of the financial year (Column B)
4.23.10	4.11.7 - Provision for outstanding claims at end of the previous year (Column B)
4.23.12.1	4.11.1.1- Direct benefits for the period (Column C)
4.23.12.2	4.11.1.2- Direct benefits for the previous period (Column C)
4.23.12.3	4.11.1.3 - Direct benefits reported not yet paid (Column C)
4.23.14	4.11.6 - Provision for outstanding claims at the end of the financial year (Column C)
4.23.15	4.11.7 - Provision for outstanding claims at end of the previous year (Column C)
4.23.17	4.13.4 – Net (income)/expense from other risk transfer arrangements (Consolidated total current year column)
4.23.17.1	4.13.1 - Premiums/fees paid (Capitation fees) (Consolidated total current year column)
4.23.17.2	4.13.2 – Less: Claims recoveries in respect of related risk transfer arrangements (Consolidated total current year column)
4.23.17.3	4.13.3 - (Other) (Consolidated total current year column)
4.23.18	4.11.10 - Relevant healthcare expenditure (Total)
4.23.20	4.14.7 – Net income/(expense) from commercial reinsurance arrangements (Consolidated total)
4.23.21.1	4.15.3(a) - Broker service fees
4.23.21.2	4.15.3(b) - Other distribution costs
4.23.22	4.16.1.39 - Administration expenses (Current year: Fund)
4.23.23 + 4.23.25	4.18.6 - Column H - Total movement in statement of comprehensive income for the year
4.23.26	4.19.4 - Total other investment income
4.23.29	4.20.7 - Total realised and unrealised gains/(losses)
4.23.31	4.21.3 - Total own facility surplus/(deficit)
4.23.33	4.22.4 - Total finance costs

For more information on “other” risk transfer arrangements to be included in 4.23.12 to 4.23.17.3, please refer to details provided in part 4.3 (Trade and other receivables), 4.9 (Outstanding claims provision), 4.11 (Net claims incurred) and 4.13 (Net income/ (expense) from other risk transfer arrangements (excluding commercial reinsurance contracts)).

The members and beneficiaries per benefit option in lines 4.23.37 and 4.23.38 are pulled through from part 2.1.

If no savings contributions were received during the year, and a personal medical savings account liability still existed at year end, the scheme will be required to supply further information regarding the procedures in place to refund the monies, and the timing thereof.

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## Part 4.24 Guarantees Supplied to Registrar in Terms of the Act

The screenshot shows the CMS Statutory Returns Portal interface. The browser address bar displays <http://cmsuat02>Returns/annual.aspx?p=4&d=26>. The portal has a navigation menu with links for Home, Contact Us, Statutory Return, Print, Validate, Submit, Help, and LogOut. Below the menu, there are buttons for Part 8, Part 9, Part 10, Part 11, Part 1, Part 2, Part 3, Part 4 (highlighted), Part 5, Part 6, and Part 7. A list of sub-parts is visible below the buttons: Part 4.1, Part 4.2, Part 4.3(a), Part 4.3(b), Part 4.4, Part 4.5.1, Part 4.5.2, Part 4.6, Part 4.7, Part 4.8, Part 4.9, Part 4.10, Part 4.11.1, Part 4.11.2, Part 4.12, Part 4.13, Part 4.14, Part 4.15(a), Part 4.15(b), Part 4.16.1, Part 4.16.2, Part 4.17, Part 4.18, Part 4.19, Part 4.20, Part 4.21, Part 4.22, Part 4.23, Part 4.24, Part 4.25, and Part 4.26.

**PART 4.24**  
**GUARANTEES SUPPLIED TO REGISTRAR IN TERMS OF THE ACT**

		Total
		R
4.24.1	Name of Institution	20,000
4.24.2	Total guarantees	20,000

Where, in accordance with the Act, a third party has provided a guarantee to the scheme to ensure the financial soundness of the scheme and/or its benefit options, details of such guarantee is disclosed in this part.

This will be any guarantees supplied in terms of section 24(5) of the Act and/or regulation 2(1) (j) of the Regulations to the Act; and/or sections 33(3) and 44(9) (b) of the Act.

The scheme should also indicate the name of the institution which provided such guarantee to the scheme (i.e. a bank, the administrator etc.).

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### Part 4.25 Guarantees and Suretyships for Third Parties Liabilities (Including Contingent Liabilities)

Part 4.1 Part 4.2 Part 4.3(a) Part 4.3(b) Part 4.4 Part 4.5.1 Part 4.5.2 Part 4.6 Part 4.7 Part 4.8 Part 4.9 Part 4.10 Part 4.11.1 Part 4.11.2 Part 4.12 Part 4.13 Part 4.14 Part 4.15(a) Part 4.15(b) Part 4.16.1 Part 4.16.2 Part 4.17 Part 4.18 Part 4.19 Part 4.20 Part 4.21 Part 4.22 Part 4.23 Part 4.24 Part 4.25 Part 4.26

**PART 4.25**  
**GUARANTEES AND SURETYSHIPS FOR THIRD PARTIES LIABILITIES (INCLUDING CONTINGENT LIABILITIES)**

		Guarantees	Suretyships	Encumbered Assets	Other
		R	R	R	R
4.25.1	To whom	10,000	20,000	30,000	40,000
4.25.2	Total	10,000	20,000	30,000	40,000

Were the guarantees, suretyship for third party liabilities or encumbered assets approved by Council? Please also indicate the date of approval.

[Click here](#)

Where the scheme has provided a guarantee and/or suretyship to a third party, details of such guarantee and/or suretyship should be disclosed, per individual party to which such guarantee or suretyship was given.

The scheme should also list all assets individually, which were encumbered at end of the financial year end.

Whenever a scheme has completed this part, further detail in respect of Council's approval in terms of section 35(6) will be required.

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## Part 4.26 Related Party Transactions

Part 4.1 Part 4.2 Part 4.3(a) Part 4.3(b) Part 4.4 Part 4.5.1 Part 4.5.2 Part 4.6 Part 4.7 Part 4.8 Part 4.9 Part 4.10 Part 4.11 Part 4.12 Part 4.13 Part 4.14 Part 4.15(a) Part 4.15(b) Part 4.16.1 Part 4.16.2 Part 4.16.3 Part 4.16.4 Part 4.17 Part 4.18 Part 4.19 Part 4.20 Part 4.21 Part 4.22 Part 4.23 Part 4.24 Part 4.25 Part 4.26

**PART 4.26 RELATED PARTY TRANSACTIONS**

Name	Nature of related party relationship	Nature of transactions/balances at year-end	Was the transaction/balances at year-end at arms-length	Amount	
			Click for Yes	R	
<b>STATEMENT OF COMPREHENSIVE INCOME</b>					
4.26.1	Transactions for the year (statement of comprehensive income)			1,764,516,608	
4.26.2	Trustee remuneration & considerations	Board of Trustees	Key management person	Trustees' remuneration and considerations	617,529
4.26.3	Trustees: Fees received in respect of services rendered to related parties	Board of Trustees	Key management person	Services rendered to related parties	107,200
4.26.4	Principal Officer remuneration & considerations	Principal Officer	Key management person	Principal Officer remuneration	8,949,808
4.26.5	Name of consolidated party (specify)				22,000,000
<b>STATEMENT OF FINANCIAL POSITION</b>					
4.26.6	Balances at year end (statement of financial position)				188,574,401
4.26.7	Name of consolidated party (specify)				1,750,000

Reasons for transactions/ balances at year-end if not at arms-length: [Click here](#)

Due to inconsistencies experienced in the past, no differentiation between income and expenditure, as well as debit and credit balances are required.

Potential related parties as well as related party disclosure are discussed in detail in the relevant Appendices to the SAICA Guide. In terms of IAS 24 – *Related Party Disclosure*, “a related party is a person or entity that is related to the entity that is preparing its financial statements:

- A person or a close member of that person’s family is related to a reporting entity if that person:
  - has control or joint control over the reporting entity;
  - has significant influence over the reporting entity; or
  - is a member of the key management personnel of the reporting entity or of a parent of the reporting entity.
- An entity is related to a reporting entity if any of the following conditions applies:
  - The entity and the reporting entity are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
  - One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
  - Both entities are joint ventures of the same third party.
  - One entity is a joint venture of a third entity and the other entity is an associate of the third entity.

## Help File: 2017 Annual Statutory Return



- (v) The entity is a post-employment benefit plan for the benefit of employees of either the reporting entity or an entity related to the reporting entity. If the reporting entity is itself such a plan, the sponsoring employers are also related to the reporting entity.
- (vi) The entity is controlled or jointly controlled by a person identified in (a).
- (vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity)".

Based on the definition of related parties above, the scheme would need to select the appropriate nature of relationship from the drop-down menu supplied in part 4.26 for each individual transaction/balance:

- Associate
- Control
- Joint venture
- Key management personnel
- Significant influence
- Sponsoring employer
- Subsidiary
- Other (Specify)

The individual totals per this part should agree with the scheme's note in the audited financial statement with regards to related party transactions (in terms of IAS 24). The statement of comprehensive income transactions for the year should be disclosed per party and per nature of transaction in part 4.26.1. The scheme should not aggregate all the statement of comprehensive income related party transactions.

The balances owing to/from related parties at year-end should be disclosed in part 4.26.2. The statement of financial position balances for the year should be disclosed per party and per nature. The scheme should not aggregate all the related party balances. Related party balances captured in parts 4.3.12.5 and 4.8.6.5 pull through automatically to part 4.26.2.

The following are examples of the type of information that we require for purposes of part 4.26 when a scheme has identified an entity as a related party:

(Please note that the following examples are not considered to be an exhaustive list of all possible related parties and transactions.)

### *Board of trustees/Principal officer/Executive management and their close family members (Key management personnel)*

Trustee remuneration and considerations will be pulled through as an aggregate from part 4.17.

- Fees received by trustees in respect of services rendered to related parties to the scheme will also pull through as an aggregate from part 4.17.
- Principal Officer remuneration and considerations will be pulled through from part 4.16.1.26.1 and part 4.16.1.26.2.
- Any other members of "executive" management's remuneration should be disclosed separately from the board of trustees and Principal Officers' remuneration.
- Gross contributions received (disclosed in aggregate)
- Gross claims paid (disclose in aggregate)
- Ex-gratia payments (disclose in aggregate)
- Any other transaction entered into between the scheme and one of the parties mentioned above (disclose per individual)
- Any transactions between the scheme and another entity that is controlled, jointly controlled or significantly influenced by one of the parties mentioned above (disclose per individual)

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- Outstanding balances on savings accounts (disclosed in aggregate)
- Outstanding contributions payable to scheme (disclosed in aggregate)
- Outstanding claims due by the scheme (disclosed in aggregate)
- Outstanding balances with regards to any other transaction (disclose per individual)

### *Employer groups*

*(The entity is a post-employment benefit plan for the benefit of employees of either the reporting entity or an entity related to the reporting entity. If the reporting entity is itself such a plan, the sponsoring employers are also related to the reporting entity.)*

- Grant received from employer
- Administration refund from employer
- Rent paid to the employer
- Administration fees paid if the employer group handles the administration function
- Site office costs
- Any other transactions
- Outstanding balances due by the scheme in respect of the above transactions
- Outstanding balances due to the scheme in respect of the above transactions

### *Administrators*

*(A management entity that provides key management personnel services to a scheme may be deemed a related party in respect of those key management personnel services.)*

- Administration fees paid
- Administration fees recovered
- Site office costs
- Rent received (where administrator rents building from scheme)
- Rent paid (where scheme rents building from administrator)
- Any other transactions
- Outstanding balances due by the scheme in respect of the above transactions
- Outstanding balances due to the scheme in respect of the above transactions

### *Accredited managed care organisations*

*(A management entity that provides key management personnel services to a scheme may be deemed a related party in respect of those key management personnel services.)*

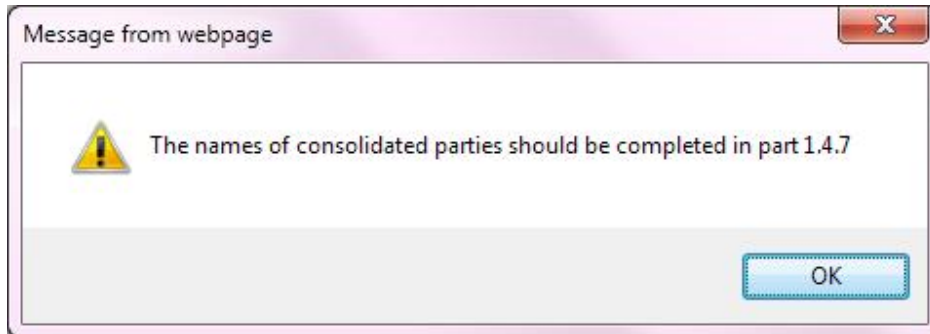
- Accredited managed healthcare fee (the total amount per party must be provided as the details would have been provided in 4.12).
- Outstanding balances due by the scheme in respect of the above transactions
- Outstanding balances due to the scheme in respect of the above transactions

### *Subsidiaries, Joint Ventures, and Associates*

These entities' names will pull through from question 7 in part 1.4:



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Additional entries for each related party can be created by clicking on the "Copy" button.

- Any transactions
- Outstanding balances due by the scheme
- Outstanding balances due to the scheme

Other - Windows Internet Explorer

Please supply a detailed list

Description	Name	Nature of related party relationship	Specify	Nature of transactions/ balances at year-end	Was the transaction/ balances at year-end at arms-length (Click for Yes)	Amount	
ABC Marketing (Pty) Ltd	ABC Marketing (Pty)	Subsidiary	n/a	Advertising expendit	<input checked="" type="checkbox"/>	3,000,00	Copy
DEF Investments (Pty) Ltd	DEF Investments (Pty)	Other (specify)	Test	Marketing expenditur	<input checked="" type="checkbox"/>	7,000,00	Copy
ABC Marketing (Pty) Ltd	ABC Marketing (Pty)	Subsidiary	n/a	Rent of property	<input checked="" type="checkbox"/>	12,000,0	Copy Delete

Done

85%

Details need to be provided where transactions did not occur on an arms-length basis.

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The following are examples of how part 4.26 have to be completed:

		Name	Nature of Related party relationship	Nature of transactions/ balances at year-end	Was the transaction/ balances at year-end at arm's-length	Amount
					Y/N	R
STATEMENT OF COMPREHENSIVE INCOME						
4.26.1	Transactions for the year (statement of comprehensive income)					
4.26.1.1	Contributions	Board of Trustees	Key management personnel	Trustee contributions	Yes	139,915
4.26.1.2	Contributions	Principal Officer	Key management personnel	Principal Officer contributions	Yes	13,275
4.26.1.3	Claims paid	Board of Trustees	Key management personnel	Trustee claims paid	Yes	38,219
4.26.1.4	Claims paid	Board of Trustees	Key management personnel	Trustee claims paid MSA	Yes	38,492
4.26.1.5	Claims paid	Principal Officer	Key management personnel	Principal Officer claims paid	Yes	102
4.26.1.6	Claims paid	Principal Officer	Key management personnel	Principal Officer claims paid MSA	Yes	3,656
4.26.1.7	A Smit Medical practice	Board of Trustees	Key management personnel	Healthcare provider fees paid	Yes	333,833

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		Name	Nature of Related party relationship	Nature of transactions/ balances at year-end	Was the transaction/ balances at year-end at arm's-length	Amount
					Y/N	R
4.26.1.8	AB Administrators (Pty) Ltd	Administrator	Key management personnel	Administration fees	Yes	2,500,000
4.26.1.9	AB Administrators (Pty) Ltd	Administrator	Key management personnel	Interest received on monthly balances	Yes	491,652
4.26.1.10	AB Administrators (Pty) Ltd	Administrator	Key management personnel	Interest paid on monthly balances	Yes	48,679
4.26.1.11	AB Administrators (Pty) Ltd	Managed care organisation	Key management personnel	Managed care fees	Yes	419,503,072
4.26.1.12	Employer Group ABC	Employer group	Sponsoring employer	Grant received	Yes	5,000,000
4.26.2	Trustee remuneration & considerations	Board of Trustees	Key management personnel	Trustee remuneration	Yes	617,529
4.26.3	Trustees: Fees received in respect of services rendered to related parties	Board of Trustees	Key management personnel	Services rendered to related parties	Yes	203,152
4.26.4	Principal Officer remuneration & considerations	Principal Officer	Key management personnel	Principal Officer remuneration	Yes	1,944,808
4.26.5.1	AB Ltd	Subsidiary	Subsidiary	Rental	No	20,000



		Name	Nature of Related party relationship	Nature of transactions/ balances at year-end	Was the transaction/ balances at year-end at arm's-length	Amount
					Y/N	R
STATEMENT OF FINANCIAL POSITION						
4.26.6	Balances at year end (statement of financial position)					
4.26.6.1	AB Ltd	Subsidiary	Subsidiary	Rental owed	No	40,000
4.26.6.2	Contributions debtor	Principal Officer	Key management personnel	Principal Officer contribution debtor	Yes	1,093
4.26.6.3	Savings plan liability	Principal Officer	Key management personnel	Savings plan liability	Yes	1,683
4.26.6.4	Contributions debtor	Board of Trustees	Key management personnel	Trustee contributions debtors	Yes	5,397
4.26.6.5	Savings plan liability	Board of Trustees	Key management personnel	Savings plan liability	Yes	9,556
4.26.6.6	AB Administrators (Pty) Ltd	Administrator	Key management personnel	Administration fees payable	Yes	188,529,398

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## PART 5 STATEMENT OF FINANCIAL POSITION

		Current year	Previous year (LOCKED)
		R	R
5.1	<b>ASSETS</b>		
5.1.1	<b>Non-current assets</b>	666,130,869	663,617,432
5.1.1.1	Property, plant & equipment	11,033,437	8,520,000
5.1.1.2	Investments	654,997,432	654,997,432
5.1.1.3	Other non-current assets (specify)	100,000	100,000
5.1.2	<b>Current assets</b>	4,703,841,103	5,841,292,740
5.1.2.1	Inventories	7,006	6
5.1.2.2	Trade and other receivables	679,542,728	679,542,728
5.1.2.3	Investments	2,249,158,964	2,249,158,964
5.1.2.4	Cash and cash equivalents	552,830,793	552,830,793
5.1.2.5	Personal medical savings account trust investment	1,222,301,612	1,222,301,612
5.1.2.6	Other current assets (specify)	0	1,137,458,637
5.1.3	<b>Total assets</b>	5,369,971,972	6,504,910,172
5.2	<b>FUNDS AND LIABILITIES</b>		
5.2.1	<b>Members' funds</b>	3,145,152,232	4,274,031,598
5.2.1.1	Accumulated funds	3,129,581,232	4,272,533,598
5.2.1.2	Revaluation Reserve - Investments	7,080,000	1,080,000
5.2.1.3	Revaluation Reserve - Property, plant and equipment	15,070,000	0
5.2.1.4	Reserves set aside for specific purposes	(2,082,000)	(82,000)
5.2.1.5	Other reserves	(4,998,000)	2,000
5.2.1.6	Minority interest	501,000	498,000

Most of the statement of financial position balances for the current year pulls automatically through from the individual parts, completed in part 4 and part 7 of the return; except for other non-current assets, inventories, other current assets, minority interest (where a scheme completes consolidated financial statements) and other current liabilities.

Details of other non-current and current assets should be provided in the description line provided for in part 5.1.1.3 and 5.1.2.5 respectively; all the scheme's non-current and current assets should not be aggregated and disclosed as a single line in part 5.1.1.3 and 5.1.2.5. The same applies to the other current liabilities in part 5.2.3.4.

The majority of the scheme's previous year's figures are automatically pulled through from the previous year's return. The scheme has the option to unlock these amounts and edit them in instances where changes occurred. When changes are made to these figures, the scheme would be required to provide more information on the reasons for these adjustments. The following lines pull through from opening balances in parts 4 and 7:

- Property, plant and equipment;
- Accumulated funds;
- Revaluation reserve – investments;
- Revaluation reserve – property, plant and equipment;
- Reserves set aside for specific purposes;
- Other reserves;
- Savings plan liability; and
- Outstanding claims provision.

# Help File: 2017 Annual Statutory Return



The personal medical savings account liability is a current liability, due to the fact that if the members of the scheme leave tomorrow, their credit savings account balances must be transferred or paid out immediately in terms of Regulation 10 of the Act.

Details of other current liabilities should be provided in the description line provided for in part 5.2.3.4; all the scheme's current liabilities should not be aggregated and disclosed as a single line in part 5.2.3.4.

The total assets in part 5.1.3 must agree with the total funds and liabilities in part 5.2.4 (both current and prior year columns).

## PART 6 STATEMENT OF COMPREHENSIVE INCOME

### Part 6.1 Statement of Comprehensive Income

The screenshot shows the CMS Statutory Returns Portal interface. The browser address bar displays <https://cmsuat02>Returns/annual.aspx?p=6>. The page title is "Statutory Returns Portal - C...". The navigation menu includes "Home", "Report Manager", "Login to the Statutory Ret...", and "Testing AR portal". The main content area is titled "PART 6.1 STATEMENT OF COMPREHENSIVE INCOME". It features a table with columns for "Current year" and "Previous year (LOCKED)". The table lists various income and expense items, including Gross contributions, Less: Savings contributions, Risk contribution income, Relevant healthcare expenditure, Net claims incurred, Net income/(expense) on risk transfer arrangements, Gross healthcare result, Net income/(expense) on commercial reinsurance contracts, Less: Broker service fees, Less: Other distribution costs, Less: Administration expenses, Net impairment losses: Trade and other receivables, Net healthcare result, Net impairment losses: Other (specify), Other investment income, Less: Investment management fees, Less: Operating expenses on rental of investment property, Other realised and unrealised gains/(losses), Other income (specify), Own facility surplus/(deficit), Less: Other expenses (specify), Less: Finance costs, and Surplus/(Deficit) for the year before consolidation.

	Current year	Previous year (LOCKED)
	R	R
6.1.1 Gross contributions	16,619,189,351	16,619,189,351
6.1.2 Less: Savings contributions	(3,615,556,366)	(3,615,556,366)
6.1.3 Risk contribution income	13,003,632,985	13,003,632,985
6.1.4 Relevant healthcare expenditure	(11,296,455,585)	(10,500,391,397)
6.1.4.1 Net claims incurred	(11,320,284,851)	(11,320,284,851)
6.1.4.2 Net income/(expense) on risk transfer arrangements	23,829,286	819,893,454
6.1.5 Gross healthcare result	1,707,177,420	2,503,241,588
6.1.6 Net income/(expense) on commercial reinsurance contracts	19,527	19,527
6.1.7.1 Less: Broker service fees	(404,562,667)	(454,954,406)
6.1.7.2 Less: Other distribution costs	(7,000)	(7,000)
6.1.8 Less: Administration expenses	(2,398,799,394)	(2,348,797,655)
6.1.9 Net impairment losses: Trade and other receivables	(16,327,046)	(16,327,046)
6.1.10 Net healthcare result	(1,112,499,160)	(316,824,992)
6.1.11 Net impairment losses: Other (specify)	(4,000)	(4,000)
6.1.12 Other investment income	335,049,973	1,311,751,170
6.1.13 Less: Investment management fees	(9,354,280)	(9,354,280)
6.1.14 Less: Operating expenses on rental of investment property	(5,000)	(5,000)
6.1.15 Other realised and unrealised gains/(losses)	135,708,107	135,708,107
6.1.16 Other income (specify)	822,230,896	26,166,728
6.1.17 Own facility surplus/(deficit)	12,823,986	12,823,986
6.1.18 Less: Other expenses (specify)	(1,000)	(1,000)
6.1.19 Less: Finance costs	(14,909,824)	(14,909,824)
6.1.20 Surplus/(Deficit) for the year before consolidation	169,039,698	1,145,350,895

The current year income statement pulls through from the consolidated amounts as captured in part 4.23 of the return.

The other comprehensive income should agree with the net movements in the different reserve accounts (excluding movements due to amalgamations), for both the current and previous financial year.

The reclassification adjustment as per line 6.1.25 relates to gain/ loss on sale of available-for sale investments which is taken to the income statements within "Investment income". This figure is the negative of the pulled through value from line 4.20.3 Realised gain/(loss) on disposal of available-for-sale investments.

## Help File: 2017 Annual Statutory Return



The prior year figures are automatically pulled through from the previous year's annual statutory return, except for line 6.1.4.2 which pulls through from line 4.13.4's previous year consolidated total column, and line 6.1.8 which pulls through from line 4.16.1.39's previous year fund total column. The user has the option to unlock these amounts for editing when prior year adjustments/restatements occurred. When changes are made to these figures, the scheme would be required to provide more information on the reasons for these adjustments.

The detailed entries in lines 6.1.11 (Net impairment losses: Other), 6.1.16 (Other income) and 6.1.18 (Other expenses) automatically pull through from both the previous year's return and part 4.23. It is therefore recommended that the user makes use of similar descriptions than that used in the previous year's return when completing part 4.23, to ensure that the current and previous year information is matched.

The description of the previous year's detailed entries in lines 6.1.11, 6.1.16 and 6.1.18 can be amended by making use of the "Unlock previous year amounts" button. This would need to be done before completing part 4.23 in order to ensure a correct matching of current and previous year information.

Details (per nature of transaction) of the following income (and expense) should be provided:

- Other comprehensive income (6.1.27)

Where the scheme receives a grant from a sponsor, an employer, third party fund administrator, etc., whether to comply with Regulation 29 of the Regulations to the Act, namely, minimum accumulated funds to be maintained by the scheme, or for any other reason, the grant is shown separately under "Other income" in part 6.16. Such grants do therefore not form part of the scheme's net healthcare result.



# Help File: 2017 Annual Statutory Return



## Part 6.2.1 Monthly Statement of Net Healthcare Result: Current Year

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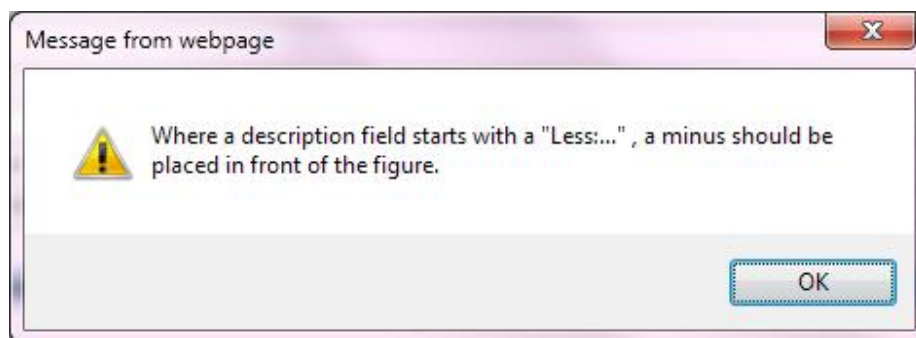
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**PART 6.2.1**  
**MONTHLY STATEMENT OF NET HEALTHCARE RESULT: CURRENT YEAR**

		Year To Date	January	February	March
		R	R	R	R
6.2.1.1	Gross contributions	16,619,189,351	1,365,481,863	1,384,826,667	1,361,573,258
6.2.1.2	<b>Less: Savings contributions</b>	(3,615,556,366)	(297,064,829)	(301,273,351)	(296,214,500)
6.2.1.3	<b>Risk contribution income</b>	13,003,632,985	1,068,417,034	1,083,553,316	1,065,358,758
6.2.1.4	<b>Relevant healthcare expenditure</b>	(11,296,455,565)	(1,616,242,160)	(261,434,830)	(825,142,146)
6.2.1.4.1	Net claims incurred	(11,320,284,851)	(1,619,578,260)	(261,911,418)	(826,810,196)
6.2.1.4.2	Net income/(expense) on risk transfer arrangements	23,829,286	3,336,100	476,588	1,668,050
6.2.1.5	<b>Gross healthcare result</b>	1,707,177,420	(547,825,126)	822,118,486	240,216,612
6.2.1.6	Net income/(expense) on commercial reinsurance contracts	19,527	1,611	1,652	1,609
6.2.1.7.1	<b>Less: Broker service fees</b>	(404,562,667)	(33,374,533)	(34,219,996)	(33,337,718)
6.2.1.7.2	<b>Less: Other distribution costs</b>	(7,000)	(577)	(594)	(577)
6.2.1.8	<b>Less: Administration expenses</b>	(2,398,799,394)	(163,779,536)	(164,907,297)	(167,127,239)
6.2.1.8.1	Administration fees and indirect fees paid to the administrator	(1,764,004,641)	(145,983,934)	(146,989,159)	(148,967,894)
6.2.1.8.2	Co-administration fees	(30,000)	(2,683)	(2,700)	(2,733)
6.2.1.8.3	Other administration expenditure	(634,764,753)	(17,792,919)	(17,915,438)	(18,156,612)
6.2.1.9	Net impairment losses: Trade and other receivables	(16,327,046)	(1,351,179)	(1,360,483)	(1,378,798)
6.2.1.10	<b>Net healthcare result</b>	(1,112,499,160)	(746,329,340)	621,631,768	38,373,889
6.2.1.11	<b>Surplus/(Deficit) for the year after consolidation</b>	169,059,698	(59,003,121)	(41,695,757)	(27,296,825)

Where a line starts with the word 'Less', the scheme should place a minus in front of the figure:



The total amount for the year to date income statement should at all times agree on a line for line basis with the amounts as per part 6.1.

The year to date administration fees and indirect fees paid to the administrator plus the year to date co-administration fees paid should agree with the amount captured in line 4.16.2.10 (current year column); and the year to date co-administration fees paid should agree with line 4.16.1.11 (fund column).

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## Part 6.2.2 Monthly Statement of Net Healthcare Result: Previous Year

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**PART 6.2.2**  
**MONTHLY STATEMENT OF NET HEALTHCARE RESULT: PREVIOUS YEAR**

		Year To Date	January	February	March
		R	R	R	R
6.22.1	Gross contributions	16,619,189,351	1,361,573,258	1,365,481,863	1,371,005,594
6.22.2	<b>Less: Savings contributions</b>	(3,615,556,366)	(296,214,500)	(297,064,829)	(298,266,534)
6.22.3	<b>Risk contribution income</b>	13,003,632,985	1,065,358,758	1,068,417,034	1,072,739,060
6.22.4	<b>Relevant healthcare expenditure</b>	(10,500,391,397)	(790,751,890)	(564,822,779)	(451,858,223)
6.22.4.1	Net claims incurred	(11,320,284,851)	(792,419,940)	(568,014,243)	(452,811,394)
6.22.4.2	Net income/(expense) on risk transfer arrangements	819,893,454	1,668,050	1,191,464	953,171
6.22.5	<b>Gross healthcare result</b>	2,503,241,588	274,606,868	503,594,255	620,880,837
6.22.6	Net income/(expense) on commercial reinsurance contracts	19,527	1,600	1,604	1,611
6.22.7.1	<b>Less: Broker service fees</b>	(454,954,406)	(33,144,920)	(33,240,068)	(33,374,533)
6.22.7.2	<b>Less: Other distribution costs</b>	(7,000)	(573)	(575)	(577)
6.22.8	<b>Less: Administration expenses</b>	(2,348,797,655)	(162,138,049)	(162,603,590)	(163,261,365)
6.22.8.1	Administration fees and indirect fees paid to the administrator	(1,764,004,641)	(144,520,981)	(144,935,850)	(145,522,154)
6.22.8.2	Co-administration fees	(32,000)	(2,458)	(2,565)	(2,575)
6.22.8.3	Other administration expenditure	(584,761,014)	(17,614,810)	(17,665,175)	(17,736,636)
6.22.9	Net impairment losses: Trade and other receivables	(16,327,046)	(1,337,639)	(1,341,478)	(1,346,905)
6.22.10	<b>Net healthcare result</b>	(316,824,992)	77,987,287	306,410,148	422,899,068
6.22.11	<b>Surplus/(Deficit) for the year after consolidation</b>	1,145,370,895	(6,625,174)	(41,322,213)	(59,003,121)

The previous year's amounts are automatically pulled through from the previous year's return. The scheme can then make adjustments to these figures if needs be.

The total amount for the year to date income statement should at all times agree on a line for line basis with the amounts as per part 6.1 (previous year column).

The year to date administration fees and indirect fees paid to the administrator plus the year to date co-administration fees paid should agree with the amount captured in line 4.16.2.10 (previous year column); and the year to date co-administration fees paid should agree with line 4.16.1.11 (previous year fund column).

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## Part 6.3 Results of Efficiency Discount options

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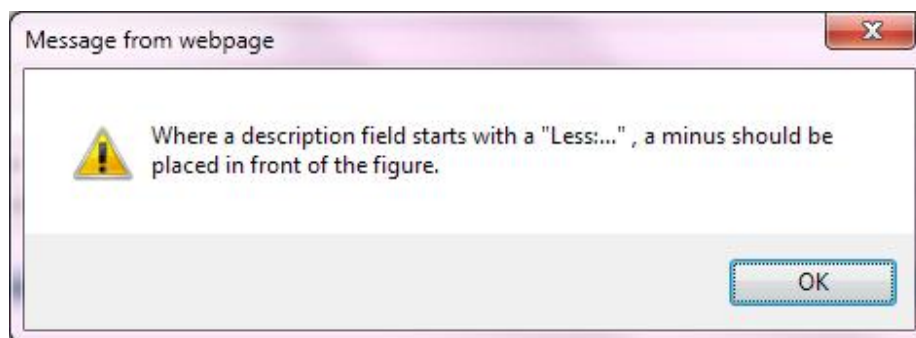
Part 6.1 Part 6.2.1 Part 6.2.2 Part 6.3

**PART 6.3 RESULTS OF EFFICIENCY DISCOUNT OPTIONS**

Per benefit option  
OPTION EDO PRIMECURE

	Total	Name of EDO	Non-EDO
	R	EDO 1	R
6.3.1 Gross contributions	6,221,285,503	1,036,880,917	3,318,018,935
6.3.2 Less: Savings contributions	(1,555,373,667)	(259,228,945)	(829,532,622)
6.3.3 Risk contribution income	4,665,911,836	777,651,972	2,488,486,313
6.3.4 Relevant healthcare expenditure	(4,799,967,780)	(800,469,077)	(2,558,654,365)
6.3.4.1 Net claims incurred	(4,801,668,843)	(800,278,141)	(2,560,890,049)
6.3.4.2 Net income/(expense) on risk transfer arrangements	1,701,063	(190,936)	2,235,684
6.3.5 Gross healthcare result	(134,055,944)	(22,817,105)	(70,168,052)
6.3.6 Net income/(expense) on commercial reinsurance contracts	0	0	0
6.3.7.1 Less: Broker service fees	(136,072,535)	(22,678,756)	(72,572,018)
6.3.7.2 Less: Other distribution costs	0	0	0
6.3.8 Less: Administration expenses	(584,568,907)	(80,128,798)	(360,208,272)
6.3.9 Net impairment losses: Trade and other receivables	(3,764,374)	(627,396)	(2,007,666)
6.3.10 Net healthcare result	(858,461,760)	(126,252,055)	(504,956,008)
6.3.11 Surplus/(Deficit) for the year before consolidation	(864,010,176)	(144,476,305)	(459,476,522)
6.3.12 Members at the end of the financial year	180,762	30,127	96,407
6.3.13 Beneficiaries at the end of the financial year	446,860	74,477	238,325
6.3.14 65 Years + Ratio	7.35	8.54	5.35
6.3.15 Average Age per Beneficiary	34.20	38.12	29.79

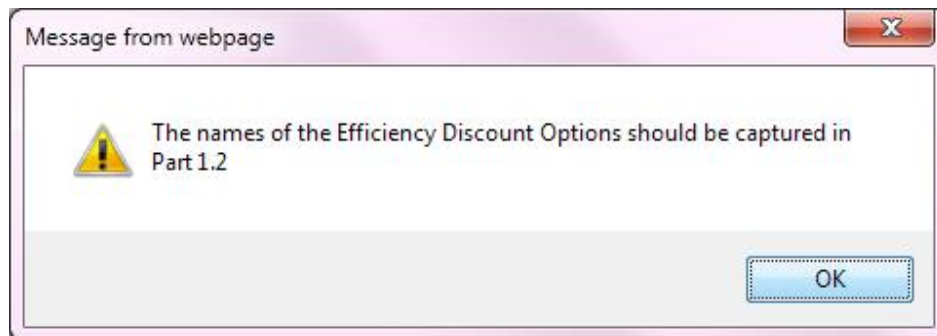
Where a line starts with the word 'Less', the scheme should place a minus in front of the figure:



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The names of the various benefit options with Efficiency Discount Options are pulled through from part 1.2:



Columns are generated for each individual Efficiency Discount Option per benefit option.

The results per benefit option pulls through from the per benefit option amounts as captured in part 4.23 of the return; the membership data pulls through from parts 2.1 and 2.3. The scheme would then need to manually capture each individual Efficiency Discount's results.

The non-Efficiency Discount option results are calculated as the total benefit option results less the various Efficiency Discount Sub-Option results; except for the average age and pensioner ratios which would need to be captured manually.

There are validation rules ensuring the completion of this part.

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## PART 7 STATEMENT OF CHANGES IN FUNDS AND RESERVES

### Part 7.1 Accumulated Funds

Part 7.1 ACCUMULATED FUNDS

	Current year	Previous year
	R	R (LOCKED)
7.1.1 Balance at the beginning of the year	5,088,573,690	3,125,366,023
7.1.1.1 - As previously reported	4,273,533,598	5,088,573,690
7.1.1.2 - Prior year adjustment (including effect of first time adoption of IFRS)	815,040,092	(1,963,207,667)
7.1.2 Surplus/(Deficit) for the year	169,059,698	1,145,370,895
7.1.3 Transfer to/(from) accumulated funds	0	(60,000)
7.1.3.1 - Due to amalgamation	60,000	0
7.1.3.2 - Due to re-measurement property, plant and equipment	(130,000)	70,000
7.1.3.3 - Other transfers	70,000	(130,000)
7.1.4 Other (specify)	(2,127,052,156)	2,856,680
7.1.5 Balance at the end of the year	3,130,581,232	4,273,533,598

Please provide the reasons for any prior year restatements/reclassifications: [Click here](#)

The opening balance as previously reported at the beginning of the previous year (7.1.1.1), pulls automatically through from the previous year's annual return (7.1.1). Therefore, the scheme should restate the prior year's figures (where applicable) on the return by making use of line 7.1.1.2. Lines 7.1.3 and 7.1.4 also pull through automatically from the previous year's return, and can be adjusted by making use of the "Unlock previous year amounts" button.

The closing balance of the previous year (7.1.5) pulls automatically through to the opening balance of the current year (as previously reported - 7.1.1.1). The current year's figure will therefore automatically incorporate any restatements of prior year balances.

The net surplus/ (deficit) after consolidation for the year in part 7.1.2 pulls through from part 6.1.22, for both the current and previous financial year.

The scheme should provide the exact nature of any amounts included in part 7.1.4. The scheme should only complete this part if the return does not cater specifically for that kind of transaction elsewhere in part 7.1.



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The following reason box should be completed (if the specifications are met):

Specification	Reason box wording
Previous year figures were restated/reclassified in line 7.1.1.2 (both current year and previous year columns), as well as in the previous year column lines 7.1.3 – 7.1.4	Please provide the reasons for any prior year restatements/reclassifications.

## Part 7.2 Revaluation Reserve (Financial Instruments)

The screenshot shows the CMS Statutory Returns Portal interface. The top navigation bar includes links for Home, Contact Us, Statutory Return, Print, Validate, Submit, Help, and LogOut. Below this, there are tabs for Part 1 through Part 11. The main content area is titled 'PART 7.2 REVALUATION RESERVE (INVESTMENTS)'. It features a table with two columns: 'Current year' and 'Previous year'. The 'Previous year' column is marked as 'R (LOCKED)'. The table includes the following rows:

	Current year	Previous year
	R	R (LOCKED)
7.2.1 Balance at the beginning of the year	80,000	80,000
7.2.1.1 - As previously reported	80,000	80,000
7.2.1.2 - Prior year adjustment (including the first time adoption of IFRS)	0	0
7.2.2 Unrealised gains/(losses) on revaluation of investments	5,000,000	0
7.2.3 Realised (gains)/losses on derecognition of investments	(1,000,000)	0
7.2.4 Revaluation adjustment	80	60
7.2.5 Transfer (to)/from reserves	1,999,920	(60)
7.2.5.1 Due to amalgamation	0	0
7.2.5.2 Other (specify)	1,999,920	(60)
7.2.6 Balance at the end of the year	6,080,000	80,000

Below the table, there is a section titled 'Please provide the reasons for any prior year restatements/reclassifications:' with a 'Click here' button.

The opening balance as previously reported at the beginning of the previous year (7.2.1.1), automatically pulls through from the previous year's annual return (7.2.1). Therefore, the scheme should restate the prior year's figures (where applicable) on the return by making use of line 7.2.1.2. Lines 7.2.4 and 7.2.5 also pull through automatically from the previous year's return, and can be adjusted by making use of the "Unlock previous year amounts" button.

The closing balance of the previous year (7.2.6) pulls automatically through to the opening balance of the current year (as previously reported – 7.2.1.1). Hence, the current year's figure will automatically incorporate any restatements of prior year's balances.



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The unrealised gains/losses on revaluation of investments (7.2.2) automatically pull through from 6.1.24, for both the current and previous financial year.

The realised (gains)/losses on derecognition of investments (7.2.3) automatically pulls through from 6.1.25, for both the current and previous financial year.

The scheme should provide the exact nature of any amounts included in part 7.2.5.2. The scheme should only complete this part if the return does not cater specifically for that kind of transaction elsewhere in part 7.2.

The following reason box should be completed (if the specifications are met):

Specification	Reason box wording
Previous year figures were restated/reclassified in line 7.2.1.2 (both current year and previous year columns), as well as in the previous year column lines 7.2.4 – 7.2.5.	Please provide the reasons for any prior year restatements/reclassifications.

### Part 7.3 Revaluation Reserve (Property, Plant and Equipment)

Part 7.3 REVALUATION RESERVE (PROPERTY, PLANT AND EQUIPMENT)

	Current year R	Previous year R (LOCKED)
7.3.1 Balance at the beginning of the year	0	(1,000)
7.3.1.1 - As previously reported	0	0
7.3.1.2 - Prior year adjustment (including the first time adoption of IFRS)	0	(1,000)
7.3.2 Unrealised gains/(losses) on revaluation of property, plant and equipment	7,000,000	0
7.3.3 Revaluation adjustment	4,999,000	0
7.3.4 Transfer (to)/from reserves	3,071,000	1,000
7.3.4.1 Due to amalgamation	0	0
7.3.4.2 Other (specify)	3,071,000	1,000
7.3.5 Balance at the end of the year	15,070,000	0

Please provide the reasons for any prior year restatements/reclassifications: [Click here](#)

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The opening balance as previously reported at the beginning of the previous year (7.3.1.1), automatically pulls through from the previous year's annual return (7.3.1). Therefore, the scheme should restate the prior year's figures (where applicable) on the return. The scheme should please use 7.3.1.2 for any restatements. Lines 7.3.3 and 7.3.4 also pull through automatically from the previous year's return, and can be adjusted by making use of the "Unlock previous year amounts" button.

The closing balance of the previous year (7.3.5) pulls automatically through to the opening balance of the current year (as previously reported – 7.3.1.1). Hence, the current year's figure will automatically incorporate any restatements of prior year's balances.

The unrealised gains/losses on revaluation of property, plant and equipment (7.3.2) automatically pulls through from 6.1.26, for both the current and previous financial year.

The scheme should provide the exact nature of any amounts included in part 7.3.4.2. The scheme should only complete this part if the return does not cater specifically for that kind of transaction elsewhere in part 7.3.

The following reason box should be completed (if the specifications are met):

<i>Specification</i>	<i>Reason box wording</i>
Previous year figures were restated/reclassified in line 7.3.1.2 (both current year and previous year columns), as well as in the previous year column lines 7.3.3 – 7.3.4.	Please provide the reasons for any prior year restatements/reclassifications.

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## Part 7.4 Reserves Set Aside for Specific Purposes

The scheme should complete this part per individual reserve set aside for specific purposes. The following screen will appear, to enable the scheme to capture the individual reserves:

The screenshot shows a web browser window with the URL <http://cmsuat02/Returns/annual.aspx?p=7&d=4>. The browser tabs include 'Home - Report Manager', 'Login to the Statutory Ret...', 'Testing 2014 AR', and 'Testing 2015 AR'. The CMS logo is in the top left corner. The navigation bar contains links: Home, Contact Us, Statutory Return, Print, Validate, Submit, Help, and LogOut. Below the navigation bar, there are buttons for Part 8, Part 9, Part 10, Part 1, Part 2, Part 3, Part 4, Part 5, Part 6, and Part 7. The main content area is titled 'PART 7.4: RESERVES SET ASIDE FOR SPECIFIC PURPOSES'. It contains a section 'Please add Reserve Name' with a 'Done' button. Below this, there are three rows of 'Reserve:' labels followed by text input fields and 'Delete' buttons. The first row has 'Test reserve A', the second has 'Test reserve B', and the third is empty. A 'save' button is located at the bottom right of the input fields.

After capturing all the reserves set aside for specific purposes the user should press the 'done' button. The reserves captured will then automatically pull through to part 7.4.

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http://cmsuat02>Returns/annual.aspx?p=7&d=4 Statutory Returns Portal - C...

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Part 7.1 | Part 7.2 | Part 7.3 | Part 7.4 | Part 7.5

**PART 7.4**  
RESERVES SET ASIDE FOR SPECIFIC PURPOSES

Add reserve

Per reserve  
Test reserve A

	Current year		Previous year (LOCKED)	
	Consolidated R	Per Reserve R	Consolidated R	Per Reserve R
7.4.1 Balance at the beginning of the year	(81,800)	(73,855)	1,918,000	1,425,945
7.4.1.1 - As previously reported	(82,000)	(74,055)	(82,000)	(74,055)
7.4.1.2 - Prior year adjustment (including the first time adoption of IFRS)	200	200	2,000,000	1,500,000
7.4.2 Transfer (to)/from reserves	(2,000,200)	(1,500,200)	(2,000,000)	(1,500,000)
7.4.2.1 Due to amalgamation	0	0	0	0
7.4.2.2 Other (specify)	(2,000,200)	(1,500,200)	(2,000,000)	(1,500,000)
7.4.3 Balance at the end of the year	(2,082,000)	(1,574,055)	(82,000)	(74,055)

Please provide the reasons for any prior year restatements/reclassifications:

Click here

The consolidated balance at the beginning of the previous year (7.4.1.1) automatically pulls through from the scheme's previous' annual return (7.4.1). Therefore, the scheme should restate the prior year's figures (where applicable) on the current year's return by making use of line 7.4.1.2. Lines 7.4.2.1 and 7.4.2 also pull through automatically from the previous year's return, and can be adjusted by making use of the "Unlock previous year amounts" button.

The data should be captured per individual reserve, as the consolidated column sums the total of all the individual reserves.

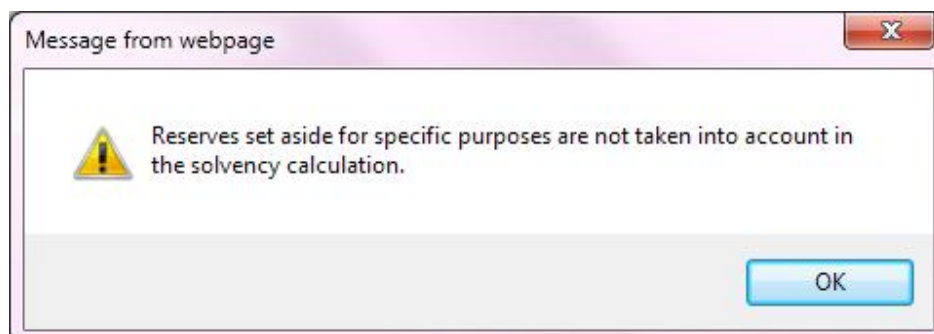
The closing balance of the previous year (7.4.3) automatically pulls through to the opening balance of the current year (as previously reported – 7.4.1.1). Hence, the current year's figure will automatically incorporate any restatements of prior year's balances.

The scheme should provide the exact nature of any amounts included in part 7.4.2.2. The scheme should also only complete this part, if the return does not cater specifically for that kind of transaction elsewhere in part 7.4.

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It should be noted that reserves set aside for specific purposes are excluded from the scheme's solvency ratio in terms of Regulation 29:



The following reason box should be completed (if the specifications are met):

<i>Specification</i>	<i>Reason box wording</i>
Previous year figures were restated/reclassified in line 7.4.1.2 (both current year and previous year consolidated columns), as well as in the previous year column lines 7.4.2.1 and 7.4.2.2.	Please provide the reasons for any prior year restatements/reclassifications.

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## Part 7.5 Other Reserves

The scheme should complete this part per individual other reserve. The following screen will appear, to enable the scheme to capture the individual reserves:

After capturing all the other reserves, the user should press the 'done' button. The reserves captured will then automatically pull through to part 7.5.



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Part 7.1 | Part 7.2 | Part 7.3 | Part 7.4 | Part 7.5

### PART 7.5 OTHER RESERVES

[Add reserve](#)

Per reserve: [Test reserve B](#)

	Current year		Previous year (LOCKED)	
	Consolidated R	Per Reserve R	Consolidated R	Per Reserve R
7.5.1 Balance at the beginning of the year	2,000	3,000	3,000	3,000
7.5.1.1 - As previously reported	2,000	3,000	2,000	3,000
7.5.1.2 - Prior year adjustment (including the first time adoption of IFRS)	0	0	1,000	0
7.5.2 Transfer (to)/from reserves	(5,000,000)	(3,000,000)	(1,000)	0
7.5.2.1 Due to amalgamation	700,000	700,000	0	0
7.5.2.2 Other (specify)	(5,700,000)	(3,700,000)	(1,000)	0
7.5.3 Balance at the end of the year	(4,998,000)	(2,997,000)	2,000	3,000

Please provide the reasons for any prior year restatements/reclassifications: [Click here](#)

The consolidated balance at the beginning of the previous year (7.5.1.1) automatically pulls through from the scheme's previous' annual return (7.5.1). Therefore, the scheme should restate the prior year's figures (where applicable) on the current year's return by making use of line 7.5.1.2. Lines 7.5.2.1 and 7.5.2.2 also pull through automatically from the previous year's return, and can be adjusted by making use of the "Unlock previous year amounts" button..

The data should be captured per individual reserve, as the consolidated column sums the total of all the individual reserves.

The closing balance of the previous year (7.5.3) pulls automatically through to the opening balance of the current year (as previously reported – 7.5.1.1). Hence, the current year's figure will automatically incorporate any restatements of prior year's balances.

The scheme should provide the exact nature of any amounts included in part 7.5.2.2. The scheme should also only complete this part, if the return does not cater specifically for that kind of transaction elsewhere in part 7.5.

It should be noted that other reserves are included in the scheme's solvency ratio in terms of Regulation 29.

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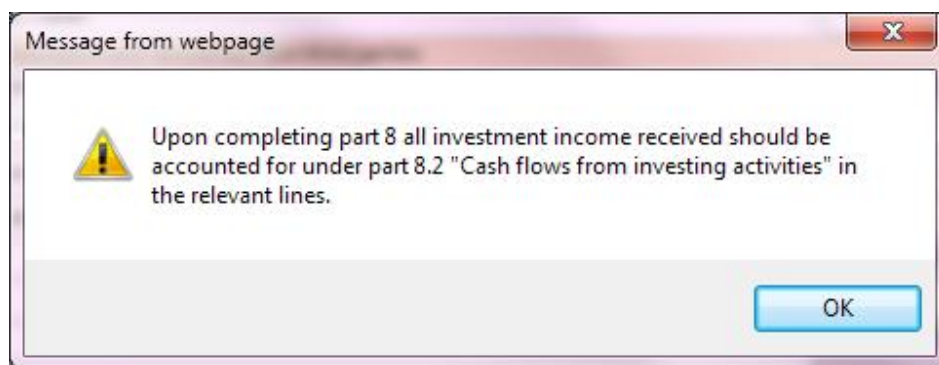


The following reason box should be completed (if the specifications are met):

<i>Specification</i>	<i>Reason box wording</i>
Previous year figures were restated/reclassified in line 7.5.1.2 (both current year and previous year consolidated columns), as well as in the previous year column lines 7.5.2.1 and 7.5.2.2.	Please provide the reasons for any prior year restatements/reclassifications.

### PART 8 STATEMENT OF CASH FLOWS

All investment income received should for return purposes be accounted for under part 8.2 "Cash flows from investing activities" in the relevant lines:



The Council requires schemes to use the direct method in disclosing its cash flows for the period for return purposes.

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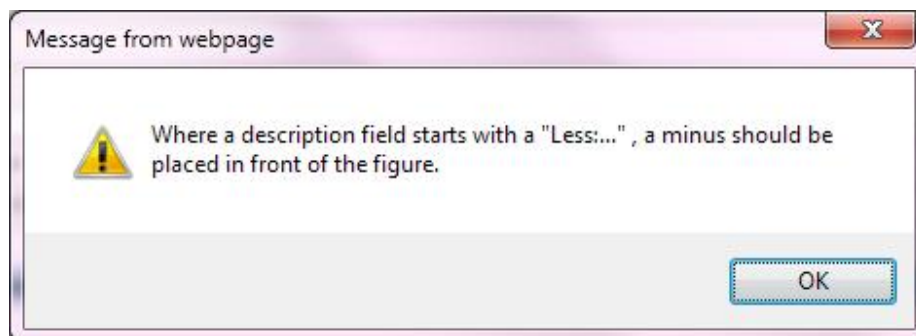
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Part 8  
PART 8  
STATEMENT OF CASH FLOWS

	Current year	Previous year (LOCKED)
	R	R
Unlock previous year amounts		
<b>8.1 Cash flows from operating activities</b>		
8.1.1 Cash receipts from members and providers	17,874,086,409	70,661,784,797
8.1.1.1 Cash receipts from members – contributions	17,841,490,963	70,619,189,351
8.1.1.2 Cash receipts from members and providers – other	32,595,446	42,595,446
<i>Note: This will include co-payments from members and recoveries from third parties.</i>		
8.1.2 Cash paid to providers, employees and members	(18,064,828,790)	(60,144,438,790)
8.1.2.1 Cash paid to providers and members – claims	(15,126,758,557)	(57,006,758,557)
8.1.2.2 Cash paid to providers and employees – non-healthcare expenditure	(2,803,981,757)	(3,003,591,757)
8.1.2.3 Cash paid to members – savings plan refunds	(134,088,476)	(134,088,476)
8.1.3 Cash generated from/(used in) operations	(190,742,381)	10,517,346,007
8.1.4 Interest paid	(24,432,218)	(14,909,824)
8.1.5 Other (specify)	72,214,230,253	35,827,621,334
8.1.6 Net cash from/(used in) operating activities	71,999,055,654	46,330,057,517
<b>8.2 Cash flows from investing activities</b>		
8.2.1 Purchase of property, plant and equipment	(89,710,000)	(7,853,954)
8.2.2 Proceeds on disposal of property, plant and equipment	89,000,000	8,523,642
8.2.3 Purchase of investment property	(99,000,000)	(663,463)
8.2.4 Proceeds on disposal of investment property	3,245,000	163,463
8.2.5 Purchase of investments	(99,000,000,000)	(74,332,543,215)
8.2.6 Proceeds on disposal of investments	64,710,082,000	25,626,544,163
8.2.7 Interest received	0	74,589
8.2.8 Dividends received	87,000,000	202,463

Where a line starts with the word 'Less', the scheme should place a minus in front of the figure:



The prior year figures are automatically pulled through from the previous year's annual statutory return. The user has the option to unlock these amounts for editing when prior year adjustments/restatements occurred. When changes are made to these figures, or an amount captured in line 8.5.2 (both current year and previous year columns), the scheme would be required to provide more information on the reasons for these adjustments.

Cash receipts from members and providers – other (line 8.1.1.2) will include co-payments from members as well as recoveries from third parties.

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Details (per nature of transaction) of the following income and expenses should be provided in the different parts:

- Other cash flows from operating activities (8.1.5)
- Other cash flows from investing activities (8.2.10)
- Other cash flows from financing activities (8.3.2)
- Other net increases in cash and cash equivalents (8.6)

The cash and cash equivalents at the end of the current year in part 8.9 (scheme and PMSA), should agree with the total cash and cash equivalents per statement of financial position in part 4.4.7 plus the Personal medical savings account trust investment in part 5.1.2.5 (current year column) less any bank overdrafts in part 4.8.5. The cash and cash equivalents at the end of the previous year in part 8.9 (scheme and PMSA), should either agree with or be less than the sum of parts 5.1.2.4 and 5.1.2.5 (previous year columns)

The cash and cash equivalents at the beginning of the previous year (8.5.1) pull automatically through from the scheme's previous year's annual return (8.5). The closing balance at the end of the previous year (8.9) pulls then automatically through to opening cash and cash equivalent for the current year in part 8.5.1.

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## PART 9 BREAKDOWN OF INVESTMENTS

### Part 9(a) Assets Held in the Republic



Should the scheme categorise any investments in Part 9 different from the categorisation as per the above guidelines, supporting documentation attesting to the new classification must be submitted.

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Part 9(a)

**PART 9 (a)**  
**ASSETS HELD IN THE REPUBLIC IN TERMS OF REGULATION 30 IN CONJUNCTION WITH ANNEXURE B TO THE REGULATIONS**

Hide Notice

Please refer to our website for the following guidelines on the categorisation of assets in terms of Annexure B as at 31 December 2017:

- 1) List of registered banks as at 31 December 2017: categorisation for Annexure B purposes
- 2) Instruments listed on BESA as at 31 December 2017: categorisation for Annexure B purposes
- 3) Instruments listed on the JSE as at 31 December 2017: categorisation for Annexure B purposes
- 4) ASISA list of CIS as at 30 June 2017 and
- 5) List of registered insurers as at 31 December 2017.

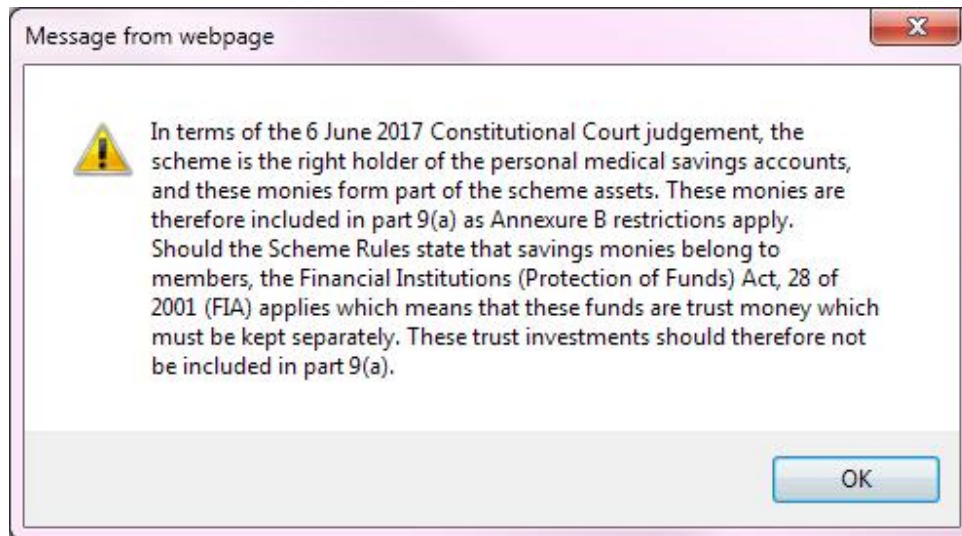
Name and Description	Investments	Underlying assets of Policies of Insurance captured in Categories 4(a)(v), 6(a)(ii) and 6(b)	Underlying assets of Equity Unit Trusts or Pooled Equity Managed Funds captured in Category 4(a)(iv)	Total Annexure B Fair Value
<b>9.1 CATEGORY ONE - Deposits and balances in current and savings accounts, negotiable deposits, money market instruments, structured bank notes, margin deposits with SAFEX and collateralised deposits</b>				
<b>1(a)(i) BANKS with net qualifying capital and reserve funds &gt; R5 billion</b>				
Per Bank - Name (specify)	5,204,055,014	4,307,189	32,628,711	5,240,990,914
SUB-TOTAL: CATEGORY 1(a)(i)	5,204,055,014	4,307,189	32,628,711	5,240,990,914
<b>1(a)(ii) BANKS with net qualifying capital and reserve funds &gt; R100 million</b>				
Per Bank - Name (specify)	242,296,775	6,754,612	2,339,234	251,390,621
Other (specify)	80,000	0	0	80,000
SUB-TOTAL: CATEGORY 1(a)(ii)	242,376,775	6,754,612	2,339,234	251,470,621
<b>1(a)(iii) DEPOSITS COLLATERALISED with securities issued by the government of the RSA where an appropriate ISMA has been concluded</b>				
Name (specify)	7,000	1,000	1,000	9,000
SUB-TOTAL: CATEGORY 1(a)(iii)	7,000	1,000	1,000	9,000

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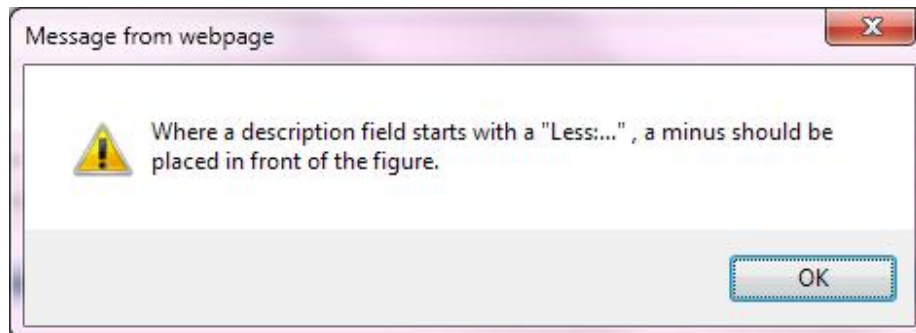


In terms of the 6 June 2017 Constitutional Court judgement, the scheme is the right holder of the personal medical savings accounts, and these monies form part of the scheme assets. These monies are therefore included in part 9(a) as Annexure B restrictions apply.

Should the Scheme Rules state that savings monies belong to members, the Financial Institutions (Protection of Funds) Act, 28 of 2001 (FIA) applies which means that these funds are trust money which must be kept separately. These trust investments should therefore not be included in part 9(a).



Where a description field starts with a "Less: ...", a minus should be placed in front of the figure:



Please note that the definitions of the fair values of assets as set out in Regulation 30(4) may in some instances not be in line with International Financial Reporting Standards (IFRS). However, in terms of Regulation 30(7) the Registrar directs medical schemes to calculate the fair value of assets as prescribed by the International Financial Reporting Standards.

The bank institutions for all cash investments (including all current bank accounts), should be provided in category 9.1 of part 9(a) the return. These balances should take the effect of outstanding cheques into account as per part 4.4.9. Please note that should the investment portfolios have a 'trading account', the scheme should indicate at which bank institution these accounts are held.



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The names of all the registered banks will appear in a drop down list and the scheme should simply choose the institution required. Please note that multiple institutions can be selected at a time. The amount invested in any one institution should be in aggregate.

Please refer to the published guideline on our website that provides a listing of all registered banks; mutual banks; local branches of foreign banks; and foreign banks with approved local representative offices as per the South African Reserve Bank's Banks Supervision Unit. The guideline further sub-categorises these banks in terms of Category 1 of Annexure B to the Regulations.

It should be noted that the South African Reserve Bank (SARB) DI900 returns have subsequently changed to BA900 returns. The total equity line (total of lines 97 and 101) per these returns is used in the classification of banks between categories 1(a)(i) and 1(a)(ii). The CMS uses the latest available returns as published on the SARB's website; which might not coincide with the period under review.

For prudency purposes, and taking into account that only the October returns are available at the time of classification, a registered bank is only categorised as a category 1(a)(i) bank (with net qualifying capital and reserve funds per Reserve Bank DI900 return greater than R5 billion) in the second year that it has reached this level of reserves. Due to the well-publicised problems experienced by African Bank, and the fact that only the October returns were available to aid in the classification of banks, African Bank was categorised as a category 1(a)(ii) bank (with net qualifying capital and reserve funds per Reserve Bank DI900 return greater than R100 million).

All branches of foreign banks (i.e. foreign bank representatives) per the South African Reserve Bank are included in the Territories outside the Republic (i.e. category 1(b)) classification.

A treasury bill represents a charge on the revenues and assets of the Republic of South Africa; it is a security of great simplicity resembling a bank note. The main difference is that it is a note payable not at sight, but on a certain date in the future. Treasury bills are issued by the South African Reserve Bank on behalf of the National Treasury, and should be included in category 1(a)(i).

Category 1 includes margin deposits held with the South African Futures Exchange (SAFEX). As was clarified in Circular 3 of 2011, the underlying bank exposure in respect of margin deposits held with SAFEX should be determined; the amount should be split accordingly and included in the exposure to each individual bank.

Please refer to the published guidelines on our website that provides information on the categorisation of all listed instruments on both the Johannesburg Stock Exchange (JSE) and the JSE's debt market in accordance to the requirements of Annexure B to the Regulations in the different sub-categories of categories 2 (bonds), 3 (property), 4 (shares), 5 (debentures) and 7 (other assets). All these guidelines have been incorporated in the drop down lists in the relevant categories.

The JSE publishes on a regular basis lists of all active inward listed securities, there being separate lists for bonds and equities. These securities are considered to be foreign for exchange control purposes by the South African Reserve Bank, and are therefore classified as Territories outside the Republic for Annexure B purposes. These instruments are therefore included in categories 2(b), 3(b), 4(b) and 7(b).

The names of the institutions which issued all bills, bonds, securities or any other money market investments should be selected / captured in 9.2 of part 9(a) of the return. This category makes provision for debt instruments which reference to fixed or floating rates, *with no embedded derivatives*.

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The names of all the listed entities which are classified in categories 2(a)(i) – 2(a)(xiv) and 2(b) will appear in a drop down list and the scheme should simply choose the institution required. Please note that multiple institutions and instrument codes can be selected at a time. The amount invested in any one institution would then need to be broken down into the individual instrument codes. Where the scheme has investments in other entities than those listed, or investments in institutions listed but in different instruments than those provided in the drop-down menu, the “other” button provided in the drop down list should be used, clearly indicating the nature of these investments.

Category 2(a)(i): The Government guarantees and fully backs certain bonds. Where a specific category (i.e. categories 2(a)(ii) – (x)) makes provision for an entity which had issued Government guaranteed and backed bonds, the bonds are firstly classified in this separate category.

Bonds issued by the Transkei Administration Board have been incorporated in the National Debt Register of the RSA government with effect from 1 July 1998, and is therefore included in category 2(a)(i).

Category 2(a)(viii): The SA Roads Board is now known as the South African National Roads Agency Limited (SANRAL).

Categories 2(a)(xi) and 2(a)(xii): Money market instruments issued by banks must be included in category 1. Any other money market instruments (i.e. issued by entities other than banks), must be included in category 2 (or category 3 where applicable).

It should however be noted that where the classification of a bond issued by a bank changed from category 2(a)(xi) (or category 2(a)(xii)) to category 1(a)(i) (or category 1(a)(ii)) due to its maturity date being less than 90 days, the instrument will for return purposes still be included in category 2(a). This is due to the fact that the reclassification would not affect compliance to the requirements of Explanatory Notes / Conditions 5 and 6 to Annexure B. Should compliance to Explanatory Note 2 become a consideration, the scheme can include the relevant bond (i.e. money market instrument) in category 1(a) under the relevant bank's name.

At the end of 2017, only 24 bonds listed on the JSE's debt market qualified for a reclassification:

Issuer	Instrument Code	Pricing Class Code	Maturity Date
ABSA Bank Limited	ABFN07	Floating Rate Note	2018/03/17
	ABN33	Customised Instruments	2018/01/29
	ABN34	Customised Instruments	2018/01/29
	ABN72	Floating Rate Note	2018/03/17
	ABS10	Vanilla	2018/03/17
	ASN051	Customised Instruments	2018/03/19
	ASN119	Floating Rate Note	2018/01/27
	ASN211	Commercial Paper	2018/03/05
Firststrand Bank Limited	FRJ18	Floating Rate Note	2018/02/21
	FRS130	Commercial Paper	2018/02/11

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Issuer	Instrument Code	Pricing Class Code	Maturity Date
Investec Bank Limited	IBL22	Vanilla	2018/03/15
	IBL66	Floating Rate Note	2018/03/12
Nedbank Limited	NBK22B	Floating Rate Note	2018/02/12
The Standard Bank of South Africa Limited	SBS35	Floating Rate Note	2018/01/29
	SSN045	Floating Rate Note	2018/02/14
Bank of China Limited	BCJ12	Vanilla	2018/03/23

Category 2(a)(xiii): This category makes provision for listed securities that is included in either the OTHI or ALBI, but which is not already included in categories 2(a)(i) – 2(a)xii). At the end of the year, all qualifying bonds were already included in the other categories.

The screenshot displays the CMS Returns/annual.aspx?n=9 web application. The main table lists investments with columns: Description, Bank Code, Specify, Investments, Underlying assets of Policies of Insurance captured in Categories 4(a)(v), 6(a)(ii) and 6(b), of Equity Unit Trusts or Pooled Equity Managed Funds captured in Category 4(a)(iv), and Total Annexure B Fair Value. A modal window titled 'Select Single - Windows Internet Explorer' is open, showing a list of securities with checkboxes for selection. The list includes 'Other (specify)', 'Adcorp Holdings Limited' (with sub-items ADCB01, ADCB02, ADCP03, ADCP04), 'Airports Company South Africa Limited' (with sub-items AIR01, AIR02, AIR03, AIRL01), and 'Anno American SA Finance Limited'. The background table shows various entries under '2(a) INSIDE THE REPUBLIC' and '2(b) TERRITORIES OUTSIDE THE REPUBLIC'.

Category 3 makes provision for 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.

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This category is inclusive of property bonds as per the descriptor. The issuer class / sector is considered in the classification of instruments listed on the JSE's debt market:

- H30 - Real Estate Operators and Developers
- K11 - Residential Property Backed Securities
- K14 - Commercial Property Backed Securities

Known property collateral debt obligations are also included in this category.

The sector and sub-sectors are considered in the classification of securities listed on the JSE:

- Real Estate
- Real Estate Investment & Services
- Real Estate Investment Trusts

The ASISA sector classification is considered in the allocation of collective investment schemes (CIS) to category 3(a):

- South African – Real Estate – General

All avenues of gaining exposure to property (i.e. equity, bonds, money market instruments, real estate CIS and debentures) are therefore grouped together in category 3.

A detailed list of every single property investment should be captured in category 9.3 of part 9(a) of the return, including the names of all property companies (again listed in a drop down list) in which the scheme invests. The amounts can be aggregated per company or per property. These also include owner occupied properties. The said drop down list only indicate listed property companies and real estate CIS, any other investments (i.e. owner occupied buildings, etc.) should be entered by making use of the "other" button within the drop down list.

Part 9(a) subtotal: Category 3(a) must be equal or greater than the total investment property (part 4.2.1) plus the net carrying amount of the land and buildings at end of year (part 4.1.3).

Category 4: The description of the category includes convertible debentures, whether voluntary or compulsory convertible. At the end of the year, all the debentures listed on the JSE were convertible, and were therefore included in category 4.

Category 4(a)(ii): The total market capitalisation per company is calculated for purposes of this classification. This would include inter alia ordinary shares, A ordinary shares, B ordinary shares, N ordinary shares, preference shares, depository receipts, nil paid letters and convertible debentures.

Category 4(a)(iii): This category makes provision for exchange traded funds. The sub-sector is taken into account in the classification of instruments listed on the JSE. Due to the merger of the JSE and BESA on 22 June 2009, all listed bonds with the relevant instrument type are also included in this category.

A detailed list of all the companies in which any equity investments are held should be captured in category 9.4 of part 9(a) of the return. The scheme should simply choose the institution and the relevant instrument required from the applicable drop down lists. The amount invested in any one institution would then need to be broken down into the individual instrument codes.

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The underlying assets of all equity unit trusts, pooled equity managed funds and policies of insurance captured in categories 4(a)(iv), 4(a)(v), 6(a)(ii) and 6(b) in the "Investments" column should also be captured in the separate columns making provision for such underlying assets. These underlying assets should be disclosed to the same extent as the other individual investments described above, in categories 1 - 7 of part 9(a) of the return.

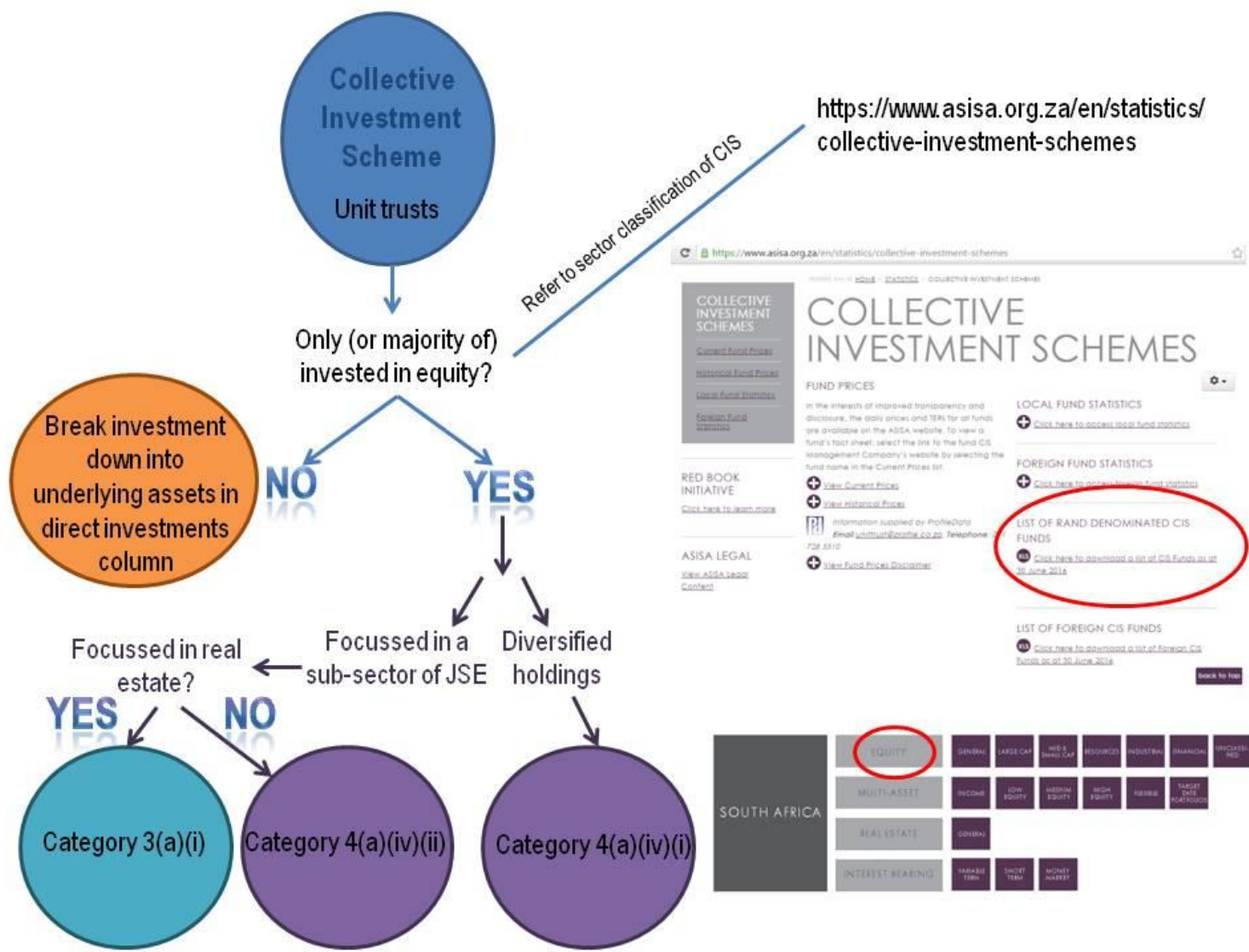
The total of the amounts captured in the relevant columns for the underlying assets of the equity unit trusts or pooled equity managed funds and policies of insurances should agree with the totals captured in the investment column's categories 4(a)(iv), 4(a)(v), 6(a)(ii) and 6(b) respectively. In order to prevent double counting, any amounts captured in these columns will not be included in the total investable assets in category 9.9 of part 9(a) of the return.

Any other unit trust and managed funds/portfolios should be broken down into its underlying assets in the "Investments" column itself. The reason for the separate columns for the underlying assets of category 4(a)(iv), 4(a)(v), 6(a)(ii) and 6(b) assets is that compliance is tested on a two tier basis: on the investment itself (i.e. category 4(a)(iv)(i) assets are limited to 40%), and then based on the underlying assets of the investment.

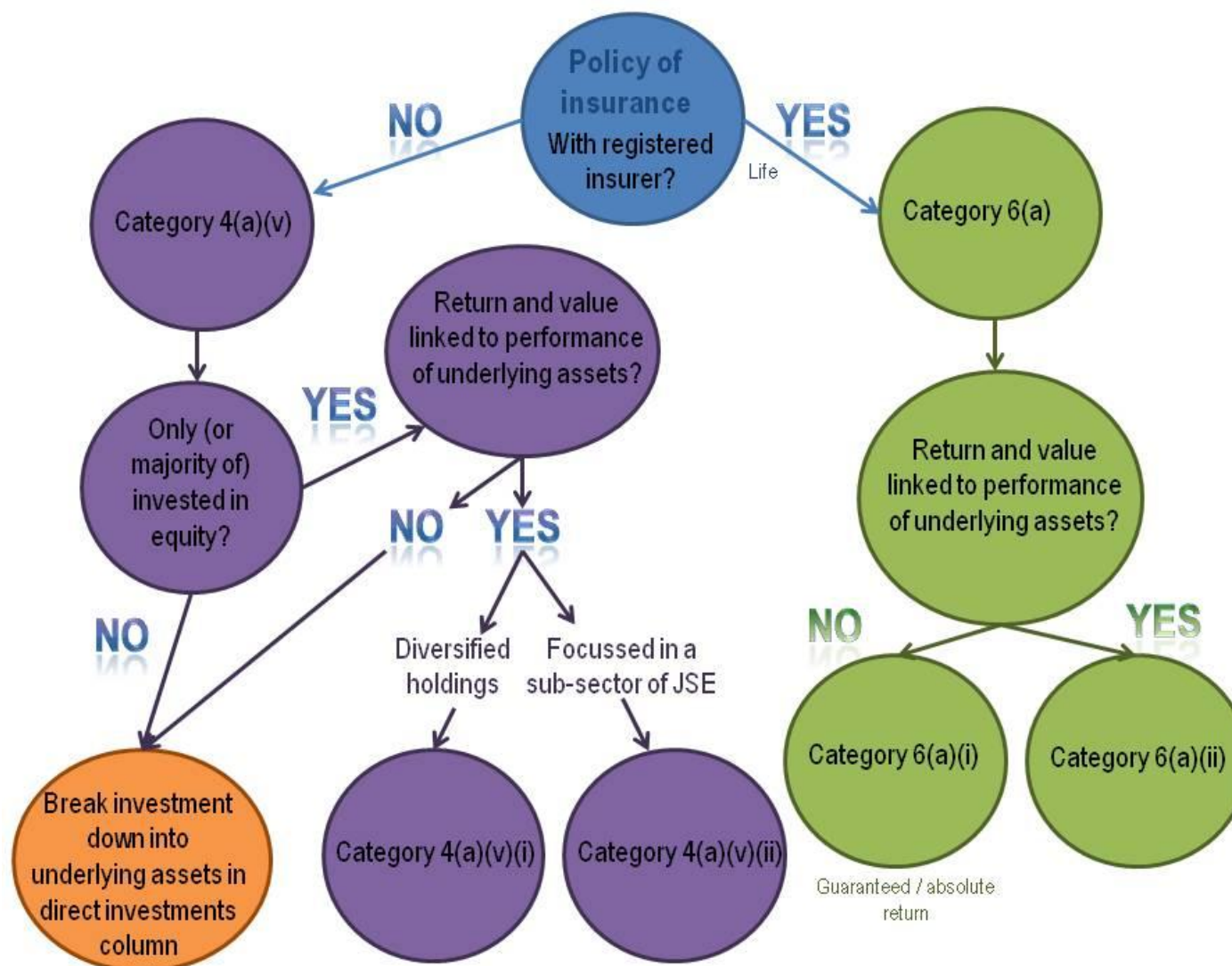
This will give effect to the requirements of explanatory note 8 to Annexure B: "Unit trusts and policies of insurance may not be utilised to circumvent the limitations of these regulations. Medical schemes are required to demonstrate on a "look-through" basis that such avenues have not been utilised to bypass the limitations imposed by Annexure B".

The following decision trees will aid in the classification of unit trusts and policies of insurance:









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In respect of category 6 assets, please refer to the list of insurers registered in the Republic that is published on our website.

Some investment portfolios refer to percentage holdings in 'other assets' or 'international assets', please note that the full details of these investments should be provided per asset class in the return.

As was clarified in Circular 3 of 2011, all derivative instruments (regardless of its reference asset) are included in category 7. Commodities are also included in this category.

In the event that credit linked notes contain no embedded derivatives and the scheme wish to reclassify it to category 2, the scheme must submit supporting documentation attesting to the new classification.

Part 9(a) subtotal: Category 7(a) (i) must agree with the current year's inventories (part 5.1.2.1).

The following assets in category 7(a) (iii) pulls through automatically:

Asset	Pull through from
Property, plant and equipment: computer equipment and software (direct investment)	4.1.3 - Net Carrying amount at end of year (Computer Equipment and Software)
Property, plant and equipment: furniture and fittings (direct investment)	4.1.3 - Net Carrying amount at end of year (Furniture and Fittings)
Property, plant and equipment: motor vehicles (direct investment)	4.1.3 - Net Carrying amount at end of year (Motor Vehicles)
Property, plant and equipment: other (direct investment)	4.1.3 - Net Carrying amount at end of year (Other)

Part 9(a) subtotal: category 7(a)(iii) must be equal to or greater than the net carrying amount the computer equipment, Furniture & fittings, Motor vehicles column and Other assets at end of year (part 4.1.3).

The total investable assets in line 9.9 of part 9(a) of the return is the sum of all the amounts captured under categories 9.1 – 9.7 (all the grey headings), less assets encumbered which pulls through from part 4.25.2 (Total encumbered assets and Total suretyships columns) of the return.

Trade and other receivables in category 9.12 of part 9(a) (direct investment) of the return automatically pulls through from part 5.1.2.2 of the statement of financial position.

In the event that the scheme amalgamated during the year, it will still need to complete part 9(a) in detail as at the date of the amalgamation. The total assets transferred to another scheme will then be deducted in line 9.13.

The total assets in category 9.14 of part 9(a) of the return is the sum of the total investable assets in line 9.9, plus the aforementioned encumbered assets, intangible assets, and trade and other receivables less the total assets transferred to another scheme upon amalgamation (during the year). This total should agree with the sum of the total assets in part 5.1.3 of the statement of financial position and outstanding cheques per part 4.4.8 less the balance of the personal medical savings account trust investment as captured in part 4.5.2.6.

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## Example:

The following is an example of how part 9A has to be completed:

Scheme A has invested in the following products:

- Policy of insurance A (the policy proceeds are directly linked to the market value of the underlying assets)
- Investment portfolio with asset manager ABC
- Current account at FirstRand Bank Limited (to the value of R60 000)

*Policy of insurance A* consists out of the following assets:

Money market instruments issued by ABSA Bank Limited	R100 000
Cash held in a fixed deposit at Nedbank Limited	R100 000
The following equity:	
African Bank preference shares (ABLP)	R100 000
African Oxygen Ltd shares (AFX)	R100 000

The total market value of Policy of insurance A is R400 000.

The assets in the *Investment portfolio with asset manager ABC* are held in the scheme's name; the portfolio consists out of the following assets:

Call account held at ABSA Bank Limited	R30 000
Money market instruments issued by Nedbank Limited	R30 000
The following equity:	
African Bank ordinary shares (ABL)	R30 000
African Oxygen Ltd shares (AFX)	R30 000

The total market value of the investments is R120 000.

The total investable assets is R580 000 (R400 000 + R120 000 + R60 000).

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Part 9A should be completed as follows:

1. Policy of insurance A is captured in category 6(a)(ii) in the column "Investments".

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Part 9A: Part 9(b)

SUB-TOTAL: CATEGORY 6(a)(i)	0	0	0	0
6(a)(ii) POLICY PROCEEDS ARE DIRECTLY LINKED TO THE MARKET VALUE OF THE UNDERLYING ASSETS				
Per registered insurer - (specify)	400,000	0	0	400,000
SUB-TOTAL: CATEGORY 6(a)(ii)	400,000	0	0	400,000
SUB-TOTAL: CATEGORY 6(a)	400,000	0	0	400,000

Other - Windows Internet Explorer

Please supply a detailed list

Description	Investments	Underlying assets of Policies of Insurance captured in Categories 4(a)(v), 6(a)(ii) and 6(b)	Underlying assets of Equity Unit Trusts or Pooled Equity Managed Funds captured in Category 4(a)(iv)	Total Annexure B Fair Value	
Policy of insurance A	400,000	0	0	400,000	Delete
	0	0	0	0	save

Done

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- The underlying assets of the policy of insurance are captured in the column "Underlying assets of Policies of Insurance captured in Categories 4(a)(v), 6(a)(ii) and 6(b)".

The investments in the Investment Portfolio with asset manager ABC is captured in the column "Investments".

The current account held at FirstRand Bank Limited is captured in the column "Investments".

The following screenshot is an example of the category 1 assets:

The screenshot shows the 'Statutory Returns Portal' interface. The main form is titled 'Part 9(a) Part 9(b)' and contains a table for 'BANKS with net qualifying capital and reserve funds > R5 billion'. The table has columns for 'Per Bank - Name (specify)', 'Investments', 'Underlying assets of Policies of Insurance captured in Categories 4(a)(v), 6(a)(ii) and 6(b)', and 'Total Annexure B Fair Value'. A pop-up window titled 'Other - Windows Internet Explorer' is open, showing a detailed list of banks and their associated values.

Description	Investments	Underlying assets of Policies of Insurance captured in Categories 4(a)(v), 6(a)(ii) and 6(b)	Underlying assets of Equity Unit Trusts or Pooled Equity Managed Funds captured in Category 4(a)(iv)	Total Annexure B Fair Value
FIRSTRAND BANK LIMITED	60,000	0	0	60,000
ABSA BANK LIMITED	30,000	100,000	0	130,000
NEDBANK LIMITED	30,000	100,000	0	130,000
	0	0	0	0

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The following screenshot is an example of the category 4(a)(ii)(ii) assets:

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Part 9(a) Part 9(b)

SUB - TOTAL: CATEGORY 4(a)(ii)(i) 0 0 0 0 0

4(a)(ii)(ii) Per Company with market capitalisation of between R5 billion and R50 billion

Per company - Name (specify)	60,000	200,000	0	260,000
SUB - TOTAL: CATEGORY 4(a)(ii)(ii)	60,000	200,000	0	260,000

4(a)(iv)(i) Other - Windows Internet Explorer

Please supply a detailed list. Please click on the (...) button and select the applicable institution (please note that only one institution can be selected at a time).

Description	Bank Code	Investments	Underlying assets of Policies of Insurance captured in Categories 4(a)(v), 6(a)(ii) and 6(b)	Underlying assets of Equity Unit Trusts or Pooled Equity Managed Funds captured in Category 4(a)(iv)	Total Annexure B Fair Value	
African Bank	ABL	30,000	0	0	30,000	Delete
African Bank	ABLP	0	100,000	0	100,000	Delete
African Oxygen Ltd	AFX	30,000	100,000	0	130,000	Delete
		0	0	0	0	Save

Done

4(a)(v) Per policy of insurance with diversified holdings across the component sectors of the JSE

Per policy of insurance - Name (specify)	0	0	0	0
SUB-TOTAL: CATEGORY 4(a)(v)(i)	0	0	0	0

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2014/03/05



## Help File: 2017 Annual Statutory Return



3. The total investable asset value is R580 000.  
In order to prevent double counting, any amounts captured in the "Underlying assets of Policies of Insurance captured in Categories 4(a)(v), 6(a)(ii) and 6(b)" column is not included in the total investable assets in category 9.9 of part 9(a) of the return (i.e. in the "Total Annexure B Fair Value column").

http://cmsuat02>Returns/annual.aspx?p=9&d=1 Statutory Returns Portal - C...

Home - Report Manager Login to the Statutory Ret... Testing 2014 AR Testing 2015 AR

**Part 8** **Part 9** **Part 10**

**Part 9(a) Part 9(a)**

**7(a)(i) INVENTORIES**

Name (specify)	0	0	0	0
<b>SUB-TOTAL: CATEGORY 7(a)(i)</b>	0	0	0	0

**7(a)(ii) DERIVATIVES**

Per asset class category - Name (specify)	0	0	0	0
<b>SUB-TOTAL: CATEGORY 7(a)(ii)</b>	0	0	0	0

**7(a)(iii) OTHER ASSETS**

Per asset - Name (specify)	0	0	0	0
PROPERTY, PLANT AND EQUIPMENT: Computer Equipment and Software	0	0	0	0
PROPERTY, PLANT AND EQUIPMENT: Furniture and Fittings	0	0	0	0
PROPERTY, PLANT AND EQUIPMENT: Motor Vehicles	0	0	0	0
PROPERTY, PLANT AND EQUIPMENT: Other	0	0	0	0
<b>SUB-TOTAL: OTHER ASSETS 7(a)(iii)</b>	0	0	0	0
<b>SUB-TOTAL: CATEGORY 7(a)</b>	0	0	0	0

**7(b) TERRITORIES OUTSIDE THE REPUBLIC**

Per foreign institution - Name (specify)	0	0	0	0
<b>SUB-TOTAL: CATEGORY 7(b)</b>	0	0	0	0

**9.8 LESS: ASSETS ENCUMBERED**

0	0	0	0
---	---	---	---

**9.9 TOTAL INVESTABLE ASSETS**

580,000	400,000	0	580,000
---------	---------	---	---------

**9.10 ASSETS ENCUMBERED**

0	0	0	0
---	---	---	---

**9.11 INTANGIBLE ASSETS**

0	0	0	0
---	---	---	---

**9.12 TRADE AND OTHER RECEIVABLES**

0	0	0	0
---	---	---	---

**9.13 LESS: TRANSFER OF ASSETS DUE TO AMALGAMATION DURING THE YEAR**

0	0	0	0
---	---	---	---

**9.14 TOTAL ASSETS**

580,000	0	0	580,000
---------	---	---	---------

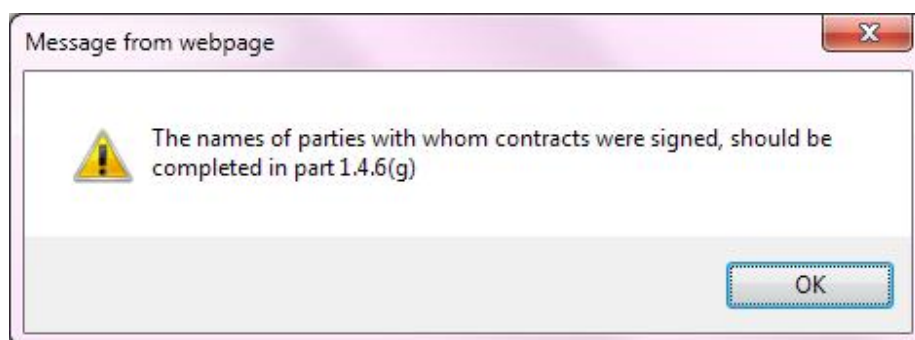
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### Part 9(b) Assets Held in the Republic in Terms of Regulation 30 in Conjunction with Annexure B to the Regulations

	Name of the person/company/institution managing the investments	Total R
9.2.1	Managed by the scheme	10,997,437
9.2.2	Other (specify)	3,456,087,195
9.2.3	Total investable assets	3,467,084,632

This part should be completed per person/company/institution managing the investments of the scheme, whether it is managed on behalf of the scheme or by the scheme itself. The names of the investment managers pull through automatically from part 1.4 question 6(g):



It is important to note that only FAIS registered entities are allowed to manage investments on behalf of a medical scheme.

Please refer to the Financial Services Board's website ([www.fsb.co.za](http://www.fsb.co.za)) for more details on registered Financial Service Providers. A list of these providers as at 31 December is also published on our website.

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The total investable assets in Part 9(b) must agree with the total investable assets in Part 9(a).9.

## PART 10 MINIMUM ACCUMULATED FUNDS TO BE MAINTAINED

### Part 10.1 Cumulative Net Gain on Re-measurement of Properties and Investments

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Part 1 | Part 2 | Part 3 | Part 4 | Part 5 | Part 6 | Part 7

Part 8 | Part 9 | **Part 10**

Part No 1 | Part No 2

**PART 10**  
MINIMUM ACCUMULATED FUNDS TO BE MAINTAINED BY A MEDICAL SCHEME IN TERMS OF REGULATION 29

**PART 10.1**  
CUMULATIVE NET GAINS ON RE-MEASUREMENT OF PROPERTIES AND INVESTMENTS  
THROUGH THE STATEMENT OF INCOME

	R
10.1.1 Balance at beginning of period	263,750,569
10.1.2 Prior year adjustment	(9,996,887)
10.1.3 Net gains/(losses) on re-measurement to fair value of financial instruments and investment properties included in the statement of income	134,753,352
10.1.4 Impairment losses and reversal of impairment losses on revaluation of investments and property, plant and equipment included in the statement of income	70,000
10.1.5 Realisation of cumulative gains or losses on disposal of investments	70,000
10.1.6 Consolidation results	20,000
10.1.7 Realisation of assets upon amalgamation during the year	10,000
10.1.8 Other (specify)	(124,924,465)
10.1.9 Cumulative net gain on revaluation of investments and property, plant and equipment included in the statement of income	263,750,569

Please indicate the reasons for the prior year adjustment: [Click here](#)

Part 10.1 is only applicable to those kind of investments, where it is/was the scheme's accounting policy to take any unrealised gains/(losses) on the re-measurement of investments to the statement of income (accumulated funds); as all other unrealised gains will be accommodated in the revaluation reserves in part 7.2 and part 7.3 (and as part of the statement of other comprehensive income). Any consolidated results are also included in this part, in order to ensure that the solvency calculation is based on scheme-only results.

Part 10.1 starts with the net gains/ (losses) on the re-measurement of properties and investments to fair value, which were previously included in accumulated funds. This balance at the beginning of the year (10.1.1) automatically pulls through from the scheme's previous year's annual return.

In the event that there is an adjustment to the opening balance (line 10.1.2), the scheme would be required to provide details in respect of this adjustment in the reason box.

Part 10.1 continues to extract all the net unrealised gains/ (losses) included in the current year's income statement.

The net gains/ (losses) on revaluation of investments and property, plant and equipment included in the statement of income in part 10.1.3 automatically pulls through from part 4.20.4 (unrealised gains/ (losses))

## Help File: 2017 Annual Statutory Return



on revaluation of investment property), and part 4.20.5 (net gains/ (losses) on revaluation of investments carried at fair value through the income statement) as well as part 7.1.3.2 (due to re-measurement of investments and property, plant and equipment).

To ensure that only the net unrealised gains/ (losses) are deducted from the solvency ratio, the scheme should capture any permanent impairment losses and reversal of impairment losses on revaluation of investments and property, plant and equipment included in the statement of income in part 10.1.4. This amount should be captured as a negative amount, to ensure that it is deducted from the unrealised gains.

Furthermore, the scheme should deduct all realised portions of any previously recognised unrealised gains/(losses), which are included in the accumulated funds (income statement), in part 10.1.5; this will ensure that only the remaining net unrealised gain/(loss) is deducted from the solvency calculation.

The scheme's consolidated results are excluded in line 10.1.6 (automatic pull through from line 6.21).

In the event that a scheme amalgamated during the year, the scheme should ensure the accurate completion of this part up to the date of amalgamation. As the return is prepared as at 31 December, the realised amount upon amalgamation should be excluded (i.e. deducted) in line 10.1.7.

A detailed description of any transaction included in part 10.1.8 should be provided; as this will have a direct impact on the solvency calculation of the scheme at year-end.

The closing balance in line 10.1.9 should represent the unrealised gains in investments still held by the scheme (i.e. not disposed of) at the year-end; it should therefore correspond to the fair value of investments held at year-end less the initial purchase value of those investments.

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## Part 10.2 Solvency Ratio

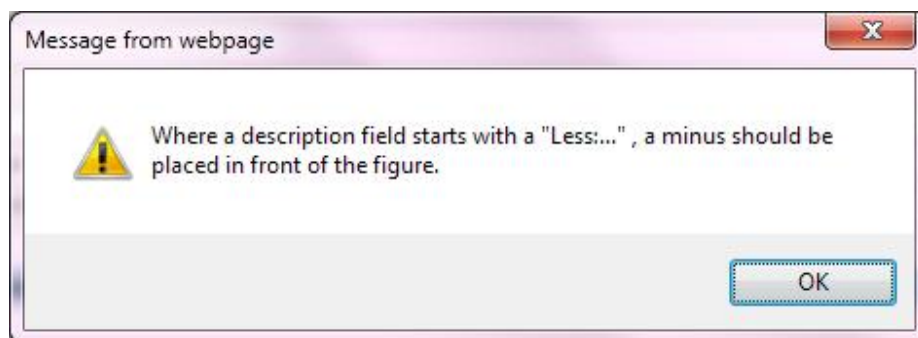
	R
10.2.1 Total members' funds per statement of financial position	3,145,152,232
10.2.2 Less: Unrealised non-distributable reserve	(22,150,000)
10.2.3 Less: Funds set aside for specific purposes	2,082,000
10.2.4 Less: Cumulative net gains on revaluation of investments and property, plant and equipment included in the statement of income	(263,750,569)
10.2.5 Less: Specific assets encumbered for third party liabilities	(50,000)
10.2.6 Less: Minority interest	(501,000)
10.2.7 Add: Sub-ordinated loan as approved by the Council	6,998,000
10.2.8 Total net assets	2,867,780,663
10.2.9 TOTAL NET ASSETS	2,867,780,663
10.2.10 ANNUALISED GROSS CONTRIBUTIONS	16,619,189,351
10.2.11 SOLVENCY RATIO	17.26%

Please indicate the reasons for not meeting the 25% of solvency requirement:

How many days was the solvency less than 25%?

When was/will the business plan be submitted to the Council for Medical Schemes (in terms of section 35 (11) and Regulation 29(4))?

Where a description field starts with a "Less: ...", a minus should be placed in front of the figure:



### *Accumulated funds in terms of Regulation 29*

Accumulated funds represent the net asset value of the scheme excluding funds set-aside for specific purposes, unrealised non-distributable reserves and encumbered assets. Therefore, the total members' funds in 10.2.1 automatically pulls through from part 5.2.1 of the return.

### *Unrealised non-distributable reserves*

Both the revaluation reserve for investments (part 7.2) as well as the revaluation reserve for property, plant and equipment (part 7.3) should be deducted from the total members' funds for solvency purposes; to ensure that unrealised non-distributable reserves are excluded.

## Help File: 2017 Annual Statutory Return



Therefore, part 10.2.2 automatically pulls through from (part 5.2.1.2 (revaluation reserve for investments) plus part 5.2.1.3 (revaluation reserve for property, plant and equipment)).

### *Funds set aside for specific purposes*

All funds set aside for future claims, whatever they are called, should be included in accumulated funds. This has the effect of looking at the nature of the fund, rather than the name.

However, funds “set aside for specific *non-claims* purposes” should be excluded from accumulated funds.

It is therefore recommended that schemes classify their reserves properly keeping in mind the Regulation 29 prescriptions.

Part 10.2.3 pulls automatically through from part 5.2.1.4 (reserves set aside for specific purposes).

### *Cumulative net gains on revaluation of investments and property, plant and equipment included in the statement of income*

Part 10.2.4 automatically pulls through from part 10.1.9; should part 10.1.9 be an unrealised gain. Where part 10.1 resulted in a net cumulative unrealised loss, it is ignored and not pulled through to part 10.2; as net unrealised losses are not added to accumulated funds to calculate solvency.

However, in some instances it was noted that a scheme's accounting policy states that for some investments the unrealised gains/ (losses) on the re-measurement of that investment are taken to the income statement (i.e. investment property), and for its other investments the unrealised gain/ (loss) on the re-measurement of that investment to fair value are taken to a revaluation reserve (i.e. available-for-sale investments).

Therefore, to ensure that only the net unrealised gains are deducted from solvency, the formula in part 10.2.4 also determines whether the scheme had any revaluation reserves in part 10.2.2. Where a scheme had a positive revaluation reserve (hence an unrealised gain) in the statement of financial position, as well as an unrealised loss in part 10.1.9, the formula in part 10.2.4 will add back the unrealised loss in part 10.1.9, limited to the revaluation reserve amount in part 10.2.2. This will ensure that only unrealised gains are deducted from the solvency ratio, and that no unrealised losses are added to the solvency ratio.

It is important to note that, where a scheme had a revaluation reserve (unrealised gain) in part 10.2.2 as well as a cumulative net unrealised gain in part 10.1.9 the full unrealised gain will pull through to part 10.2.4.

### *Encumbered assets*

Section 35(4) of the Act states: “A medical scheme shall not be deemed to hold an asset for the purposes of this Act to the extent that such asset is encumbered”. In addition, section 35(6) (c) states that a medical scheme shall not directly or indirectly borrow money without the prior approval of the Council or subject to such directives as the Council may issue.

Therefore, where a specific asset is encumbered in respect of obligations between other persons (third party liability), there is a risk of loss to the scheme. For example, a cession of share certificates or insurance policy as collateral for a third party loan. In such a case, the liability will be in the third party's books. Such encumbered assets should be deducted from the accumulated funds. Should other variants of encumbrances present themselves to medical schemes, the underlying principles, including risk of loss and location of liability, should be considered. The final effect should not be an iniquitous position for the scheme.



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However, where an encumbered asset is in respect of a liability that is in the scheme's statement of financial position, the encumbered assets should not be deducted from accumulated funds. This would be the case, for instance, in a finance lease or instalment sale agreement where computer equipment has been purchased. If the encumbered assets were to be deducted, the net effect would be a net liability, which is tantamount to double accounting.

The amount in line 10.2.5 pulls automatically through from part 4.25.2 in respect of total encumbered assets and total suretyships.

### *Minority interest*

Only scheme-specific funds are taken into account in the solvency calculation. Minority interests in consolidated parties are therefore deducted from the total members' funds per statement of financial position. The amount in line 10.2.6 automatically pulls through from line 5.2.1.6 (minority interest).

### *Subordinated loans*

The scheme should only add a subordinated loan in part 10.2.7 if Council has approved the subordinated loan, and gave approval that the specific loan can be treated as equity.

### *Annualised gross contributions*

It should be noted that the gross annual contributions includes the annual contributions to members' savings accounts. Hence, the annualised gross contributions in part 10.2.10 pulls automatically through from part 6.1 of the return.

Where a scheme did not meet the required minimum solvency level of 25%, as set out in Regulation 29, they should complete the reason box at the bottom of part 10.2; indicating the reasons for not meeting the 25% solvency level, how many days the solvency level was below 25%, and whether a business plan was submitted to Council in terms of section 35(11) and Regulation 29(4)).

# Help File: 2017 Annual Statutory Return



## AUDIT TRAIL

The user would be able to generate a detailed account of changes made various users by selecting the 'Audit trail' option on the task bar. The following screen will appear:

The report parameters are determined by:

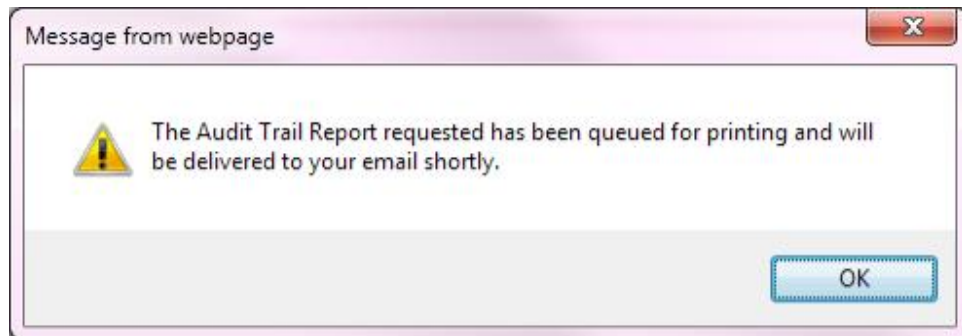
- All changes / changes made by a specific user;
- Whole return / specific parts; and
- Dates.

It should be noted that the audit trail had only been developed in respect of the following parts: 4.1, 4.2, 4.3(a), 4.4, 4.6, 4.7, 4.8, 4.9, 4.12, 4.13, 4.16.1, 4.16.2, 4.16.3, 4.23. The remainder of the parts will only be developed in the 2018 financial year.

It should be noted that the audit trail cannot be generated in respect of any "Other (specify)" lines.

After the user has determined the relevant parameters of the audit trail report, he/she should click on the "Generate audit trail" button.

# Help File: 2017 Annual Statutory Return



Based on the selection of parameters, an audit trail report will then be generated and emailed to the user that requested it.

AuditTrailReport - PDF-XChange Editor

File Edit View Document Comments Form Object Tools Advanced SharePoint Window Help

Open... 88.64% Edit Content Add Text Edit Form Commenting Measurement

Exclusive Mode Properties...

AuditTrailReport

Medical Scheme: mmed  
Ref No: 3315  
Financial Year End: 2017  
Audit Report 07-03-2018

**Audit Trail Report**  
from: 07 Feb 2018, to: 07 Mar 2018

No	Names	EEmail	Part	Row No	Column	New	Old	Description	Date Captured
1	Julindi Scheepers	j.scheepers@medicalschemes.com	Part 4.1	4.1.1.1.2	Computer Equipment and Software	419674	0		2/15/2018 3:10:20 PM
2	Julindi Scheepers	j.scheepers@medicalschemes.com	Part 4.1	4.1.1.1.2	Furniture and Fittings	-122029	0		2/15/2018 3:10:21 PM
3	Julindi Scheepers	j.scheepers@medicalschemes.com	Part 4.1	4.1.1.1.2	Land and Buildings	0	7		2/15/2018 3:07:56 PM
4	Julindi Scheepers	j.scheepers@medicalschemes.com	Part 4.1	4.1.1.1.2	Land and Buildings	-4945772	0		2/15/2018 3:10:19 PM
5	Julindi Scheepers	j.scheepers@medicalschemes.com	Part 4.1	4.1.1.1.2	Land and Buildings	7	0		2/15/2018 3:07:35 PM
6	Julindi Scheepers	j.scheepers@medicalschemes.com	Part 4.1	4.1.1.1.2	Motor Vehicles	930000	0		2/15/2018 3:10:23 PM
7	Julindi Scheepers	j.scheepers@medicalschemes.com	Part 4.1	4.1.1.1.2	Other	-101091	0		2/15/2018 3:10:24 PM
8	Julindi Scheepers	j.scheepers@medicalschemes.com	Part 4.1	4.1.1.2	Computer Equipment and Software	120000	0		2/15/2018 3:10:28 PM
9	Julindi Scheepers	j.scheepers@medicalschemes.com	Part 4.1	4.1.1.2	Furniture and Fittings	100000	0		2/15/2018 3:10:30 PM
10	Julindi Scheepers	j.scheepers@medicalschemes.com	Part 4.1	4.1.1.2	Land and Buildings	800000	0		2/15/2018 3:10:27 PM
11	Julindi Scheepers	j.scheepers@medicalschemes.com	Part 4.1	4.1.1.2	Other	101091	0		2/15/2018 3:10:32 PM
12	Julindi Scheepers	j.scheepers@medicalschemes.com	Part 4.1	4.1.1.3	Computer Equipment and Software	-60	0		2/15/2018 3:10:38 PM
13	Julindi Scheepers	j.scheepers@medicalschemes.com	Part 4.1	4.1.1.3	Computer Equipment and Software	-60000	-60		2/15/2018 3:10:47 PM
14	Julindi Scheepers	j.scheepers@medicalschemes.com	Part 4.1	4.1.1.3	Furniture and Fittings	-10000	0		2/15/2018 3:10:48 PM
15	Julindi Scheepers	j.scheepers@medicalschemes.com	Part 4.1	4.1.1.3	Land and Buildings	-2000	0		2/15/2018 3:10:35 PM
16	Julindi Scheepers	j.scheepers@medicalschemes.com	Part 4.1	4.1.1.3	Land and Buildings	-200000	-2000		2/15/2018 3:10:44 PM
17	Julindi Scheepers	j.scheepers@medicalschemes.com	Part 4.1	4.1.1.3	Motor Vehicles	-1000000	0		2/15/2018 3:10:50 PM
18	Julindi Scheepers	j.scheepers@medicalschemes.com	Part 4.1	4.1.1.4	Furniture and Fittings	-2000	0		2/15/2018 3:10:56 PM
19	Julindi Scheepers	j.scheepers@medicalschemes.com	Part 4.1	4.1.1.4	Land and Buildings	-100000	0		2/15/2018 3:10:54 PM
20	Julindi Scheepers	j.scheepers@medicalschemes.com	Part 4.1	4.1.1.5	Land and Buildings	1000000	0		2/15/2018 3:11:01 PM
21	Julindi Scheepers	j.scheepers@medicalschemes.com	Part 4.1	4.1.1.7	Land and Buildings	4000000	0		2/15/2018 3:11:57 PM
22	Julindi Scheepers	j.scheepers@medicalschemes.com	Part 4.1	4.1.1.7	Motor Vehicles	70000	0		2/15/2018 3:11:50 PM

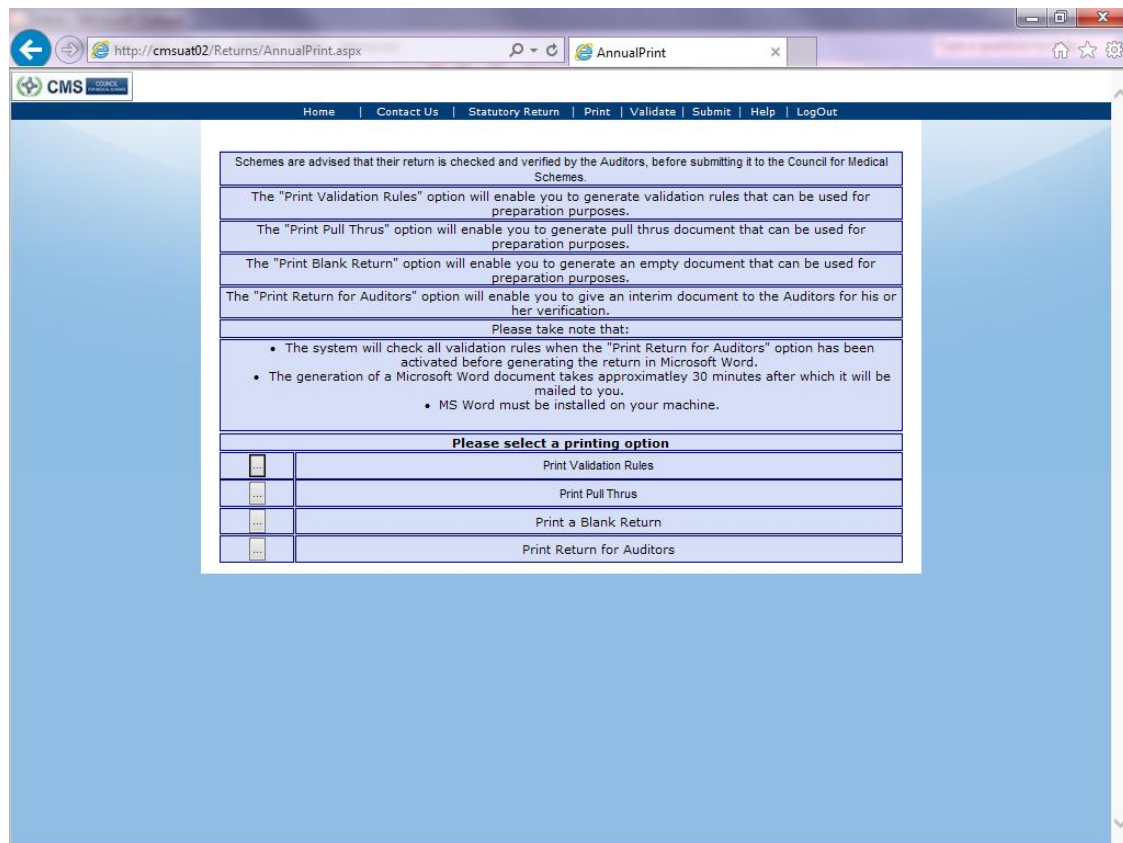
Options... W: 297.0 mm H: 210.0 mm X: 249.3 mm Y: 48.9 mm 1/2

# Help File: 2017 Annual Statutory Return



## PRINT REQUEST FOR RETURN

To access the print options available, the user should click on the “print” option available on the task bar. The following screen will appear:



This page explains in detail the different print options available to the user as well as the procedures to be followed.

Hence, the user has the following print options:

- Print validation rules: A list of all the validation rules applicable to that specific year's statutory return will be e-mailed to the user.
- Print pull throughs: A list of all the pull throughs applicable for that specific year's statutory return will be e-mailed to the user.
- Print a blank return: A blank word document for that specific year's statutory return will be e-mailed to the user.
- Print return for auditors: A draft word document, which contains all the information currently captured on the return, will be e-mailed to the user.

It should be noted that all print requests are sent to the Office's generators, which are processed on a first come first serve basis. Hence, all requests are queued at the generators to be processed. Please note that it takes approximately 30 minutes for an annual statutory return word document to be generated.

## Help File: 2017 Annual Statutory Return

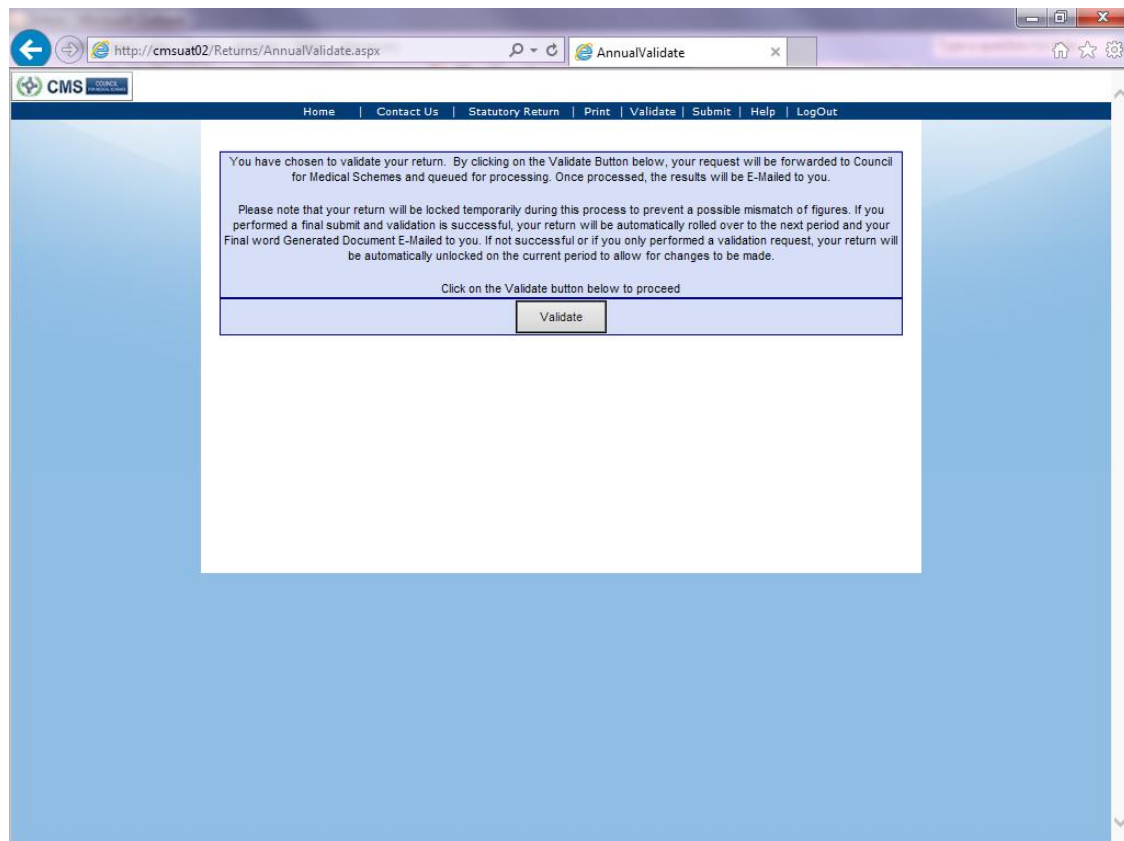


Therefore, should you be third in the queue, you will only receive your word document (whether it is a final or draft copy) in an hour and a half's time.

Also important to note that print requests will be e-mailed to the user as well as to the Principal Officer, Chairperson and Trustee signature. The data captured in part 1.1 of the return will be used to obtain the e-mail addresses of the relevant people.

### VALIDATION OF RETURN

To validate a return, please click on the 'validate' option on the task bar. The following screen will appear:

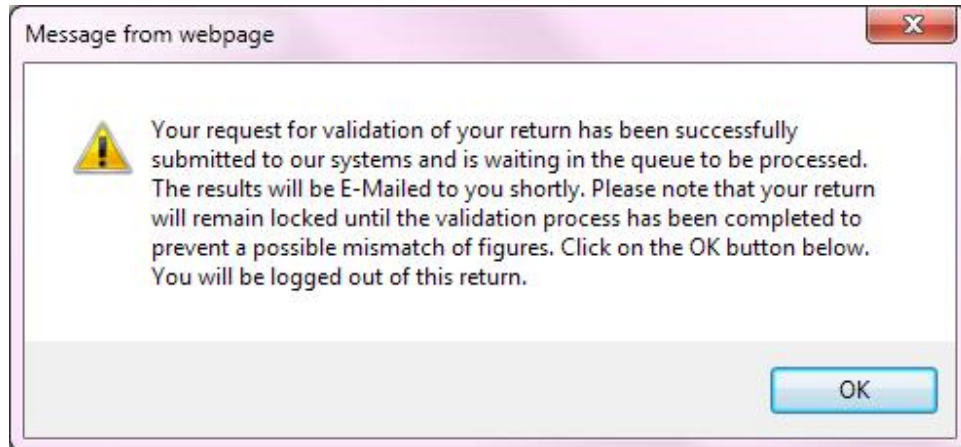


This page explains in detail the validation process. It should be noted that all validation requests are sent to the Office's generators, which are processed on a first come first serve basis. Hence, all requests are queued at the generators to be processed. Please note that it takes approximately 5 minutes to validate an annual statutory return. Therefore, should you be third in the queue, you will only receive your validation results via e-mail in 15 minutes' time.

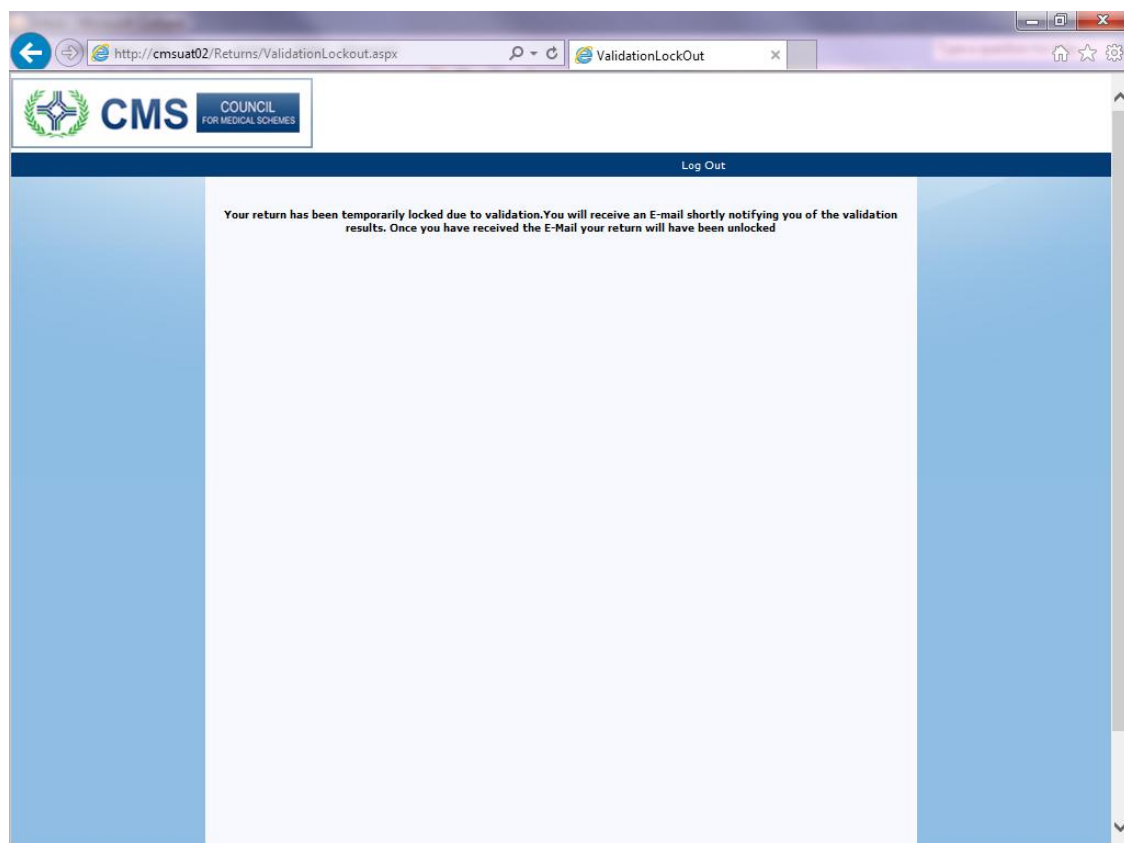
## Help File: 2017 Annual Statutory Return



After clicking on the validate button the following screen appears, which only explains the validation process further. The user should click on OK.



It should be noted that the user will not be able to access the online statutory return, whilst the return is in the queue to be validated. The following screen will appear, if the user tries to access the online statutory return, whilst the return is busy validating:

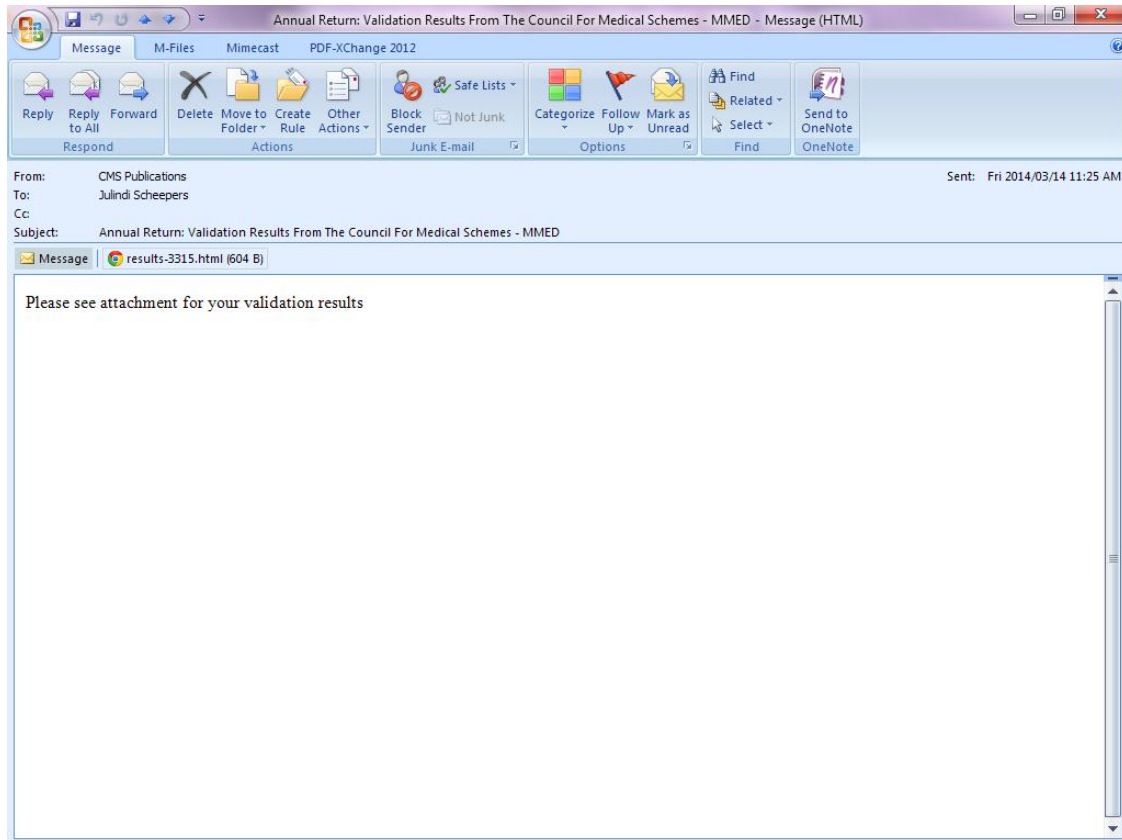




## Help File: 2017 Annual Statutory Return

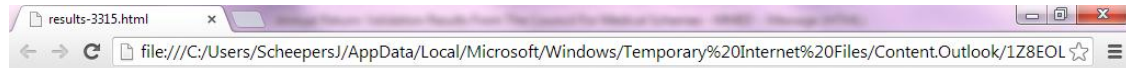


The user would then receive a list of the validation errors generated via e-mail which need to be resolved before a final submission can be done:



After the validation process was successful, the following message would be sent to the user:

# Help File: 2017 Annual Statutory Return



[3/14/2014] (11:24 AM):

Validation request for: MMED, submitted on Mar 14 2014 11:23AM for Financial Year: 2013 has been successful.  
Your return has been unlocked and you may proceed to log in to the Return to Submit it.

Kind Regards  
Council for Medical Schemes

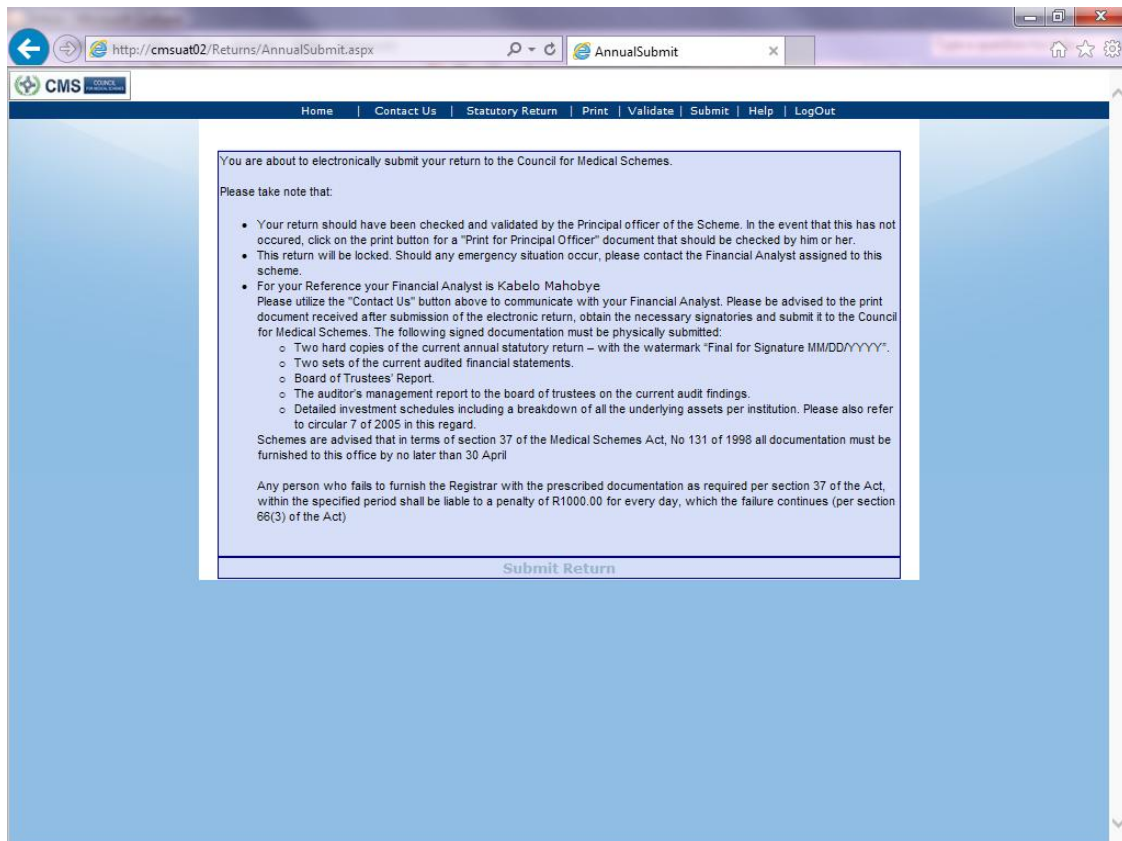
# Help File: 2017 Annual Statutory Return



## SUBMISSION OF RETURN

When the return has been completed in its entirety, the auditors and the board of trustees had approved the draft word document and all validation rules have successfully passed, the user can submit the return, which will ensure that a final word document is e-mailed to the scheme.

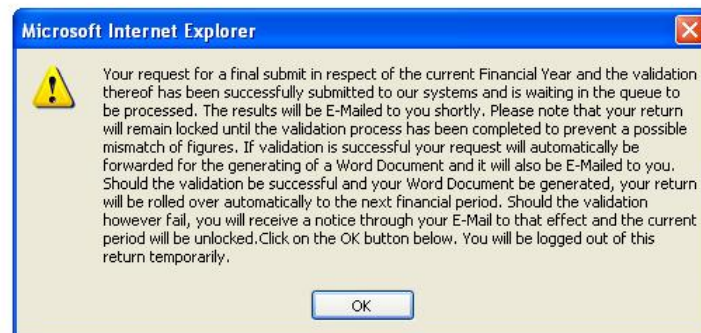
The user should use the 'submit' option on the task bar, to submit the return. The following screen will appear:



## Help File: 2017 Annual Statutory Return



The user should now click on the 'Submit Return' button at the bottom of the page. The following screen will appear:



The user should now only click on the OK button.

Important to note that when the return has been submitted it will automatically be sent to the validation generators, to ensure that the final return has successfully validated. If all the validation rules passed successfully, the system will automatically send the return to the word document generator, where it will be queued for processing of the final word document.

Again, as stated under the print function, all print requests are sent to the Office's generators, which are processed on a first come first serve basis. Hence, all requests are queued at the generators to be processed. Please note that it takes approximately 30 minutes for an annual statutory return word document to be generated. Therefore, should you be third in the queue, you will only receive your word document (whether it is a final or draft copy) in an hour and a half's time.

It should also be noted that after the return has been submitted, it will be locked and the user will not be able to make any further adjustments to the return. Hence, before the user does a final submission of the return, he or she should ensure that both the board of trustees and auditors are in agreement that no further changes are required to the online statutory return.

# Help File: 2017 Annual Statutory Return



## HELP FUNCTION

This document will be available from the 'Help' function on the task bar.

## LOG OUT FUNCTION

As soon as the user presses the "Log out" button on the task bar, it will go back to the login screen:

A screenshot of a web browser displaying the login page for the CMS Statutory Returns Portal. The browser's address bar shows 'http://cmsuat02>Returns/login.aspx'. The page has a blue header with the CMS logo and 'COUNCIL FOR MEDICAL SCHEMES'. Below the header, there are links for 'Home' and 'Contact Us'. The main content area is titled 'Welcome to the Statutory Returns Portal' and features a 'Please Log In' section with a green checkmark icon. This section contains input fields for 'Username' and 'Password', 'submit' and 'reset' buttons, and links for 'Register here' and 'Click here' under the headings 'Not a member yet?' and 'Forgot your password?'. At the bottom, there is a footer with links for 'Legal information' and 'Privacy Policy Statement', and a copyright notice for the Council for Medical Schemes.