
 South African Reserve Bank Co-operative Banking Supervision Unit Floor 04 370 Church Street Pretoria 0002	 CO-OPERATIVE BANKS DEVELOPMENT AGENCY Floor 27 240 Vermeulen Street Pretoria 0002
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**GUIDANCE NOTE 3/2011 ISSUED IN TERMS OF SECTION 45(e) OF THE
CO-OPERATIVE BANKS ACT, 2007**

**BALANCE SHEET RETURN
(FORM-CBR1)**

1. INTRODUCTION

Guidelines are provided to assist with the completion of the balance sheet return (FORM-CBR1), which is part of the Co-operative Banks Act Supervisors' Rules (the Rules) as published in *Government Gazette* No.32860, dated 12 January 2010. These guidelines should be read in conjunction with the Co-operatives Act, 2006 (Act No.14 of 2005) (the Co-operatives Act), the Co-operative Banks Act 2007 (Act No.40 of 2007) (the Act), the regulations issued in terms of Section 86 of the Act (the Regulations) and the Rules. Explanatory notes on the completion of FORM-CBR1 are discussed in this document.

2. COMPLETION OF FORM-CBR1

The Balance Sheet Return (Form CBR1) must be completed on a monthly basis, to reflect the financial position of the co-operative bank as at the last business day of each month. The completed return must be submitted under cover of a signed FORM-CBR0 within twenty (20) business days immediately following the month end to which it relates. Both the managing director and the chief financial officer of the co-operative bank must sign FORM-CBR0. In cases where the managing director is also the chief financial officer, the chairperson of the board must co-sign FORM-CBR0 with the managing director. Every page of the attachments to FORM-CBR0 must be initialled by the signatories.

Figures provided on FORM-CBR1 must be rounded off to the nearest Rand.

Extracts from FORM-CBR1 are reflected in the shaded areas throughout this document. The guidance notes, which clarify the relevant extract, are provided in the non-shaded areas.

FORM-CBR1
BALANCE SHEET

Name of co-operative bank:

As at (ddmmyyyy):

1.	ASSETS	
2.	EARNING ASSETS	This section details the reporting of interest-earning assets, which include loans to members and prescribed investments.
3.	Loans to members	Report all credit extended to members according to maturity periods.
4.	Short term (≤ 1 year)	Report the total credit extended to members with a maturity period of one year or less.
5.	Medium term (1-3 years)	Report the total credit extended to members with a maturity period of more than one, but not more than three years.
6.	Long term (> 3 years)	Report the total credit extended to members with a maturity period of more than three years.
7.	Other special loans	Report the total amount of any other credit extended to members that is not reported under Items 4 to 6 above where such loans are required to be treated on a different basis, due to specific funding conditions.
8.	Loan loss allowance	Report the total loan loss allowance. The amount represents total provisioning made to absorb probable losses inherent in the co-operative bank's loan portfolio.
9.	Total net loans (4+5+6+7-8)	Report the total credit extended across all maturity periods, including other special loans, <u>less</u> the loan loss allowance, which reduces the loan portfolio to a net amount i.e. SUM (Items 4 to 7) minus item 8.
10.	Liquid investments (redeemable within 32 days)	This section deals with investments that are short-term in nature, i.e. with a tenure not exceeding 32 days and convertible into cash at any time, without incurring any penalty or being subject to a discount rate substantially higher than the average rate that applies to liquid assets with a similar term. These investments are normally used to meet the immediate liquidity needs of the co-operative bank.

11.	Deposit held with CBDA	Report the total amount of liquid deposits held with the Co-operative Banks Development Agency (CBDA).
12.	Secondary co-op bank	Report the total amount of liquid deposits held with secondary co-operative banks.
13.	Tertiary co-op bank	Report the total amount of liquid deposits held with tertiary co-operative banks.
14.	Commercial bank deposits	Report the total amount of liquid deposits held with Commercial Banks.
15.	Bonds, debentures and collective investment schemes	Report the total amount of liquid investments in bonds debentures or collective investment schemes. See Regulation 3.2 for the types of investments that the co-operative bank may invest in, which include: <ul style="list-style-type: none"> a) Government co-operative retail savings bonds and treasury bills issued under the Public Finance Management Act. b) Participatory interests in portfolios of collective investment schemes approved by the Registrar of Collective Schemes and administered by a manager registered under the Collective Investment Schemes Control Act as determined by the supervisor by notice on its official website. c) Bonds and debentures determined by the Supervisor by notice on its official website issued by national government, public entities listed under the Public Finance Management Act or the Reserve Bank.
16.	Total Liquid Investments (11+12+13+14+15)	Report the sum (Items 11 to 15).
17.	Liquid investment allowance	Report the total amount invested in a higher tier co-operative bank, commercial bank or other permissible investment vehicle that is specifically set aside to meet anticipated losses in liquid investments.
18.	Total liquid investments (16-17)	Report (item 16 less item 17).
19.	Financial investments (redeemable after 32 days)	This section deals with financial investments that are long-term in nature i.e. with a tenure exceeding 32 days.
20.	Shares – secondary and tertiary tier affiliation	Report the amount of mandatory shares held by the co-operative bank with a higher tier co-operative bank and/or affiliated league. Investments held in voluntary shares must be

		approved by the relevant Supervisor.
21.	Deposits with higher tier co-operative banks	Report the amount of deposits held with higher tier co-operative banks with a tenure exceeding 32 days.
22.	Commercial bank deposits	Report the amount of deposits held with commercial banks with a tenure exceeding 32 days.
23.	Bonds and debentures	Report the amount of funds held in bonds and debentures with a maturity in excess of 32 days. See Regulation 3.2 for the types of investments that the co-operative bank may invest in, which include: <ul style="list-style-type: none"> a) Government co-operative retail savings bonds with 1-, 2- or 3-year maturity dates, and treasury bills issued under the Public Finance Management Act. b) Bonds and debentures determined by the supervisor by notice on its official website issued by national government, public entities listed under the Public Finance Management Act or the Reserve Bank.
24.	Deposit held with the Agency	Report the amount of deposits held with the CBDA with a tenure exceeding 32 days.
25.	Collective investments	Report the amount of funds held in participatory interests in portfolios of collective investment schemes approved by the Registrar of Collective Schemes and administered by a manager registered under the Collective Investment Schemes Control Act (as determined by the supervisor by notice on its official website), which investments have exceeded a tenure of 32 days.
26.	Other financial instruments (specify)	Report all other amounts of funds invested but not classified under items 20 to 25 (all "non-prescribed" assets must be condoned by the relevant Supervisor).
27.	Total financial investments (20+21+22+23+24+25+26)	Report the sum (items 20 to 26).
28.	Financial investment allowances	Report the amount set aside and maintained to absorb the anticipated losses inherent in the co-operative bank's financial investment portfolio.
29.	Total financial investments (27-28)	Report (item 27 less item 28).
30.	Non financial investments	The section deals with non-financial investments.

31.	Various	Report the amount held in non-financial investments. These investments may be condoned by the relevant Supervisor.
32.	Non financial investment allowance	Report the amount, if any, set aside for anticipated losses on non-financial investments.
33.	Total non financial investment (31-32)	Report (item 31 less item 32).
34.	Total Earning Assets (9+18+29+33)	Report the sum (items 9, 18, 29 and 33).
35.	NON EARNING ASSETS	This section deals with non-interest earning assets.
36.	Liquid Assets	This section deals with non-interest earning liquid assets such as cash and cash equivalents.
37.	Cash on hand and equivalents	Report all notes and coins held by the co-operative bank and cash equivalents such as "sight" bills and promissory notes, postal and money orders and stamps.
38.	Cash at bank/Current Account (Checking)	Report all balances held in cheque/current accounts at commercial banks or higher tier co-operative banks not regarded as income earning and not reported under item 14.
39.	Foreign Currency (if specifically authorised)	Report the Rand amount of foreign currency held at the prevailing exchange rate. This only applies to co-operative banks specifically authorised by the Exchange Control Department of the South African Reserve Bank to accept foreign currency, which application must be made through an Authorised Dealer.
40.	Other Liquidity reserves 1	Report the amount of liquid assets held as a liquidity reserve.
41.	Other Liquidity reserves 2	Report the amount of liquid assets held as a liquidity reserve.
42.	Other liquid assets	Report the amount of other liquid assets held not categorised under items 37 to 41.
43.	Total liquid assets (37+38+39+40+41+42)	Report sum (items 37 to 42).
44.	Accounts receivable	This section deals with funds due to the co-operative bank.
45.	Debtors	Report the total amount of funds due to the co-operative bank.
46.	Interest receivable	Report the total amount of interest receivable from overdue accounts.

47.	Notes receivable	Report the total amount of written promises to receive stated sums of money at future dates, such as post dated cheques and promissory notes, not reported as debtors under item 45.
48.	Payroll deductions receivable	Report the amount of funds due to the co-operative bank from payroll deductions.
49.	Interbranch loans receivable	Report inter-branch loans receivable. The head office of the co-operative bank must consolidate all inter-branch loans payable at month end and inform its branches accordingly.
50.	Other accounts receivable	Report the total amount of other accounts receivable not mentioned in items 44 to 49 above.
51.	Receivable loss allowance	Report the amount provided for anticipated losses arising from irrecoverable accounts receivable.
52.	Total accounts receivable (45+46+47+48+49+50-51)	Report the sum (items 45 to 50) less item 51.
53.	FIXED ASSETS	This section deals with those assets that are for business use and not expected to be converted into cash.
54.	Land	Report the purchase amount of land owned by the co-operative bank.
55.	Buildings (cost)	Report the cost amount of buildings owned by the co-operative bank.
56.	Leasehold improvements	Report the amount of recoupable leasehold improvements by the co-operative bank.
57.	Furniture and equipment	Report the amount, at cost, of furniture and equipment (including computers, vehicles, electronic equipment) owned by the co-operative bank.
58.	Revaluation of fixed assets	Report the difference between the revalued amount and the book value of the fixed assets. All co-operative banks are expected to have a policy on the frequency and method of revaluation of assets. Revaluation is, in general, undertaken by an independent professional valuator whose appointment is approved by members at an annual general meeting.
59.	Acc. Depreciation – buildings	Report the accumulated depreciation on buildings.
60.	Acc. Depreciation – leasehold improvements	Report the accumulated depreciation on recoupable leasehold improvements.
61.	Acc. Depreciation – furniture	Report the accumulated depreciation on furniture

	and equipment	and equipment.
62.	Acc. Depreciation – revaluations	Report the accumulated depreciation on revaluations, other than those reported under item 58 to 61.
63.	Total net fixed assets (54+55+56+57+58)- (59+60+61+62)	Report the sum (items 54 to 58) less the sum (items 59 to 62).
64.	Other Assets	This section details other categories not covered in any of the asset items above.
65.	Assets in liquidation	Report the amount of repossessed assets held as collateral for credit granted to members, the proceeds of which are to be used to reduce or expunge the debt.
66.	Organisational expenses	Report first time expenses incurred in the initial setting up of the co-operative bank or costs of expansion that will be expensed out over time. These expenses are only applicable to newly established co-operatives and approval must be sought from the relevant Supervisor.
67.	Prepaid expenses	Report the amount of expenses that the co-operative bank has paid in advance.
68.	Other Deferred assets	Report the amount of other payments that will be assigned as expenses in a later period but are paid in advance and temporarily listed as assets in the balance sheet.
69.	Revaluation of other assets	Report the difference in value arising from the revaluation of assets, other than fixed assets. All co-operative banks are expected to have a policy on the frequency and method of revaluation of other assets. Revaluation will normally be required to be undertaken by an independent professional valuator and will need to be approved by members at an annual general meeting.
70.	Accumulated Amortization	Report the accumulated amount written-off as organisational expenses to date.
71.	Total Other Assets (65+66+67+68+69-70)	Report the sum (items 65 to 69) minus item 70.
72.	Problem Assets	This section details assets of doubtful value that the co-operative bank maintains on its balance sheet.
73.	Doubtful Assets	Report the amount of assets such as investments in instruments or institutions, of which the capital amount invested is unlikely to

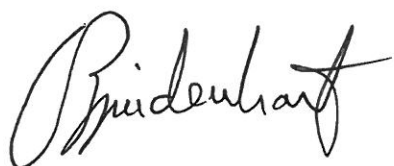
		be realised in full at maturity.
74.	Sundry – Assets	Report the total amount of assets not reported elsewhere that is not immediately reconcilable.
75.	Other Problem Assets	Report the amount of assets of doubtful value, such as a fixed asset that should have been depreciated more quickly or assets for which the cost has been overstated.
76.	Problem Asset Allowance	Report the amount, if any, established and maintained to provide for anticipated losses inherent in the co-operative bank's problem assets.
77.	Total Problem Assets (73+74+75-76)	Report the sum (item 73 to 75) less item 76.
78.	Total non earning assets (43+52+63+71+77)	Report the sum (item 43, item 52, item 63, item 71 and item 77).
79.	TOTAL ASSETS (34+78)	Report the sum (item 34 plus item 78).
80.	LIABILITIES	This section details the members' deposits and other money owed by the co-operative bank.
81.	INTEREST BEARING LIABILITIES	This section deals with liabilities of the co-operative bank that attract interest.
82.	Savings Deposits	This section deals with members' funds held as deposits at the co-operative bank. Include "share savings" that have the same characteristics of savings deposits.
83.	Regular Savings	Report the total amount of savings that are readily available for withdrawal or on 31 days notice. These savings must exclude any amounts listed in items 84 to 87
84.	Fixed deposits > 32 days-5years	Report the total amount of funds invested for a term exceeding 32 days.
85.	Youth savings	Report the total amount of funds in saving products created specifically for the benefit of minors.
86.	Special savings (incl. Xmas/education)	Report the total amount of savings deposits held for a "special event", such as Christmas, vacation, special holidays and tuition, which typically requires regular savings of approximately ten to twelve months and which is only withdrawable on the happening of the "special event".
87.	Pledged savings	Report the amount of savings that has been pledged as security for loans. These savings are, in general, non-withdrawable until the member

		has repaid the loan.
88.	Total Savings Deposits (83+84+85+86+87)	Report the sum (item 83 to item 87)
89.	External credit	This section deals with loans or borrowings that the co-operative bank obtains from external sources. External credit/borrowing is defined in the regulations to include “any monies secured through a loan, excluding members’ deposits, for which the co-operative bank has entered into an agreement and must repay the funds with or without interest at a later date, including a loan from the Agency, a higher tier co-operative bank and any member”.
90.	Higher tier co-operative bank (≤ 1 Year)	Report total borrowings from higher tier co-operative banks which are repayable within one year.
91.	Higher tier co-operative bank (> 1 year)	Report total borrowings from higher tier co-operative banks that are repayable over a period exceeding one year.
92.	Commercial Banks	Report total borrowings from commercial banks, including overdraft balances.
93.	Development institutions	Report total borrowings from development institutions e.g. samaf, Khula and donor organisations.
94.	CBDA	Report total borrowings from CBDA.
95.	Total external credit (90+91+92+93+94)	Report the sum (items 90 to 94).
96.	Total interest bearing liabilities (88+95)	Report the sum (items 88 and 95).
97.	NON INTEREST BEARING LIABILITIES	This section deals with liabilities that do not attract interest.
98.	Short Term Accounts payable (≤ 30 days)	Report the total amount of accounts payable within 30 days, such as municipal, telephone and similar accounts.
99.	External credit payments (≥ 30 days)	Report the total external credit payments that are payable over a period exceeding 30 days.
100.	Expenses accrued (SARS)	Report the amount payable to the South African Revenue Services (SARS).
101.	Provisions (e.g. Employee benefits)	Report the total amount set aside to cover expected future expenses, including employee benefits.
102.	Sundry – liabilities	Report the total amount of liabilities not reported elsewhere.

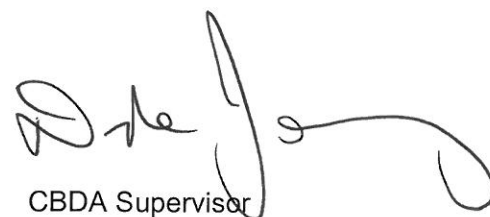
103.	Other Liabilities	Report the accumulated amount of all other non-interest bearing liabilities not included in items 98 to 102.
104.	Total non interest bearing liabilities (98+99+100+101+102+103)	Report the sum (items 98 to 103).
105.	TOTAL LIABILITIES (96+104)	Report the sum (items 96 and 104).
106.	CAPITAL	
107.	Share Capital	This section deals with capital raised by the co-operative bank through the issuance of mandatory or voluntary shares to members.
108.	Mandatory Shares	Report the amount of the shares purchased by members as a condition of membership.
109.	Voluntary Shares	Report the value of the shares purchased by members over and above the mandatory shares.
110.	Total Members Share Capital (108+109)	Report the sum (items 108 and 109).
111.	Transitory Capital	This section details accounts that have been created due to a revaluation of fixed assets and appropriated surplus that will be distributed during the year.
112.	Asset Revaluations	Report the difference between the realisable value of assets (due to a revaluation performed on the assets) and the recorded historic cost of the same assets. This reserve is non-distributable and should be the same value as line 58.
113.	Education and social reserves	Report the total amount of surplus appropriated for educational and social purposes.
114.	Monetary reserves	Report the income that has been declared during previous years but has not yet been distributed.
115.	Other Reserves (donations)	Report the total amount of donations transferred to the reserves.
116.	Sundry – Capital	Report the total amount of capital not reported elsewhere.
117.	Other (specify)	Report any other transitory capital not reported under items 112 to 115.
118.	Total Transitory Capital (112+113+114+115+116+117)	Report the sum (items 112 to 117).
119.	Institutional Capital	This section details capital created from retained earnings.
120.	Statutory Reserves	Report the amount of funds held as indivisible reserves set aside in terms of Section 3(1)(e) of

		the Co-operatives Act to increase the co-operative bank's capital adequacy in accordance with Regulation 4(2).
121.	Retained earnings	Report the amount that has been retained to date.
122.	Other reserves	Report the total amount of any other non-distributable funds of a permanent nature that are not subject to legal claim by any person and that has been approved as "capital" by the Supervisor in terms of Regulation 4(2)(d).
123.	YTD Net Income (loss)	Report the net income or loss for the current reporting period. Report as a negative figure if a loss has been incurred.
124.	Total Institutional Capital (120+121+122+123)	Report the sum (items 120 to 123).
125.	TOTAL CAPITAL (110+118+124)	Report the sum (items 110, 118 and 124).
126.	TOTAL LIABILITIES AND CAPITAL (105+125)	Report the sum (items 105 and 125).

FORM-CBR1 must be submitted under cover of FORM-CBR0 to the relevant Supervisor.



SARB Supervisor
André Bezuidenhout



CBDA Supervisor
David de Jong