

GUIDELINES for  
External Sector  
Statistics and  
National Accounts  
Survey

*(ESSNAC Survey formerly known as  
the GBC1 Survey / Investment Flows  
Survey)*

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## Part 1: Purpose and Sections of the Survey Form

The data requested in the questionnaire will be used as inputs for the compilation of various macro statistics including the Mauritius balance of payments (BoP), International Investment Position (IIP) and National Accounts.

### **The following sections are in the questionnaire.**

- [Section A](#) – Details of contact persons for queries
- [Section B](#) – Assessment Sheet
- [Section C](#) – positions and transactions data of GBC being reported upon. Closing balances are the sum of opening balances, transactions carried out during 2022 and any changes in volume and valuation changes during 2022.
- [Section D.1](#) – collects information direct investment inward
- [Section D.2](#) – collects information direct investment outward by country.
- [Section E](#) – gathers information on portfolio investment abroad by country.
- [Section F](#) – relates to the Statement of Income and Expenditure of GBCs information requested by Statistics Mauritius for which specific guidelines are provided in the questionnaire.
- [Section G](#) - provides additional measures of interaction between the GB sector with the local economy
- [Section H](#) - collects additional information on activities of GBC
- [Section I](#) – calls for information to determine if GBC is under foreign control

For the purpose of simplicity in the survey form and this guideline, please note that

1. "GBCs" refers to Category 1 Global Business Companies AND Global Business Corporations
2. "ACs" refers to Authorised Companies

### **1.1 Section A – Details of Contact Persons**

This Section records contact details of persons who, in case of queries, will be contacted by the FSC.

### **1.2 Section B – Assessment Sheet**

Section B provides a list of consistency checks that should be cleared before submission to FSC. Description and guidance are given for each issue. In certain cases, a confirmation is required and, in others, the figures ought to be revised. Since several checks will be flagged as you are completing the form, it might be recommended to look at this Section once you have completed all other sections in the survey form.

### 1.3 Section C - Balance of Payments and International Investment Position

Once you have entered your contact details and those of an alternate person in Section A for queries, if any, move directly to Sheet Pg2. Section C is a restyled balance sheet that connects 3 position dates (as at 01 Jan 2021, 1 Jan 2022 and 31 Dec 2022) with the movement data for the periods in between. The movements in the stock (or position data) can be either one of the following:

1. **A transaction is an interaction between two institutional units that occurs by mutual agreement or through the operation of the law and involves an exchange of value or a transfer.** The value of transactions should be recorded at the time it occurs. In case the transaction value date is not available, please record the value at settlement date.
2. **Revaluations (holding gains and losses) on an asset or liability arise from changes in their prices and/or the exchange rates.**
3. **Other changes in the volume of assets and liabilities and revaluation are changes that are not due to transactions or Revaluation Changes.** Other changes in volume include write-offs of claims by creditors, reclassification of assets, cancellation, monetization and demonetization, etc.

The position and transaction data are used respectively for the compilation of the country's International Investment Position (IIP) and Balance of Payments.

If the GBC being reported upon has been covered in the previous survey, you should normally find prepopulated data in Section C.1. In such cases, you should fill in the movements for the year ended 31 Dec 2022 in Section C.2. Please refer to the Definitions in Part III to complete the form. Two concepts are particularly important namely: [Residence](#) and [Affiliation](#).

If the Section C.1 ought to be revised, please contact the FSC to unlock this section. You may adjust for minor corrections to be in the closing balance of 2021 in the movements during the year 2022 under Other Changes in Volume. A rule of thumb is below USD 1 million.

Once you have completed Section C.1, proceed to the geographical allocation of investment in Section D.1, Section D.2 and Section E.

### 1.4 Section D.1 - Direct Investment Inward

**Section D.1 Direct Investment Inward** calls for foreign direct investment inward. It is an investment made by an affiliated non-resident enterprise in the GBC being reported upon; that is the investor has 10% or more equity interest in the GBC. Please refer to [Section 2.7](#) for other cases of affiliation relationship.

Section D.1.1. shows prepopulated direct investment inward data as at end Dec 2021 which have been collected in previous surveys. Please complete Section D.1.2 by providing a geographical breakdown of movement figures filled in Sheet Pg 2 BoP-IIP - Column Q

according to the formulae in Row 8. E.g., if the GBC received a loan of USD 250,000 from a Direct Investor in the U.S, you need to classify 250,000 under country USA (Column C). It follows that the total values in row 10 should match the figures in balance sheet in row 9 (after computing formulae in row 8).

## 1.5 Section D.2 - Direct Investment Outward

**Section D.2 Direct Investment Outward** calls for foreign direct investment outward. It is an investment made by the GBC reported upon in an affiliated non-resident enterprise; that is the GBC has 10% or more equity interest in the non-resident issuer enterprise. Please refer to [Section 2.7](#) for other cases of affiliation relationship.

Section D.2.1. shows prepopulated direct investment outward data as at end Dec 2021 which have been collected in previous surveys. Please complete Section D.2.2 by providing a geographical breakdown of movement of figures filled in Sheet Pg 2 BoP-IIP - Column Q according to the formulae in Row 8. E.g., if the GBC acquired equity of USD 250,000 in an affiliated company in South Africa, you need to classify USD 250,000 under country South Africa (Column C). It follows that the total values in row 10 should match the figures in balance sheet in row 9 (after computing formulae in row 8).

## 1.6 Section E - Portfolio Investment

**Section E Portfolio Investment** calls for foreign portfolio investment. A portfolio investment is an investment in equity or debt securities made in an unaffiliated non-resident enterprise; that is the GBC has less than 10% of equity interest in the non-resident issuer enterprise. Please refer to [Section 2.7](#) and [Section 2.8](#) for other cases of unaffiliation relationship.

Section E.1. shows prepopulated portfolio investment data as at end Dec 2021 which have been collected in previous surveys. Please complete Section E.2 by providing a geographical breakdown of movement figures filled in Sheet Pg 2 BoP-IIP - Column Q according to the formulae in Row 5. E.g., if the GBC acquired equity of USD 250,000 in an unaffiliated company in India, you need to classify 250,000 under country India (Column C). It follows that the total values in row 10 should match the figures in balance sheet in row 9 (after computing formulae in row 5).

### ***Equity Securities***

Equity comprises all instruments and records acknowledging, after the claims of all creditors have been met, claims on the residual value of a corporation or quasi-corporation. Equity is treated for statistical purposes as a liability of the issuing institutional unit (a corporation or other unit) to its owner(s).

Ownership of equity in legal entities is usually evidenced by shares, stocks, participations, depositary receipts, or similar documents. Shares and stocks have the same meaning, while

depository receipts are securities that represent ownership of shares held by a depository. Participating preferred shares are those that provide for participation in the residual value upon the dissolution of an incorporated enterprise. Such shares are also equity securities, whether the income is fixed or determined according to a formula.

**Non-participating preferred shares are treated as debt instruments.** Equity securities comprise listed (listed on stock exchanges) and unlisted shares.

**Equity not in the form of securities (e.g., in unincorporated enterprises) is not included in portfolio investment.**

### *Debt securities*

Debt securities are negotiable instruments serving as evidence of a debt normally traded in financial markets. They include bills, bonds, certificates of deposit, bankers' acceptances, commercial paper, debentures, asset-backed securities, index-linked securities, and, also, non-participating preferred stocks or shares (instruments that pay a fixed income but do not provide for participation in the distribution of the residual value of an incorporated enterprise on dissolution). Bonds that are convertible into equity should also be classified as debt prior to the time that they are converted to equity.

- (i) **Short-term** is defined as being issued less than one year and payable on demand or with a maturity of one year or less.
- (ii) **Long-term due for receipt within 1 year or less** is defined as being issued more than one year ago and due for receipt within 1 year or less.
- (iii) **Long-term due for receipt more than 1 year** is defined as being issued more than one year ago and due for receipt more than 1 year

**Example:** if you purchased in July 2007 bonds amounting to USD10 million with a maturity term 7 years and another purchase of bonds of USD25 million in July 2007 of maturity 10 years. Total long-term debts at original maturity as at 30 June 2013 will be USD35 million but on a remaining maturity basis **Long-Term Debt due for payments within 1 year or less** is USD 10 million and **Long-Term Debt due for receipt in more than 1 year** USD25 million.

### **Exclusions**

Financial derivatives and one-off guarantees are excluded.

## 1.7 Section F – National Accounts

Section F is a restyled statement of income and expenditures. In particular, you will need to classify income received from and expenditures paid to the following categories of counterparts:

- I. GBCs;
- II. ACs;
- III. Residents other than GBCs;
- IV. Affiliated non-residents; and
- V. Unaffiliated residents

The above information will be used notably for the calculation of the contribution of GBCs to the Mauritian Economy.

## 1.8 Section G - Interaction between GBCs and Local Economy

Section G calls for additional information to furthermore measure the extent of interaction between GBCs and the Mauritian Economy. There are six sub sections that request for the following details:

- I. Additional Substance Requirements;
- II. Shares held by GBC in local companies;
- III. Shares held by local shareholders in GBCs;
- IV. Breakdown of deposits placed in local banks;
- V. Loan provided by GBC to local companies; and
- VI. Loan provided by local companies to GBCs.

## 1.9 Section H - Activity

This Section is added to provide supplementary information to the compilers of BoP and National Accounts to understand the figures reported in Section F National Accounts. Describe in a few words the main and sub-activities of the company (not more than 20 words for each activity).

## 1.10 Section I – Foreign Control

Mauritius has recently adhered to an initiative launched by the IMF for the reporting of external transaction and position data on Special Purpose Entities (SPEs). SPEs are considered to have limited or no physical presence, have few employees, and hold nearly all their assets and liabilities with nonresidents. GBCs seem to display those characteristics. Since Mauritius is already collecting External Sector Statistics on GBCs, adhering to the SPEs initiative will not require the collection of additional information from these entities.

However, one of the criteria to identify SPEs is that the entity should be under direct or indirect foreign control. It will be the case if:

One single non-resident ultimately owns at least 50% of voting shares or a group of related non-residents<sup>1</sup> ultimately own collectively at least 50% of voting shares directly or indirectly (i.e., through a chain of ownership). Please note that in the case voting powers are held by another GBC (i.e., CIS Manager), foreign control (using the aforementioned definition) has to be determined for the latter.

Hence, by providing the answer to the question in Section I, the BoM and FSC will be able to determine whether or not the GBC being reported upon falls under the definition of SPE. Kindly note that this information will be populated in subsequent surveys.

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<sup>1</sup> means that decision making is made collectively. E.g., family-owned businesses



## Part 2: Definitions

### 2.1 Types of Investment

Data in Section C are requested on specific types of financial instruments namely, shares, debt securities, loans, cash & deposits, and other, based on 3 main functional categories which are (1) direct investment; (2) portfolio investment; and (3) other investment.

- a. *Direct investment* includes any shares, debt securities or loans held between affiliated enterprises motivated by the incentive to exercise control or a significant degree of influence. (see definition of affiliation in [Section 2.7](#))
- b. *Portfolio investment* is defined as cross-border transactions and positions involving debt or equity securities held with unaffiliated entities. (see definition of unaffiliation in [Section 2.8](#))
- c. *Other investment* is a residual category that includes positions and transactions in financial instruments *other than securities* and which are not included in either direct investment or portfolio investment.

### 2.2 Definition of residents and non-residents

**An institutional unit (which may be an individual, an enterprise or any other entity) is a resident of the Mauritian economy, regardless of its nationality, if it exists, within Mauritius, some location, dwelling, place of production, or other premises on which or from which the unit engages and intends to continue engaging, either indefinitely or over a finite but long period of time - exceeding one year - in economic activities and transactions on a significant scale.** Corporations and non-profit organisations normally may be expected to have a center of economic interest in the economy in which they are legally incorporated and registered. Representation of foreign Governments and International Organisations are excluded.

**Non-residents are institutional units, regardless of their nationality, living or operating outside the economic territory of Mauritius for one year or more and include:**

- (a) Individuals having their principal residence outside the economic territory of Mauritius or enterprises operating abroad for a year or more;
- (b) Representative offices/embassies/consulates of foreign Governments;
- (c) Bilateral development assistance organisations (e.g., Commonwealth Development Corporation (UK)) Multilateral/Regional Organisations with shareholders who are governments of more than one country (e.g., International Finance Corporation; World Bank; African Development Bank etc.).

**NOTE:** GBCs are considered as residents.

### 2.3 Definition of securities

**Securities are debt and equity instruments that have the characteristic feature of**

**negotiability.** That is, their legal ownership is readily capable of being transferred from one unit to another unit by delivery or endorsement. While any financial instrument can potentially be traded, securities are designed to be traded, usually on organized exchanges or over the counter. Negotiability is a matter of the legal form of the instrument.

## 2.4 Definition of equity

**Equity comprises all instruments and records acknowledging, after the claims of all creditors have been met, claims on the residual value of a corporation or quasi-corporation.** Equity is treated for statistical purposes as a liability of the issuing institutional unit (a corporation or other unit) to its owner(s). Ownership of equity in legal entities is usually evidenced by shares, stocks, participations, depositary receipts, or similar documents. Shares and stocks have the same meaning, while depositary receipts are securities that represent ownership of shares held by a depositary. Participating preferred shares are those that provide for participation in the residual value upon the dissolution of an incorporated enterprise. Such shares are also equity securities, whether the income is fixed or determined according to a formula.

**Non-participating preferred shares are treated as debt instruments.**

**Equity securities comprise listed (listed on stock exchanges) and unlisted shares.** Equity not in the form of securities (e.g., in unincorporated enterprises) is not included in portfolio investment.

## 2.5 Definition of debt securities

**Debt securities are negotiable instruments serving as evidence of a debt normally traded in financial markets.** They include bills, bonds, certificates of deposit, bankers' acceptances, commercial paper, debentures, asset-backed securities, index-linked securities, and, also, non-participating preferred stocks or shares (instruments that pay a fixed income but do not provide for participation in the distribution of the residual value of an incorporated enterprise on dissolution). Bonds that are convertible into equity should also be classified as debt prior to the time that they are converted to equity.

## 2.6 Definition of Financial derivatives

**Financial derivatives and one-off guarantees are excluded from direct investment.** Financial derivatives are excluded largely on practical grounds. One-off guarantees represent loans or securities that are guaranteed under such particular circumstances that it is not possible to calculate precisely their degree of risk. They are recognized as financial assets or liabilities only when the event occurs that makes the guarantor responsible for the liability.

## 2.7 Definition of Direct Investment / Investment in Affiliated Enterprises

**Investment in an affiliated enterprise means that the investor has control or a significant degree of influence on the management of the investee company.** In

technical Balance of Payments language, the entity having direct control or a significant degree of influence is called the direct investor (DI) whereas the enterprise located in another economy in which he/she/it has invested in is called the direct investment enterprise (DIE). Please note that a DIE can also be a DI if, in turn, the DIE can exercise direct control or significant degree of influence over a DIE located in another economy.

**Control is determined to exist if the direct investor owns directly or indirectly more than 50 per cent of the voting power in the direct investment enterprise.** In this case the direct investment enterprise is a subsidiary of the direct investor.

**A significant degree of influence is determined to exist if the direct investor owns at least 10 per cent but no more than 50 per cent of the voting power in the direct investment enterprise (there are exceptions to this rule; see appendix 1) .** Please note that for Balance of Payments purposes equity holdings of at least 10 per cent is a sufficient condition for an enterprise to qualify as an associate, unlike the conventional accounting definition of at least 20 per cent.

**Enterprises in a direct investment relationship with each other are called affiliates or affiliated enterprises.** Affiliates of an enterprise comprises (a) its *direct investor(s)*, both immediate and indirect; (b) its *direct investment enterprises*, whether subsidiaries (including branches and other quasi-corporations), associates, and subsidiaries of associates, both immediate and indirect (*excluded are associates of associates considered as unaffiliated enterprises*); and (c) *fellow enterprises*, that is, those enterprises that are under the control or influence of the same immediate or indirect investor, but neither fellow enterprise controls or influences the other fellow enterprise.

*Examples of Direct investment relationships are given in the appendix 2.*

**An entity is a direct investor in another entity where the second entity** is (a) an immediate subsidiary of the direct investor; (b) an immediate associate of the direct investor; (c) a subsidiary of a subsidiary of the direct investor (d) a subsidiary of an associate of the direct investor; or (e) an associate of a subsidiary of the direct investor.

**Direct investment includes investment in real estate, properties, vacation homes and lease of land for long periods provided the property is located in an economy other than that of the direct investor.**

## 2.8 Definition of reverse investment

**Reverse investment is said to arise when a direct investment enterprise lends funds to or acquires equity in its immediate or indirect direct investor, provided it owns strictly less than 10 per cent of the voting power in that direct investor.** In contrast, if

two enterprises each have 10 per cent or more of the voting power in the other, there is not reverse investment, rather there are two mutual direct investment relationships. That is, each enterprise is both a direct investor and direct investment enterprise of the other.

**Please note that data on reverse investment should be separately published, where significant, to assist users in understanding the nature of direct investment.**

## 2.9 Definition of portfolio investment / Investment in unaffiliated Enterprises

**Portfolio investment is defined as cross-border transactions and positions involving debt or equity securities, other than those included in direct investment.** In other words, Portfolio Investment are investment in securities unaffiliated non-residents (i.e., generally less than 10% of equity interest).

Securities are debt and equity instruments that have the characteristic feature of *negotiability*. That is, their legal ownership is readily capable of being transferred from one unit to another unit by delivery or endorsement.

**Portfolio investment covers, but is not limited to, securities traded on organized or other financial markets.** Portfolio investment usually involves financial infrastructure, such as a suitable legal, regulatory, and settlement framework, along with market-making dealers, and a sufficient volume of buyers and sellers. However, hedge funds, private equity funds, and venture capital are examples of portfolio investment that occur in less public and more lightly regulated markets.

**The operational definition of portfolio investment would require that there is no direct investment relationship between the two entities, and that the financial instrument is either an equity security or a debt security.**

## 2.10 Definition of other investment

**Other investment is a residual category that includes positions and transactions other than those included in direct investment and portfolio investment.** To the extent that the following classes of financial assets and liabilities are not included under direct investment or portfolio investment, other investment would include (a) Other equity; (b) Currency and deposits; (c) Loans; (d) Non-life insurance technical reserves, life insurance and annuities entitlements, pension entitlements, and provisions for calls under standardized guarantees; (e) trade credit and advances; and (f) other accounts receivable/payable.

## Appendix 1

### Exceptions to the Rule of Foreign Direct Investment

Debt positions between affiliated financial intermediaries except insurance companies and pension funds (a subset of financial corporations) are excluded from direct investment.

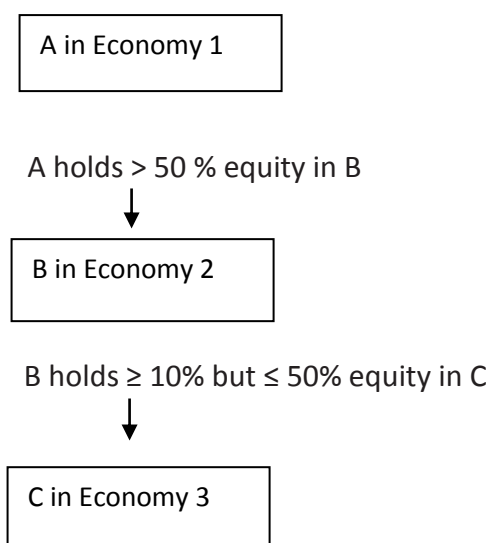
The financial corporations covered by the financial intermediary exclusion are deposit-taking corporations, money market funds (MMF), non-MMF investment funds, and other financial intermediaries except insurance companies and pension funds. *(In other words, the usual direct investment definitions apply for insurance corporations, pension funds, other financial institutions, and financial auxiliaries.)* **All debt positions** between these selected types of affiliated financial corporations are **excluded** from direct investment (**but equity positions between all types of affiliated financial corporations should be included in direct investment**). For example, deposits and other amounts lent by a parent bank or other financial intermediary to its direct investment enterprise located abroad that is also a financial intermediary, and deposits and other borrowings taken from such offices, should not be classified as direct investment.

- Equity in international organizations is excluded from direct investment, even in cases in which voting power is 10 per cent or more. These equity contributions are included in portfolio investment (if in the form of securities) or other investment—equity (if not in the form of securities).
- Financial derivatives and one-off guarantees are excluded from direct investment. Financial derivatives are excluded largely on practical grounds. One-off guarantees represent loans or securities that are guaranteed with such particular circumstances that it is not possible for the degree of risk associated with them to be calculated with any degree of precision. They are recognized as financial assets or liabilities only at activation, that is, when the event occurs that makes the guarantor responsible for the liability.
- Direct investment also include investment in real estate, properties, vacation homes and lease of land for long periods provided the property is located in an economy other than that of the direct investor.

## Appendix 2

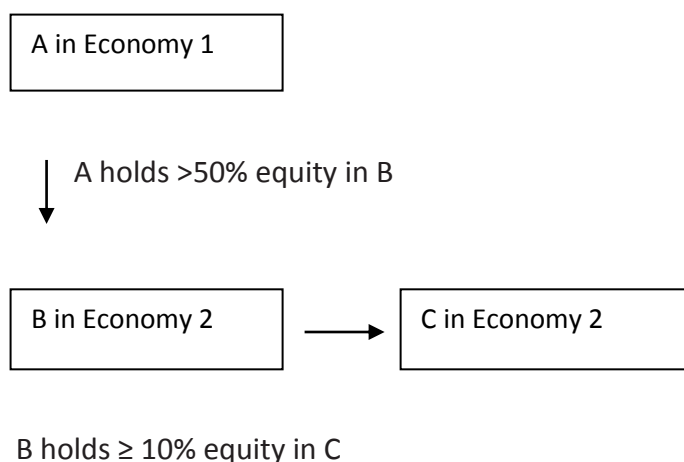
### Examples of Direct Investment Relationships

#### Example 1:



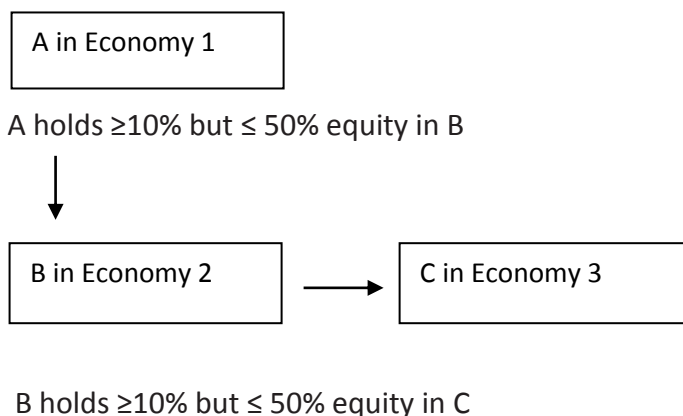
Although A does not hold equity directly in C, A and C are said to be in a direct investment relationship or are affiliates

#### Example 2:



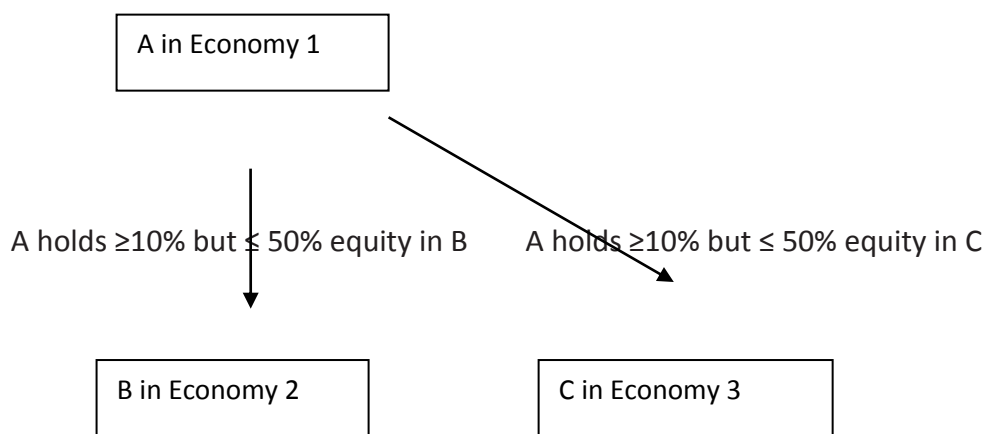
B and C are **not** in a direct investment relationship because they are residents of the same economy but A is in a direct investment relationship with both B (directly) and C (indirectly).

**Example 3:**



A and B are affiliated enterprises. B and C are also affiliated enterprises but A and C are **not** affiliated enterprises.

**Example 4:**



Although A and B are affiliates just like A and C are, B and C are **not** considered affiliated enterprises.

For B and C to be considered affiliated enterprises, A should hold equity of > 50% in either B or C. In this case, a direct investment relationship between B and C is said to exist between non-controlled and non-influenced affiliated enterprises as they have no equity funds invested between them but they have a common direct investor (which could be direct or indirect). **B and C are thus said to be fellow enterprises** (i.e., they are under the control or influence of the same immediate or indirect investor, but neither enterprise controls or influences the other). As fellow enterprises, any transaction in debt or equity between B and C would be deemed to have happened between affiliated enterprises.

To summarize, an entity is a direct investor in another entity where the second entity is

- (a) An immediate subsidiary of the direct investor;
- (b) An immediate associate of the direct investor;
- (c) A subsidiary of a subsidiary of the direct investor
- (d) A subsidiary of an associate of the direct investor
- (e) An associate of a subsidiary of the direct investor

However, no direct investor–direct investment enterprise relationship exists in cases in which the entity is an associate of an associate of the direct investor. In this case, the ability of the investor to influence the management of the entity is considered to have become too diluted to be significant.

***The above examples are far from being exhaustive. In doubt, please seek assistance from the Statistics Team of the FSC.***