



Financial Sector (Collection of Data) (reporting standard) determination No. 13 of 2016

Reporting Standard GRS 300.0_G Statement of Financial Position (Level 2 Insurance Group)

Financial Sector (Collection of Data) Act 2001

I, Steven John Davies, delegate of APRA, under paragraph 13(1)(a) of the *Financial Sector (Collection of Data) Act 2001* (the Act) and subsection 33(3) of the *Acts Interpretation Act 1901*:

- (a) REVOKE Financial Sector (Collection of Data) (reporting standard) determination No. 38 of 2013, including *Reporting Standard GRS 300.0_G Statement of Financial Position (Level 2 Insurance Group)* made under that Determination; and
- (b) DETERMINE *Reporting Standard GRS 300.0_G Statement of Financial Position (Level 2 Insurance Group)*, in the form set out in the Schedule, which applies to the financial sector entities to the extent provided in paragraph 3 of the reporting standard.

Under section 15 of the Act, I DECLARE that the reporting standard shall begin to apply to those financial sector entities, and the revoked reporting standard shall cease to apply, on 30 June 2016.

This instrument commences on 30 June 2016.

Dated: 19 July 2016

[Signed]
Steven John Davies
General Manager
Statistics

Interpretation

In this Determination:

APRA means the Australian Prudential Regulation Authority.

financial sector entity has the meaning given by section 5 of the Act.

Schedule

Reporting Standard GRS 300.0_G Statement of Financial Position (Level 2 Insurance Group) comprises the 30 pages commencing on the following page.



Reporting Standard GRS 300.0_G

Statement of Financial Position (Level 2 Insurance Group)

Objective of this Reporting Standard

This Reporting Standard sets out the requirements for the provision of information to APRA relating to the Level 2 insurance group's financial position.

It includes *Form GRF 300.0_G Statement of Financial Position (G)* and associated specific instructions and must be read in conjunction with the general instruction guide.

Authority

1. This Reporting Standard is made under section 13 of the *Financial Sector (Collection of Data) Act 2001*.

Purpose

2. Information collected in *Form GRF 300.0_G Statement of Financial Position (G)* (GRF 300.0_G) is used by APRA for the purpose of prudential supervision, including assessing compliance with the capital standards.

Application and commencement

3. This Reporting Standard applies to a parent entity of a Level 2 insurance group as defined in *Prudential Standard GPS 001 Definitions* (GPS 001). This Reporting Standard applies for reporting periods ending on or after 30 June 2016. The parent entity of a Level 2 group is required to ensure that each requirement in this Reporting Standard is complied with.

Information required

4. The parent entity of a Level 2 insurance group must provide APRA with the information required by Form GRF 300.0_G in respect of the Level 2 insurance group for each reporting period.

Forms and method of submission

5. The information required by this Reporting Standard must be given to APRA in electronic format using the 'Direct to APRA' application or, where 'Direct to APRA' is not available, by a method notified by APRA prior to submission.

Note: The 'Direct to APRA' application software may be obtained from APRA.

Reporting periods and due dates

6. Subject to paragraph 7, the parent entity of a Level 2 insurance group must provide the information required by this Reporting Standard:
 - (a) in respect of the first half year based on the financial year of the Level 2 insurance group on an unaudited basis; and
 - (b) in respect of each financial year of the Level 2 insurance group on an audited basis.

Note: The annual information required by paragraphs 4, 5 and 6(b), together with certain annual information required by other reporting standards, will form part of the Level 2 insurance group's annual accounts within the meaning of GPS 001. *Prudential Standard GPS 310 Audit and Related Matters* (GPS 310) contains the relevant provisions governing audits.

7. If, having regard to the particular circumstances of a Level 2 insurance group, APRA considers it necessary or desirable to obtain information more or less frequently than as provided by subparagraph 6(a) or 6(b), APRA may, by notice in writing to the parent entity, change the reporting periods, or specify reporting periods, for the particular Level 2 insurance group.
8. The information required by this Reporting Standard in respect of a Level 2 insurance group must be provided to APRA:
 - (a) within the time stated in *Reporting Standard GRS 001 Reporting Requirements* (GRS 001); or
 - (b) in the case of information provided in accordance with paragraph 7, within the time specified by notice in writing.

Note: GPS 310 requires a Level 2 insurance group to ensure that its Group Auditor conducts a limited assurance review of the group's annual accounts. Accordingly, the Group Auditor's report(s) as required by GPS 310 (relating to the information required by paragraph 4) must be provided to APRA by the time specified in GRS 001 (unless an extension of time is granted under GRS 001).

9. On the written application of the parent entity of a Level 2 insurance group, APRA may by notice in writing to the parent entity exclude the requirement under subparagraph 6(a) to provide half yearly information.

Quality control

10. The information provided by the parent entity of a Level 2 insurance group under this Reporting Standard must be the product of systems, processes and controls that have been reviewed and tested by the Group Auditor of the Level 2 insurance group. This will require the Group Auditor to review and test the Level 2 insurance group's systems, processes and controls designed to enable the group to report reliable financial information to APRA. This review and testing must be done on:
 - (a) an annual basis or more frequently if necessary to enable the Group Auditor to form an opinion on the reliability and accuracy of data; and
 - (b) at least a limited assurance engagement consistent with professional standards and guidance notes issued by the Auditing and Assurance Standards Board (AUASB) as may be amended from time to time, to the extent that they are not inconsistent with the requirements of GPS 310.
11. All information provided by the parent entity of a Level 2 insurance group under this Reporting Standard must be subject to systems, processes and controls developed by the Level 2 insurance group for the internal review and authorisation of that information. It is the responsibility of the Board and senior management of the parent entity of the Level 2 insurance group to ensure that an appropriate set of policies and procedures for the authorisation of data submitted to APRA is in place.

Authorisation

12. When an officer, or agent, of a parent entity of a Level 2 insurance group provides the information required by this Reporting Standard using the 'Direct to APRA' software it will be necessary for an officer, or agent, to digitally sign the relevant information using a digital certificate acceptable to APRA.
13. If a parent entity of a Level 2 insurance group provides the information required by this Reporting Standard through an agent who submits using the 'Direct to APRA' software, on the parent entity of the Level 2 insurance group's behalf, the parent entity of the Level 2 insurance group must:
 - (a) obtain from the agent a copy of the completed form with the information provided to APRA; and
 - (b) retain the completed copy.
14. An officer, or agent, of a parent entity of a Level 2 insurance group who submits the information under this Reporting Standard for, or on behalf of, the parent entity of a Level 2 insurance group must be authorised by either:
 - (a) the Principal Executive Officer of the parent entity of the Level 2 insurance group; or
 - (b) the Chief Financial Officer of the parent entity of the Level 2 insurance group.

Variations

15. APRA may, by written notice to the parent entity of a Level 2 insurance group, vary the reporting requirements of Form GRF 300.0_G in relation to that Level 2 insurance group.

Transition

16. A parent entity of a Level 2 insurance group must report under the old reporting standard in respect of a transitional reporting period. For these purposes:

old reporting standard means the reporting standard revoked in the determination making this Reporting Standard (being the reporting standard which this Reporting Standard replaces); and

transitional reporting period means a reporting period under the old reporting standard:

- (a) which ended before the date of revocation of the old reporting standard; and
- (b) in relation to which the parent entity of the Level 2 insurance group was required, under the old reporting standard, to report by a date on or after the date of revocation of the old reporting standard.

Note: For the avoidance of doubt, if a parent entity of a Level 2 insurance group was required to report under an old reporting standard, and the reporting documents were due before the date of revocation of the old reporting standard, the parent entity of a Level 2 insurance group is still required to provide any overdue reporting documents in accordance with the old reporting standard.

Interpretation

17. In this Reporting Standard (including the attachments):
- (a) unless the contrary intention appears, words and expressions have the meanings given to them in GPS 001; and
 - (b) *APRA-authorised reinsurer* means an insurer carrying on reinsurance business. For the purposes of this definition, a Lloyd's underwriter as defined under the Insurance Act is an APRA-authorised reinsurer if it carries on reinsurance business;

capital standards means the prudential standards which relate to capital adequacy as defined in GPS 001;

Chief Financial Officer means the chief financial officer of the parent entity of the Level 2 insurance group, by whatever name called;

financial year means the financial year (within the meaning of the *Corporations Act 2001*) of the parent entity of the Level 2 insurance group;

foreign insurer means a foreign general insurer within the meaning of the Insurance Act;

Note: A reference to a ‘branch’ or ‘branch operation’ is a reference to the Australian operations of a foreign insurer.

general instruction guide refers to the general Instruction guide set out in Attachment A of GRS 001;

Group Auditor has the meaning given in GPS 310;

Insurance Act means the *Insurance Act 1973*;

insurer means a general insurer within the meaning of section 11 of the Insurance Act;

Note: In the forms and instructions, a reference to an ‘authorised insurer’, ‘authorised insurance entity’ or ‘licensed insurer’ is a reference to an insurer, and a reference to an ‘authorised reinsurance entity’ is a reference to an insurer whose business consists only of undertaking liability by way of reinsurance.

non-APRA authorised reinsurer means any reinsurer that is not an APRA-authorised reinsurer;

Principal Executive Officer means the current principal executive officer of the entity, regardless of title, and whether or not he or she is a member of the governing board of the entity; and

reporting period means a period mentioned in subparagraph 6(a) or 6(b) or, if applicable, paragraph 7.

GRF_300_0_G Statement of Financial Position (G)

Australian Business Number Entity identifier, to be provided

Institution Name Name of Level 2 insurance group

Reporting Period As at end of each half-year and as at financial year end

Scale Factor Thousands of dollars no decimal places

Reporting Consolidation Level 2 insurance group

Probability of sufficiency of outstanding claims liabilities (%)

	Australian business	International business	Inter-region elimination	Total business
ASSETS				
1. Total cash and liquid assets				
<i>1.1 Investments with related parties of the Level 2 insurance group</i>				
2. Receivables				
2.1 Total investment income receivable				
2.2 Total net recoveries other than reinsurance receivable				
2.2.1 On outstanding claims				
2.2.2 On paid claims				
2.3 Premium receivables				
2.3.1 Net premium receivables due in 6 months or less				
2.3.2 Net premium receivables due in more than 6 months				
2.3.3 Net premium receivables on unclosed business				

2.3.4 Total net premium receivables				
2.3.4.1 Total net premium that are receivable from related parties				
2.4 Net amount recoverable from reinsurance contracts on outstanding claims and paid claims				
2.4.1 On outstanding claims				
2.4.2 On paid claims				
2.4.3 Net reinsurance recoverables on outstanding claims and paid claims on Australian business under reinsurance contracts that do not meet the reinsurance documentation test				
2.4.4 Net reinsurance recoverables on outstanding claims and paid claims on Australian business under reinsurance contracts that do not meet governing law requirements				
2.4.5 Net reinsurance recoverables on outstanding claims and paid claims on international business under reinsurance contracts that do not meet relevant reinsurance documentation tests in a local jurisdiction (and a deduction is required in that jurisdiction)				
2.5 Other reinsurance assets				
2.5.1 Net amounts of other reinsurance assets on Australian business under reinsurance contracts that do not meet the reinsurance documentation test				
2.5.2 Net amounts of other reinsurance assets on Australian business under reinsurance contracts that do not meet governing law requirements				
2.5.3 Net amounts of other reinsurance assets on international business under reinsurance contracts that do not meet relevant reinsurance documentation tests in a local jurisdiction (and a deduction is required in that jurisdiction)				
2.6 Current tax assets				
2.7 GST receivable				
2.8 Other receivables				
2.9 Total receivables				

3. Investments

3.1 Direct interest rate holdings				
3.1.1 Of which: Government securities				
3.1.1.1 Australian Commonwealth government				
3.1.1.2 Other Australian government (state, territory & local)				
3.1.1.3 National government of a foreign country where the security has a Grade 1 rating or the country's long term foreign currency rating is grade 1				
3.1.2 Of which: subordinated debt				
3.1.2.1 Listed subordinated debt				
3.1.2.2 Unlisted subordinated debt				
3.2 Direct equity holdings				
3.2.1 Total listed equity securities				
3.2.2 Total unlisted equity securities				
3.3 Direct property holdings				
3.4 Loans and advances				
3.4.1 Total loans and advances which can be classified into the following:				
3.4.1.1 Loans and advances to directors of the reporting group or directors of related parties of the Level 2 insurance group				
3.4.1.2 Unsecured loans to parent or related party that are not on commercial terms				
3.4.1.3 Unsecured loans to employees that exceed \$1,000 individually				
3.5 Investments - indirectly held by the group				
3.5.1 Listed trusts (excluding CMT)				
3.5.2 Unlisted trusts (excluding CMT)				
3.5.3 Cash management trusts				
3.6 Total investments				
4. Derivative financial instruments				
5. Deferred tax assets				
6. Total other assets				
6.1 Prepayments				
6.2 Surplus in defined benefit superannuation fund				
6.3 Non-current assets and disposal groups classified as held for sale				
6.4 Other				
7. Deferred levies and charges				
8. Deferred reinsurance expense				
8.1 <i>Deferred reinsurance expense as reported under AASB 1023</i>				
8.2 <i>Deferred reinsurance expense on Australian business under reinsurance contracts that do not meet the reinsurance documentation test</i>				
8.3 <i>Deferred reinsurance expense on Australian business under reinsurance contracts that do not meet governing law requirements</i>				
8.4 <i>Deferred reinsurance expense on international business under reinsurance contracts that do not meet relevant reinsurance documentation tests in a local jurisdiction (and a deduction is required in that jurisdiction)</i>				
9. Deferred acquisition costs				

10. Total other investments				
10.1 Parent entity				
10.2 Associates				
10.3 Joint ventures				
10.4 Non-consolidated subsidiaries				
10.5 Other				
11. Total plant & equipment net of depreciation / impairment				
12. Intangible assets				
12.1 Goodwill				
12.2 Identifiable intangible assets				
12.2.1 Intangible assets with a finite life				
12.2.2 Intangible assets with an indefinite life				
12.2.3 Total identifiable intangible assets				
12.3 Total intangible assets after amortisation and impairment				
13. Total assets				
LIABILITIES				
14. Total creditors and accruals				
14.1 Total creditors/accruals which are payable to related parties				
15. Amounts due on reinsurance contracts				
15.1 Amounts due on reinsurance contracts which are payable to related parties				
16. Outstanding claims liabilities				
17. Unearned premium liability				
18. Unexpired risk liability				
19. Total borrowings				
<i>Total borrowings which are:</i>				
19.1 Payable to parent entity				
19.2 Payable to other related parties				
19.3 Secured against assets of the Level 2 insurance group				

20. Total income tax liability				
20.1. Current tax liability				
20.2. Deferred tax liability				
21. Total provisions				
21.1 Dividends				
21.2 Employee entitlements				
21.3 Restructuring costs				
21.4 Other				
22. Total other liabilities				
22.1 Derivative financial instruments				
22.2 Deficit in defined benefit superannuation fund				
22.3 Liabilities included in disposal groups classified as held for sale				
22.4 Other liabilities				
23. Total loan capital and hybrid securities				
23.1 Loan capital				
23.2 Hybrid securities				
23.3 <i>Total loan capital and hybrid securities which are:</i>				
23.3.1 <i>Payable to parent entity</i>				
23.3.2 <i>Payable to other related parties</i>				
23.3.3 <i>Secured against assets of the Level 2 insurance group</i>				
24. Total liabilities				
25. Net assets				

SHAREHOLDERS' EQUITY

26. Total share capital				
26.1 Ordinary shares				
26.2 Preference shares				
26.3 Other				
27. Total reserves				
27.1 General reserve				
27.2 Capital profits reserve				
27.3 Total asset revaluation reserve				
27.3.1 Property				
27.3.1.1 <i>Property reclassified from owner-occupied to investment property</i>				
27.3.2 Plant and equipment				
27.3.3 Intangibles revaluation surplus				
27.3.4 Investment in controlled entities				
27.3.5 Investment in non-consolidated subsidiaries				
27.3.6 Investments for which equity accounting is applied				
27.3.7 Relating to non-current assets or disposal groups held for sale				
27.3.8 Other				
27.4 Foreign currency translation reserve				
27.5 Cash flow hedge reserve				
27.6 Share-based payments reserve				
27.7 Other reserves				
28. Retained earnings at the end of the period				
29. Total shareholders' equity attributable to shareholders of the company				
30. Minority interests				
31. Total shareholders' equity				

GRF_300_0_G Statement of Financial Position (G)

These instructions must be read in conjunction with the general instruction guide.

Instructions for specific items

Probability of sufficiency of outstanding claims liabilities (%)

Report the probability of sufficiency used to calculate the outstanding claims liabilities (OCL) reported on this form.

Region reporting

The value of inter-region transactions, which are eliminated on consolidation, need to be reported as negative values under *Inter-region elimination*.

The total business for each line item will be automatically calculated by the form and represents the sum of the *Australian business*, *International business* and *Inter-region elimination* columns.

Assets

1. Total cash and liquid assets

This reporting item should be brought to account at the carrying value or the gross value of the outstanding balance where appropriate. Interest is taken to *GRF 310.0_G Income Statement* (GRF 310.0_G) when earned. Total cash and liquid assets include notes and coins, money at short call, and securities purchased under agreements to resell.

Notes and coins includes Australian and foreign currency notes and coins of the Level 2 insurance group. Notes and coins in transit between any branches or offices of the Level 2 insurance group should be reported.

Money at short call includes deposits available on demand (11am accounts, money market or 24-hour money) that are used by the Level 2 insurance group for daily liquidity/operations. Do not include any deposits at call that are managed as part of the Level 2 insurance group's investments. These are to be included in Item 2. Do not include bank overdraft balances. These are to be included in item 19.0.

Securities purchased under agreements to resell have the same meaning as contained in Australian Accounting Standards.

1.1. Investments with related parties of the Level 2 insurance group

Of the total cash and liquid assets, report the balance held by related parties of the Level 2 insurance group, that are not part of the Level 2 insurance group.

2. Receivables

2.1. Total investment income receivable

Report the total of investment income that is receivable. Investment income receivable will include items such as interest, dividends, rental income and trust distributions accrued but not yet received.

2.2. Total net recoveries other than reinsurance receivable

This is the value of recoveries other than reinsurance receivable, net of any associated provision for doubtful debts. Claims recoveries may also consist of subrogation, salvage or other recoveries. Where such other recoveries are expected to be made, they are to be valued in accordance with *Australian Accounting Standard AASB 1023 General Insurance Contracts* (AASB 1023) and disclosed here.

This is automatically calculated as the sum of Items 2.2.1 and 2.2.2.

2.2.1. On outstanding claims

Report the value of recoveries other than reinsurance receivable that relates to claims that are recognised in the value reported for the OCL reported in Item 16 of this form. Exclude recoveries that relate to claims that have been paid.

2.2.2. On paid claims

Report the value of recoveries other than reinsurance receivable that relates to claims that have been paid.

2.3. Premium receivables

Include all premiums that are due to be received. Include unpaid premiums available for collection and premiums not yet available for collection. Unpaid reinsurance premiums are also disclosed here.

If the unpaid premium is from a reinsurance contract where a legal right of set-off exists, the amount may be included as an amount recoverable under a reinsurance contract, but only if the amount is the balance after set-off against other amounts owing under that contract. Where no legal right of set-off exists, the unpaid premium from the reinsurance contract is to be shown as an unpaid premium.

All unpaid premiums on such policies are to be disclosed here according to the length of time the premium has been due and the party from whom it was due. The due date is the date of inception or, for instalment premiums, the date from when the instalment is owed.

Unpaid instalment premiums are to be reported as unpaid premiums and are to include all unpaid instalments. If any instalment is due for more than 6 months, all the unpaid instalments are to be regarded as over 6 months.

For premium ageing purposes, inward reinsurance premiums may be aged from the statement (bordereaux) date.

2.3.1. Net premium receivables due in 6 months or less

Report the premiums that are receivable (e.g. from insurance brokers or other intermediaries) as at the reporting date in 6 months or less, net of any associated provision for doubtful debts.

2.3.2. Net premium receivables due in more than 6 months

Report the premiums that are receivable as at the reporting date in more than 6 months, net of any associated provision for doubtful debts.

Where a Level 2 insurance group does not have this data available, an approach needs to be agreed with APRA on how net premium receivables are to be apportioned between Items 2.3.1 and 2.3.2.

2.3.3. Net amount receivables on unclosed business

Include business written close to the balance date where acceptance of risk is prior to the balance date but there is insufficient information to accurately identify the business. Report this net of any associated provision for doubtful debts.

2.3.4. Total net premium receivables

This is automatically calculated as the sum of Items 2.3.1 to 2.3.3.

2.3.4.1. Total net premiums that are receivable from related parties

Report the aggregate value of net premiums receivable that is due from related parties.

2.4. Net amount recoverable from reinsurance contracts on outstanding claims and paid claims

Disclose the amount of total net reinsurance recoverable on outstanding claims and paid claims (net of provisions for doubtful debts).

Reinsurance recoverables on outstanding claims is the reinsured portion of the OCL to be recovered from reinsurers on settling the OCL. Measurement of the outstanding claims is to be in accordance with the requirements of AASB 1023. Accordingly, estimation of reinsurance recoveries relating to the OCL is to be estimated on a basis similar to the measurement of the claims liabilities to which it relates.

2.4.1. On outstanding claims

This is the value, gross of provisions for doubtful debts, as at the relevant date, of reinsurance recoverables on outstanding claims.

2.4.2. On paid claims

This is the value, net of provisions for doubtful debts, as at the relevant date, of reinsurance recoverables on paid claims.

2.4.3. Net reinsurance recoverables on outstanding claims and paid claims under reinsurance contracts that do not meet the reinsurance documentation test

This is the value, net of provisions for doubtful debts, as at the relevant date, of reinsurance recoverables on outstanding claims and paid claims on Australian business where the Level 2 insurance group has not complied with the reinsurance documentation test under *Prudential Standard GPS 230 Reinsurance Documentation* (GPS 230).

2.4.4. Net reinsurance recoverables on outstanding claims and paid claims under reinsurance contracts that do not meet governing law requirements

This is the value, net of provisions for doubtful debts, as at the relevant date, of reinsurance recoverables on outstanding claims and paid claims on Australian business where the Level 2 insurance group has not complied with the governing law requirements under GPS 230.

2.4.5. Net reinsurance recoverables on outstanding claims and paid claims on international business under reinsurance contracts that do not meet relevant reinsurance documentation tests in a local jurisdiction (and a deduction is required in that jurisdiction)

This is the value, net of provisions for doubtful debts, as at the relevant date, of reinsurance recoverables on outstanding claims and paid claims on International business where the Level 2 insurance group has not complied with the relevant documentation tests in a local jurisdiction, in accordance with GPS 230, and a deduction is required in that jurisdiction.

2.5. Other reinsurance assets

Report the amount of total other reinsurance assets (including deposits retained by reinsurers).

2.5.1. Net amounts of other reinsurance assets on Australian business under reinsurance contracts that do not meet the reinsurance documentation test

This is the value, net of any provisions for impairment, as at the relevant date, of other reinsurance assets on Australian business where the Level 2 insurance group has not complied with the reinsurance documentation test under GPS 230.

2.5.2. Net amounts of other reinsurance assets on Australian business under reinsurance contracts that do not meet governing law requirements

This is the value, net of any provisions for impairment, as at the relevant date, of other reinsurance assets on Australian business where the Level 2 insurance group has not complied with the governing law requirements under GPS 230.

2.5.3. Net amounts of other reinsurance assets on international business under reinsurance contracts that do not meet relevant reinsurance documentation tests in a local jurisdiction (and a deduction is required in that jurisdiction)

This is the value, net of any provisions for impairment, as at the relevant date, of other reinsurance assets on International business where the Level 2 insurance group has not complied with the relevant documentation tests in a local jurisdiction and a deduction is required in that jurisdiction.

2.6. Current tax assets

Report the value of current tax assets as determined in accordance with Australian Accounting Standards.

2.7. GST receivable

Report the amount of GST that is receivable by the Level 2 insurance group.

2.8. Other receivables

Report the aggregate value of 'Other receivables' other than those disclosed specifically above.

This is automatically calculated as Item 2.9 less the sum of Items 2.1, 2.2, 2.3.4, 2.4, 2.5, 2.6 and 2.7.

2.9. Total receivables

This is the total value of all receivables of the Level 2 insurance group.

3. Investments

Investments backing the Level 2 insurance group's insurance liabilities must be measured at fair value in accordance with Australian Accounting Standards.

3.1. Direct interest rate holdings

This is the value of debt securities held by the Level 2 insurance group as at the relevant date.

3.1.1. Of which: Government securities

This refers to debt securities issued by governments. It is automatically calculated as the sum of Items 3.1.1.1 to 3.1.1.3.

3.1.1.1. Australian Commonwealth government

The Australian Commonwealth Government includes the Federal Government but excludes state and territory governments and Commonwealth Public Sector Trading Enterprises.

3.1.1.2. Other Australian government (state, territory & local)

This refers to a state, territory or local Public Sector Trading Enterprise, being a business which is owned and controlled by a state, territory, or local government and which is not a Financial Institution or Central Borrowing Authority

This includes all trading enterprises 50 per cent or more owned by a state, territory or local government or controlled by a state, territory, or local government through legislation, decree, or regulation (e.g. state rail and water authorities, gas and fuel authorities, housing commissions, port authorities, non-privatised power authorities, etc.).

3.1.1.3. National government of a foreign country where the security has a Grade 1 rating or the country's long term foreign currency rating is grade 1

This refers to a national government of a foreign country where the security in relation to the reported information has a grade 1 counterparty rating or the long term foreign currency counterparty rating of the country is grade 1. Grade 1 is defined as per *Prudential Standard GPS 001 Definitions* (GPS 001).

3.1.2. Of which: subordinated debt

Subordinated debt is any debt instrument issued by a company (whether Australian or foreign) that constitutes debt subordination within the meaning of subsection 563C(2) of the *Corporations Act 2001* but with the references in the subsection to "Company" to be read as including foreign corporations. This definition does not apply to debt instruments issued by an SPV set up for the purpose of securitising an asset or a pool of assets. Any debt instruments issued by such an SPV are to be treated as ordinary debt instruments with the investment risk capital charge applied according to the issue-specific counterparty rating.

This is automatically calculated as the sum of Item 3.1.2.1 and 3.1.2.2.

3.1.2.1. Listed subordinated debt

This is the value, at the relevant date, of debt securities classified as subordinated and which are listed on a recognised exchange.

3.1.2.2. Unlisted subordinated debt

This is the value, at the relevant date, of debt securities classified as subordinated and which are not listed on a recognised exchange.

3.2. Direct equity holdings

Equity securities are, as defined by the Australian Accounting Standards, contracts that evidence a residual interest in the assets of an entity after deducting all its liabilities. This includes equity securities lent or sold by the entity under repurchase agreements, where the transaction does not result in the transfer of the rights of ownership of the securities away from the entity to another party.

This is automatically calculated as the sum of Items 3.2.1 and 3.2.2.

3.2.1. Total listed equity securities

This is the value of equity securities, as at the relevant date, held directly by the Level 2 insurance group that are listed on a recognised stock exchange.

3.2.2. Total unlisted equity securities

This is the value of equity securities, as at the relevant date, held directly by the Level 2 insurance group that are not listed on a recognised stock exchange.

3.3. Direct property holdings

This is the value of property held by the Level 2 insurance group as at the relevant date, in accordance with the classification and measurement basis under Australian Accounting Standards. Property investments are those where the investments (earnings and capital value) are dependent on cashflows generated by the property through sale or rental income.

Property investments denominated in a currency other than Australian currency must also be reported in this section. Holdings in listed and unlisted property trusts are to be reported in Item 3.5.

3.4. Loans and advances

This is, as at the relevant date, the principal amount of loans and advances provided, including any accrued interest, net of any provision for impairment. Loans and advances are those financial assets categorised as "Loans and receivables" in the Australian Accounting Standards other than "Trade receivables" and "Cash".

3.4.1. Total loans and advances which can be classified into the following:

3.4.1.1. Loans and advances to directors of the reporting group or directors of related parties of the Level 2 insurance group

Report the amount of loans and advances issued to directors of the Level 2 insurance group or directors of related parties of the Level 2 insurance group

3.4.1.2. Unsecured loans to parent or related party that are not on commercial terms

Report the amount of unsecured loans and advances issued to the parent or a related party of the Level 2 insurance group which have not been established on a commercial, arm's length basis. Arm's length is as per the Australian Accounting Standards.

3.4.1.3. Unsecured loans to employees that exceed \$1,000 individually

Report the amount of unsecured loans and advances issued to employees of the Level 2 insurance group that are individually greater than \$1,000.

3.5. Investments – indirectly held by the group

This is the value, as at the relevant date, of the net assets of unit trusts or managed investment schemes invested in by the Level 2 insurance group, or mandates individually managed on behalf of the Level 2 insurance group. Include holdings in the following: individually managed mandates; units in wholesale trusts; units in retail / public offer unit trusts; managed investment schemes; and cash management trusts.

It is automatically calculated as the sum of Items 3.5.1 to 3.5.3.

3.5.1. Listed trusts (excluding CMT)

This is the aggregate value of holdings that constitute investments in investment vehicles that are listed on a recognised exchange, not including holdings in cash management trusts.

3.5.2. Unlisted trusts (excluding CMT)

This is the aggregate value of holdings that constitute investments in investment vehicles that are not listed on a recognised exchange, not including holdings in cash management trusts.

3.5.3. Cash management trusts

A cash management trust is a type of collective investment that enables investors to purchase an interest in primarily short-dated securities (e.g. treasury notes and bank bills).

3.6. Total investments

This is automatically calculated as the sum of Items 3.1, 3.2, 3.3, 3.4 and 3.5.

4. Derivative financial instruments

This is the net fair value of derivative financial instruments where the derivatives position is favourable to the Level 2 insurance group. Include all derivatives consistent with the classification and measurement basis used for derivatives by institutions in accordance with *Australian Accounting Standard AASB 7 Financial Instruments: Disclosures* (AASB 7), *Australian Accounting Standard AASB 132 Financial Instruments: Presentation* (AASB 132) and *Australian Accounting Standard AASB 139 Financial Instruments: Recognition and Measurement* (AASB 139).

Fair values are obtained from quoted market prices, discounted cash flow models and options pricing models.

5. Deferred tax assets

Report the value of deferred tax assets as defined in accordance with *Australian Accounting Standard AASB 112 Income Taxes* (AASB 112).

6. Total other assets

This is the total value of assets other than those specifically identified in Items 1 to 12

6.1. Prepayments

Reflects payment for services not fully delivered e.g. payments for subscriptions, rental and interest expense.

6.2. Surplus in defined benefit superannuation fund

Disclose the value of any surplus in any defined benefit superannuation fund (or equivalent pension arrangement for international business) of which the parent entity and any of its controlled entities are employer-sponsors, applying the classification and measurement basis used in *Australian Accounting Standard AASB 119 Employee Benefits* (AASB 119).

6.3. Non-current assets and disposal groups classified as held for sale

Include non-current assets and disposal groups classified as held for sale consistent with the classification and measurement used in *Australian Accounting Standard AASB 5 Non-current Assets Held for Sale and Discontinued Operations* (AASB 5).

6.4. Other

Report the value of any other asset that has not been disclosed above.

This is automatically calculated as Item 6 less the sum of Items 6.1 to 6.3.

7. Deferred levies and charges

Deferred levies and charges should be recognised as an asset under AASB 1023 and amortised over the period of the general insurance contract or the period of indemnity for reinsurance business in a manner consistent with the recognition of premium revenue in accordance with AASB 1023.

8. Deferred reinsurance expense

Premiums ceded to reinsurers should be recognised as an expense in GRF 310.0_G and deferred in accordance with the pattern of reinsurance service received. This asset must represent the deferral of the premiums over the full term of the reinsurance contract.

The recognition of this asset should include any minimum / deposit premiums paid under excess of loss treaties.

8.1. Deferred reinsurance expense as reporting under AASB 1023

Report the total deferred reinsurance expense that would be reported under AASB 1023. Where there is no difference from Item 8, input the same number as Item 8. Where the Level 2 insurance group does not ordinarily calculate deferred reinsurance expense under AASB 1023, input zero. This item is a memo item for reconciliation purposes only.

8.2. Deferred reinsurance expense on Australian business under reinsurance contracts that do not meet the reinsurance documentation test

This is the value, as at the relevant date, of deferred reinsurance expense on Australian business where the Level 2 insurance group has not complied with the reinsurance documentation test under GPS 230.

8.3. Deferred reinsurance expense on Australian business under reinsurance contracts that do not meet governing law requirements

This is the value, as at the relevant date, of deferred reinsurance expense on Australian business where the Level 2 insurance group has not complied with the governing law requirements under GPS 230.

8.4. Deferred reinsurance expense on international business under reinsurance contracts that do not meet relevant reinsurance documentation tests in a local jurisdiction (and a deduction is required in that jurisdiction)

This is the value of deferred reinsurance expense on International business where the Level 2 insurance group has not complied with the relevant documentation tests in a local jurisdiction, in accordance with GPS 230, and a deduction is required in that jurisdiction.

9. Deferred acquisition costs

Deferred acquisition costs (DAC) should be recognised as an asset under AASB 1023 and amortised in accordance with the expected pattern of the incidence of risk under the related general insurance contracts. This includes the results of the application of a liability adequacy test. This test may differ from the liability adequacy test required by *Prudential Standard GPS 320 Actuarial and Related Matters*.

10. Total other investments

This is the value, as at the relevant date, of strategic investments / acquisitions of the Level 2 insurance group or any other related party investments, measured in accordance with Australian Accounting Standards. They do not include investments that constitute assets backing general insurance liabilities.

10.1. Parent entity

Report the carrying value of investments held by the Level 2 insurance group in the group's parent entity. The holding of these investments by the Level 2 insurance group does not constitute control of the parent entity under Australian Accounting Standards.

Parent entity in this context is as per Attachment D of GPS 001.

10.2. Associates

Report the total amount of equity investments in associates defined in accordance with *Australian Accounting Standard AASB 128 Investments in Associates* (AASB 128).

An associate is an entity, including an unincorporated entity such as a partnership, over which the investor has significant influence and that is neither a subsidiary nor an interest in a joint venture.

10.3. Joint ventures

Report the total amount of interests in joint ventures defined in accordance with *Australian Accounting Standard AASB 131 Interests in Joint Ventures* (AASB 131).

Joint venture means a contractual arrangement whereby two or more parties undertake an economic activity, that is subject to joint control.

10.4. Non-consolidated subsidiaries

Report the carrying value of equity investments in entities that are consolidated per Australian Accounting Standard requirements but are treated as non-consolidated subsidiaries of the Level 2 insurance group for prudential reporting purposes. The equity method of accounting is to be applied to the measurement of the value of non-consolidated subsidiaries.

10.5. Other

This is automatically calculated as Item 10 less the sum of Items 10.1 to 10.4.

11. Total plant & equipment net of depreciation / impairment

All plant and equipment should be recognised and measured in accordance with applicable Australian Accounting Standards. Report the total value of plant and equipment net of depreciation and impairment.

All direct property assets are to be reported under Item 3.3. This treatment is different to the requirements of Australian Accounting Standards.

12. Intangible assets

Classification of assets as intangible assets must be in accordance with Australian Accounting Standards.

12.1. Goodwill

Report the carrying value of goodwill of related entities that are consolidated entities of the Level 2 insurance group. Goodwill is to be recognised and measured in accordance with Australian Accounting Standards. The value of goodwill reported in *GRF 112.0_G Determination of Capital Base* (GRF 112.0_G) may be different to the value reported under this item as GRF 112.0_G includes goodwill relating to non-consolidated subsidiaries.

12.2. Identifiable intangible assets

Identifiable intangible assets are to be recognised and measured in accordance with Australian Accounting Standards.

12.2.1. Intangible assets with a finite life

This is the value of intangible assets, other than goodwill, held by the Level 2 insurance group, gross of any provision for impairment, and which are deemed to have a finite life.

12.2.2. Intangible assets with an indefinite life

This is the value of intangible assets, other than goodwill, held by the Level 2 insurance group, gross of any provision for impairment, and which are deemed to have an infinite life.

12.2.3. Total identifiable intangible assets

This is automatically calculated as the sum of Items 12.2.1 and 12.2.2.

12.3. Total intangible assets after amortisation and impairment

This is automatically calculated as the sum of Items 12.1 and 12.2.3.

13. Total assets

This is automatically calculated as the sum of Items 1, 2.9, 3.6, 4, 5, 6, 7, 8, 9, 10, 11 and 12.3.

Liabilities

14. Total creditors and accruals

Include the total of creditors and accruals, including accounts payables. Do not include overdrafts here. These should be disclosed as 'Borrowings'.

14.1. Total creditors/accruals that are payable to related parties

Include the total of creditors and accruals that are payable to related parties of the Level 2 insurance group.

15. Amounts due on reinsurance contracts

Include the net amount payable by the Level 2 insurance group to reinsurers or retrocessionaires where a legal right of set-off exists. This reflects the current working balance due for settlement. Include premiums payable but not yet due for payment under the terms of the reinsurance contracts and deposits withheld from reinsurers which should correspond to the recognition of DRE under Item 8, and represent the total premium payable under reinsurance contracts. Include items such as the reinsurer's portion of recoveries and salvage and commissions due to reinsurers.

15.1. Amounts due on reinsurance contracts that are payable to related parties

Include the total of amounts due on reinsurance contracts that are payable to related parties of the Level 2 insurance group.

16. Outstanding claims liabilities

OCL relate to all claims incurred prior to the valuation date, whether or not they have been reported to the Level 2 insurance group. The value of OCL must include an amount in respect of the expenses that the insurer expects to incur in settling these claims. The amount reported is to be that amount provided by the insurer as calculated in accordance with AASB 1023.

The amount of OCL provided in this form may be different to the amount of OCL reported in *GRF 115.0A_G Outstanding Claims Liabilities – Insurance Risk Charge – Australia by Class of Business* or *GRF 115.0B_G Outstanding Claims Liabilities – Insurance Risk Charge – Australia by Region*.

The OCL must be stated without deducting reinsurance and other recoveries (these are disclosed as reinsurance receivables).

17.Unearned premium liability

Report the unearned premium liability recognised in accordance with AASB 1023 that represents the component of premium revenue that is unearned. Premium should be earned in accordance with the pattern of the incidence of risk expected under the general insurance contract.

18.Unexpired risk liability

Report any unexpired risk liability recognised in accordance with AASB 1023 as a result of liability adequacy test failures.

19.Total borrowings

This is the value, as at the relevant date, of borrowings as determined in accordance with relevant Australian Accounting Standards.

Include:

18. Securities sold under agreements to repurchase;
19. Subordinated loans, bonds and notes of residual maturity of less than one year;
20. Treasury related borrowings from banks;
21. Promissory notes; Commercial paper; Bonds;
22. Debentures; Unsecured notes; Fixed-interest securities;
23. Medium-term notes (MTNs);
24. Floating-rate notes (FRNs);
25. Other-floating rate securities;
26. Secured and unsecured borrowings;
27. Overdrafts; and
28. Term loans.

19.1. Payable to parent entity

Of the total amount reported for Item 19, identify the component that is payable to the parent entity of the Level 2 insurance group.

19.2. Payable to other related parties

Of the total amount reported for Item 19, identify the component that is payable to other related parties of the Level 2 insurance group not separately disclosed above.

19.3. Secured against assets of the Level 2 insurance group

Of the total amount reported for Item 19, identify the component that is secured against assets of the Level 2 insurance group.

20. Total income tax liability

This is automatically calculated as the sum of Items 20.1 and 20.2.

20.1. Current tax liability

This is defined, measured and recognised in accordance with AASB 112. This item should be reported net of current tax assets.

20.2. Deferred tax liability

This is defined, measured and recognised in accordance with AASB 112. This item should be reported net of deferred tax assets.

21. Total provisions

This is the total of all provisions held by the Level 2 insurance group in accordance with Australian Accounting Standards.

21.1. Dividends

A provision for dividends is the allowance that the Level 2 insurance group has made in terms of the obligation for declared dividends.

21.2. Employee entitlements

This includes provisions for long service leave, annual leave, staff housing loan benefits, health fund subsidy and other employee entitlements. The value of employee entitlements should be measured and recognised in accordance with the requirements of AASB 119.

21.3. Restructuring costs

Report all provisions raised for the restructuring of an organisation in accordance with Australian Accounting Standards, including:

- Severance, termination and redundancy payments; and
- Integration costs.

21.4. Other

Report all other provisions not identified above. This is automatically calculated as Item 21 less the sum of Items 21.1 to 21.3.

22. Total other liabilities

This is the total value of liabilities other than those specifically identified in Items 14 to 23. This would include any deferred commission income.

22.1. Derivative financial instruments

This is the net fair value of derivative financial instruments where the derivatives position is unfavourable to the Level 2 insurance group. Include all derivatives consistent with the classification and measurement basis used for derivatives by institutions in accordance with AASB 7, AASB 132 and AASB 139.

Fair values are obtained from quoted market prices, discounted cash flow models and options pricing models.

22.2. Deficit in defined benefit superannuation fund

Disclose the value of any deficit in any defined benefit superannuation fund (or equivalent pension arrangement for international business) of which the parent entity and any of its controlled entities are employer-sponsors, applying the classification and measurement basis under AASB 119.

22.3. Liabilities included in disposal groups classified as held for sale

Include liabilities included in disposal groups classified as held for sale consistent with the classification and measurement basis used in AASB 5.

22.4. Other liabilities

Record other current liabilities that are not able to be classified into the specific categories listed on the form. This is automatically calculated as Item 22 less the sum of Items 22.1 to 22.3.

23. Total loan capital and hybrid securities

Report the value of all loan capital and hybrid securities that have been issued by the Level 2 insurance group and have a residual term to maturity of more than one year. Classification is to be consistent with AASB 7 and AASB 132.

This is automatically calculated as the sum of Items 23.1 and 23.2.

23.1. Loan capital

As a guide, this item may include subordinated loans of a residual maturity of more than one year (unless already included at Item 19 above).

23.2. Hybrid securities

As a guide, this item may include:

- convertible preference shares; and
- convertible notes.

23.3. Total loan capital and hybrid securities which are:

23.3.1. Payable to parent entity

Of the total amount reported for loan capital and hybrid securities, identify the component that is payable to the parent entity of the Level 2 insurance group.

23.3.2. Payable to other related parties

Of the total amount reported for loan capital and hybrid securities identify the component that is payable to other related parties of the Level 2 insurance group not separately disclosed above.

23.3.3. Secured against assets of the Level 2 insurance group

Of the total amount reported for loan capital and hybrid securities identify the component that is secured against assets of the Level 2 insurance group.

24.Total liabilities

This is automatically calculated as the sum of Items 14, 15, 16, 17, 18, 19, 20, 21, 22 and 23.

25.Net assets

This is automatically calculated as Item 13 less Item 24.

Shareholders' equity

26.Total share capital

This is the total share capital of the Level 2 insurance group that satisfy the requirements of AASB 7 and AASB 132 to be disclosed as equity.

26.1. Ordinary shares

Report ordinary share capital issued by the Level 2 insurance group.

26.2. Preference shares

Report the preference share capital issued by the group. Preference shares have a priority over dividend payments and to the assets of the group.

26.3. Other

Include any other form of share capital, not included above, that satisfy the requirements of AASB 7 and AASB 132 to be disclosed as equity.

This is automatically calculated as Item 26 less the sum of Items 26.1 and 26.2

27. Total reserves

This is the value, as at the relevant date, of the total of all reserves that have been measured and disclosed in accordance with relevant Australian Accounting Standards.

27.1. General reserve

This is derived from revenue profits and is mostly available for dividend payment.

27.2. Capital profits reserve

A capital profits reserve represents the realised value of revaluations associated with an asset or class of assets that have been disposed of. These assets have been subject to the fair value basis of measurement and revaluations accounted for in accordance with Australian Accounting Standards. Due to the disposal of these assets, the balance of the Asset Revaluation Reserve associated with these assets has been transferred to a capital profits reserve.

27.3. Total asset revaluation reserve:

Report the value, as at the relevant date, of all asset revaluation reserves, determined in accordance with Accounting Standards.

Each of these reserve types is only applicable if the Level 2 insurance group uses such reserve accounts for its financial reporting, with the exception of owner-occupied property for which the revaluation option under *Australian Accounting Standard AASB 116 Property, Plant and Equipment* (AASB 116) is mandatory for prudential reporting even though this is not a requirement of the Australian Accounting Standards.

27.3.1. Property

This is the value of asset revaluation reserves relating to property.

27.3.1.1. Property reclassified from owner-occupied to investment property

Of the amount reported in Item 27.3.1 disclose the amount of any revaluation due to owner-occupied property becoming investment property. Where an owner-occupied property becomes an investment property that will be carried at fair value, the treatment of any revaluation is to be in accordance with AASB 116, *Australian Accounting Standard AASB 140 Investment Property* (AASB 140) and other applicable Australian Accounting Standards.

27.3.2. Plant and equipment

This is the value of the balance of the asset revaluation reserve relating to the revaluation of plant and equipment.

27.3.3. Intangibles revaluation surplus

This is the value of the balance of the asset revaluation reserve relating to the revaluation of intangible assets.

27.3.4. Investment in controlled entities

This is the value of asset revaluation reserves relating to investments in controlled entities.

27.3.5. Investments in non-consolidated subsidiaries

This is the value of asset revaluation reserves in relation to non-consolidated subsidiaries.

27.3.6. Investments for which equity accounting is applied

This is the value of asset revaluation reserves where the equity method of accounting is applied to investments in associates and interests in joint ventures

27.3.7. Relating to non-current assets or disposal groups held for sale

Report the value of the balance of the asset revaluation reserve relating to the revaluation of non-current assets or disposal groups held for sale.

27.3.8. Other

This is the value of asset revaluation reserves other than those specifically identified above. It is automatically calculated as Item 27.3 less the sum of Items 27.3.1 to 27.3.7.

27.4. Foreign currency translation reserve

Include the exchange rate differences arising on translation of assets and liabilities in accordance with *Australian Accounting Standard AASB 121 The Effects of Changes in Foreign Exchange Rates* (AASB 121).

27.5. Cash flow hedge reserve

Include the effective portion of the gain or loss on the cash flow hedging instrument as required by AASB 7, AASB 132 and AASB 139.

27.6. Share-based payments reserve

Include the equity settled share-based payments reserve amounts as required by *Australian Accounting Standard AASB 2 Share-based Payment* (AASB 2).

27.7. Other reserves

Include all reserves not separately identified above. Report dividend reinvestment plan reserve in this reporting item.

This is automatically calculated as Item 27 less the sum of Items 27.1, 27.2, 27.3, 27.4, 27.5 and 27.6.

28. Retained earnings at end of the period

Represents the opening balance of retained earnings or accumulated losses at the beginning of the period plus current profit or loss after tax for the reporting period, and after any transfers to or from reserves.

29. Total shareholders' equity attributable to shareholders of the company

This is automatically calculated as the sum of Items 26, 27 and 28.

30. Minority interests

Report the total value of minority interests in controlled entities. Minority interests are to be recognised and measured in accordance with Australian Accounting Standards.

31. Total shareholders' equity

This is automatically calculated as the sum of Items 29 and 30.