



Financial Sector (Collection of Data) (reporting standard) determination No. 32 of 2023

Reporting Standard LRS 300.0 Statement of Financial Position

Financial Sector (Collection of Data) Act 2001

I, Michael Murphy, 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. 53 of 2013, including *Reporting Standard LRS 300.0 Statement of Financial Position* made under that Determination; and
- (b) DETERMINE *Reporting Standard LRS 300.0 Statement of Financial Position*, 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 on 1 April 2023, and the revoked reporting standard shall cease to apply, on 1 April 2023.

This instrument commences on 1 April 2023.

Dated: 16 March 2023

Michael Murphy
General Manager – Chief Data Officer (Acting),
Technology and Data Division

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 LRS 300.0 Statement of Financial Position comprises the document commencing on the following page.



Reporting Standard LRS 300.0

Statement of Financial Position

Objective of this Reporting Standard

This Reporting Standard sets out the requirements for the provision of information to APRA in relation to a life company's financial position.

It includes *Form LRF 300.1 Statement of Financial Position (SF & SF Eliminations)* and *Form LRF 300.2 Statement of Financial Position (SF Total, GF, GF Elim, Entity)*, 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* (Collection of Data Act).

Purpose

2. Information collected in *Form LRF 300.1 Statement of Financial Position (SF & SF Eliminations)* and *Form LRF 300.2 Statement of Financial Position (SF Total, GF, GF Elim, Entity)* (the LRF 300 series) is used by APRA for the purpose of prudential supervision including assessing compliance with capital standards.

Application and commencement

3. This Reporting Standard applies to all life insurance companies including friendly societies (together referred to as 'life companies') registered under the *Life Insurance Act 1995* (Life Insurance Act). This Reporting Standard applies for reporting periods ending on or after 1 April 2023.

Information required

4. A life company must provide APRA with the information required by the LRF 300 series for each reporting period.

5. The information reported to APRA under this Reporting Standard is not required to be given to policy owners pursuant to section 124 of the Life Insurance Act. It does not constitute a reporting document for the purposes of section 124.

Method of submission

6. The information required by this Reporting Standard must be given to APRA:
 - (a) in electronic format using an electronic method available on APRA's website; or
 - (b) by a method notified by APRA prior to submission.

Reporting periods and due dates

7. Subject to paragraph 8, a life company must provide the information required by this Reporting Standard:
 - (a) in respect of each quarter based on the financial year of the life company on an unaudited basis; and
 - (b) in respect of each financial year of the life company on an audited basis.

Note 1: This means that this form will be submitted five times for a full financial year.

Note 2: The annual audited form must be submitted in conjunction with the annual auditor's report, as required under *Prudential Standard LPS 310 Audit and Related Matters* (LPS 310).

8. If, having regard to the particular circumstances of a life company, APRA considers it necessary or desirable to obtain information more or less frequently than as provided by subparagraph 77(a) or 77(b), APRA may, by notice in writing, change the reporting periods, or specify reporting periods, for the particular life company.
9. The information required by this Reporting Standard in respect of a life company must be provided to APRA:
 - (a) within the time stated in *Reporting Standard LRS 001 Reporting Requirements* (LRS 001); or
 - (b) in the case of information provided in accordance with paragraph 8, within the time specified by notice in writing.

Quality control

10. The information provided by a life company under this Reporting Standard must be the product of systems, processes and controls that have been reviewed and tested by the Auditor of the life company. This will require the Auditor to review and test the life company's systems, processes and controls supporting the reporting of the information to enable the life company to provide 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 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 LPS 310.
11. All information provided by a life company under this Reporting Standard must be subject to systems, processes and controls developed by the life company for the internal review and authorisation of that information. It is the responsibility of the Board and senior management of the life company to ensure that an appropriate set of policies and procedures for the authorisation of data submitted to APRA is in place.
 12. Actuarial valuations and calculations included in or used in the preparation of the information provided to APRA must be in accordance with the prudential standards in force for the reporting period. However, life companies may use reasonable estimates when preparing information that will not be audited (i.e. for the first four submissions of information for a full financial year).

Authorisation

13. When an officer of a life company provides the information required by this Reporting Standard, it will be necessary for the officer to digitally sign the relevant information using a digital certificate acceptable to APRA.
14. An officer of a life company submitting information under this Reporting Standard must be authorised by either:
 - (a) the Principal Executive Officer of the life company; or
 - (b) the Chief Financial Officer of the life company.

Variations

15. APRA may, by written notice to the life company, vary the reporting requirements of the LRF 300 series in relation to that life company.

Transition

16. A life company 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; 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 life company 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 life company 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 life company 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 *Prudential Standard LPS 001 Definitions* (LPS 001); and
- (b) **capital standards** means the prudential standards which relate to capital adequacy as defined in LPS 001;

Chief Financial Officer means the chief financial officer of the life company, by whatever name called;

financial year has the meaning in the *Corporations Act 2001*;

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

Principal Executive Officer means the principal executive officer of the life company, by whatever name called, and whether or not he or she is a member of the governing board of the entity; and

reporting period means a reporting period under subparagraph 77(a) or 77(b) or, if applicable, paragraph 8.

LRF_300_1: Statement of Financial Position (SF and SF Eliminations)

Australian Business Number	Institution Name
	Life Insurers and Friendly Societies
Reporting Period	Scale Factor
Quarterly / Annual	Thousands
Reporting Consolidation	
Statutory fund	

Australian Business	Overseas Business	Total Business
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Assets

1. Cash

- 1.1. Held directly - in Australia
- 1.2. Held directly - outside Australia
- 1.3. Sub-total cash held directly**
- 1.4. Look-through adjustment for assets held indirectly via unit trusts
- 1.5. Sub-total cash held effectively (unhedged positions)**
- 1.6. Hedging adjustments to or from cash
- 1.7. Total cash held effectively (hedged positions)**

2. Investment property

- 2.1. Held directly - in Australia
- 2.2. Held directly - outside Australia
- 2.3. Sub-total investment property held directly**

4.8. Total non-indexed IBS held effectively (hedged positions)

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5. Indexed interest bearing securities (IBS)

5.1. Held directly - in Australia

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5.2. Held directly - outside Australia

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5.3. Sub-total indexed IBS held directly

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5.4. Look-through adjustment for assets held indirectly via unit trusts

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5.5. Sub-total indexed IBS held effectively (unhedged positions)

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5.6. Hedging adjustments to or from indexed IBS

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5.7. Total indexed IBS held effectively (hedged positions)

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6. Sub-total of non-indexed IBS and indexed IBS

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7. Loans

7.1. Held in Australia - directly as loans on policies

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7.2. Held in Australia - directly to associated, subsidiary and controlled entities

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7.3. Held in Australia - directly in public sector or as secured

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7.4. Held in Australia - directly as unsecured

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7.5. Held directly - outside Australia

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7.6. Sub-total loans held directly

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7.7. Look-through adjustment for assets held indirectly via unit trusts

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7.8. Sub-total loans held effectively (unhedged positions)

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7.9. Hedging adjustments to or from loans

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7.10. Total loans held effectively (hedged positions)

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8. Sub-total of debt securities (IBS and Loans)

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9. Other investment assets

9.1. Held directly - in Australia

9.2. Held directly - outside Australia

9.3. Sub-total other investment assets held directly

9.4. Look-through adjustment for assets held indirectly via unit trusts

9.5. Sub-total other investment assets held effectively (unhedged positions)

9.6. Hedging adjustments to or from other investment assets

9.7. Total other investment assets held effectively (hedged positions)

10. Receivables

10.1. Held in Australia - as outstanding premiums

10.2. Held in Australia - as investment receivables

10.3. Held in Australia - as other receivables

10.4. Held outside Australia - all receivables

10.5. Total receivables

11. Non-investment assets

11.1. Held in Australia - as (owner-occupied) property, plant and equipment

11.2. Held in Australia - as gross policy liabilities ceded under reinsurance

11.3. Held in Australia - as deferred tax assets

11.4. Held in Australia - as goodwill and other intangible assets

11.5. Held in Australia - as other assets

11.6. Held in Australia - Total non-investment assets

11.7. Held outside Australia - as gross policy liabilities ceded under reinsurance

11.8. Held outside Australia - other non-investment assets

11.9. Held outside Australia - Total non-investment assets

11.10. Look-through adjustment for owner-occupied property

11.11. Total non-investment assets

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12. Total assets

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Liabilities

13. Borrowings

13.1. Direct - secured

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13.2. Direct - unsecured

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13.3. Direct - seed capital

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13.4. Sub-total direct borrowings

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13.5. Look-through adjustment for borrowings drawn indirectly via unit trusts

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13.6. Sub-total borrowings drawn effectively (unhedged positions)

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13.7. Hedging adjustments to or from borrowings

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13.8. Total borrowings drawn effectively (hedged positions)

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14. Total creditors

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15. Provisions

15.1. Current tax liabilities

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15.2. Deferred tax liabilities

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15.3. Other provisions

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15.4. Total provisions

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16. Gross policy liabilities assumed directly

16.1. Of which: Unallocated surplus

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16.2. Of which: Unallocated distributable surplus

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17. Gross policy liabilities assumed under reinsurance			
18. Policy owner retained profits			
19. Premiums in advance			
20. Subordinated debt			
20.1. Eligible amounts			
20.2. Non-eligible amounts			
20.3. Total subordinated debt			
21. Other liabilities			
21.1. Other liabilities			
21.2. Hedging adjustments to or from other liabilities			
21.3. Total other liabilities			
22. Total liabilities			
23. Net assets			
Components of net assets			
24. Foreign currency translations			
25. Reserves			
25.1. Unallocated benefit fund reserves			
25.2. Other reserves			
25.3. Total reserves			

26. Share capital

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27. Shareholders' retained profits

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28. Total components = Life Insurance Act net assets

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**Annual return reconciliations
(Only complete for annual returns)**

29. Reconciliation adjustments

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30. Net Assets, per general purpose accounts - balance Sheet

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LRF_300_2: Statement of Financial Position (SF Total, GF, GF Elim, Entity)

Australian Business Number	Institution Name
	Life companies including friendly societies
Reporting Period	Scale Factor
Quarterly / Annual	Thousands
Reporting Consolidation	
Licensed insurer	

Total statutory funds			General fund	General fund eliminations	Total entity
Australian business	Overseas business	Total business			

Assets

1. Cash

- 1.1. Held directly - in Australia
- 1.2. Held directly - outside Australia
- 1.3. Sub-total cash held directly**
- 1.4. Look-through adjustment for assets held indirectly via unit trusts
- 1.5. Sub-total cash held effectively (unhedged positions)**
- 1.6. Hedging adjustments to or from cash
- 1.7. Total cash held effectively (hedged positions)**

2. Investment property

- 2.1. Held directly - in Australia
- 2.2. Held directly - outside Australia

2.3. Sub-total investment property held directly

2.4. Look-through adjustment for assets held indirectly via unit trusts or by owner

2.5. Sub-total investment property held effectively (unhedged positions)

2.6. Hedging adjustments to or from investment property

2.7. Total investment property held effectively (hedged positions)

3. Equities/unit trusts

3.1. Held in Australia - directly as listed or unlisted equities

3.2. Held in Australia - directly in associated, subsidiary or controlled entities

3.3. Held in Australia - directly as convertible notes (Equity exposure)

3.4. Held in Australia - directly as controlled unit trusts

3.5. Held in Australia - directly as listed unit trusts

3.6. Held in Australia - directly as unlisted unit trusts

3.7. Held directly - outside Australia

3.8. Sub-total equities/unit trusts held directly

3.9. Look-through adjustment for assets held indirectly via unit trusts etc.

3.10. Sub-total equities held effectively (unhedged positions)

3.11. Hedging adjustments to or from equities

3.12. Total equities held effectively (hedged positions)

4. Non-indexed interest bearing securities (IBS)

4.1. Held in Australia - directly as non-indexed IBS assets

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4.2. Held in Australia - directly as convertible notes (IBS exposure)

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4.3. Held directly - outside Australia

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4.4. Sub-total non-indexed IBS held directly

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4.5. Look-through adjustment for assets held indirectly via unit trusts

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4.6. Sub-total non-indexed IBS held effectively (unhedged positions)

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4.7. Hedging adjustments to or from non-indexed IBS

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4.8. Total non-indexed IBS held effectively (hedged positions)

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5. Indexed interest bearing securities (IBS)

5.1. Held directly - in Australia

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5.2. Held directly - outside Australia

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5.3. Sub-total indexed IBS held directly

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5.4. Look-through adjustment for assets held indirectly via unit trusts

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5.5. Sub-total indexed IBS held effectively (unhedged positions)

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5.6. Hedging adjustments to or from indexed IBS

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5.7. Total indexed IBS held effectively (hedged positions)

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6. Sub-total of non-indexed IBS and indexed IBS

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7. Loans

7.1. Held in Australia - directly as loans on policies

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7.2. Held in Australia - directly to associated, subsidiary and controlled entities

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7.3. Held in Australia - directly in public sector or as secured

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7.4. Held in Australia - directly as unsecured

7.5. Held directly - outside Australia

7.6. Sub-total loans held directly

7.7. Look-through adjustment for assets held indirectly via unit trusts

7.8. Sub-total loans held effectively (unhedged positions)

7.9. Hedging adjustments to or from loans

7.10. Total loans held effectively (hedged positions)

8. Sub-total of debt securities (IBS and Loans)

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9. Other investment assets

9.1. Held directly - in Australia

9.2. Held directly - outside Australia

9.3. Sub-total other investment assets held directly

9.4. Look-through adjustment for assets held indirectly via unit trusts

9.5. Sub-total other investment assets held effectively (unhedged positions)

9.6. Hedging adjustments to or from other investment assets

9.7. Total other investment assets held effectively (hedged positions)

10. Receivables

10.1. Held in Australia - as outstanding premiums

10.2. Held in Australia - as investment receivables

10.3. Held in Australia - as seed capital receivables

10.4. Held in Australia - as other receivables

10.5. Held outside Australia - all receivables

10.6. Total receivables

11. Non-investment assets

11.1. Held in Australia - as (owner-occupied) property, plant and equipment

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11.2. Held in Australia - as gross policy liabilities ceded under reinsurance

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11.3. Held in Australia - as deferred tax assets

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11.4. Held in Australia - as goodwill and other intangible assets

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11.5. Held in Australia - as other assets

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11.6. Held in Australia - Total non-investment assets

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11.7. Held outside Australia - as gross policy liabilities ceded under reinsurance

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11.8. Held outside Australia - other non-investment assets

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11.9. Held outside Australia - Total non-investment assets

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11.10. Look-through adjustment for owner-occupied property

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11.11. Total non-investment assets

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12. Total assets

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Liabilities

13. Borrowings

13.1. Direct - secured

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13.2. Direct - unsecured

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13.3. Direct - seed capital

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13.4. Sub-total direct borrowings					
13.5. Look-through adjustment for borrowings drawn indirectly via unit trusts					
13.6. Sub-total borrowings drawn effectively (unhedged positions)					
13.7. Hedging adjustments to or from borrowings					
13.8. Total borrowings drawn effectively (hedged positions)					
14. Total creditors					
15. Provisions					
15.1. Current tax liabilities					
15.2. Deferred tax liabilities					
15.3. Other provisions					
15.4. Total provisions					
16. Gross policy liabilities assumed directly					
16.1. <i>Of which: Unallocated surplus</i>					
16.2. <i>Of which: Unallocated distributable surplus</i>					
17. Gross policy liabilities assumed under reinsurance					
18. Policy owner retained profits					
19. Premiums in advance					
20. Subordinated debt					
20.1. Eligible amounts					

20.2. Non eligible amounts

20.3. Total subordinated debt

21. Other liabilities

21.1. Other liabilities

21.2. Hedging adjustments to or from other liabilities

21.3. Total other liabilities

22. Total liabilities

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23. Net assets

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Components of net assets

24. Foreign currency translations

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25. Reserves

25.1. Unallocated benefit fund reserves

25.2. Other reserves

25.3. Total reserves

26. Share capital

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27. Shareholders' retained profits

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28. Total components = Life Insurance Act net assets

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Annual Return Reconciliations
(Only complete for annual returns)

29. Reconciliation adjustments

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30. Net Assets, per general purpose accounts -
balance Sheet

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LRF_300_1 and LRF_300_2 Statement of Financial Position

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

Explanatory notes

Classes of business

This form is to be completed in respect of each class of business. This includes:

- Australian business;
- Overseas business; and
- Total business

This refers to the territory where the life insurance business is carried on, as defined in the *Life Insurance Act 1995* (the Act). All “Total business” values are derived items.

Inside and outside Australia

A number of items on this form are required to be split between ‘inside Australia’ and ‘outside Australia’. This differentiation relates to the territory where the assets are held, rather than the territory where the life insurance business is carried on.

Instructions for specific items

Assets

1. Cash

Reporting of items 1.1 and 1.2 should be based on the territory where the assets are held.

1.1. Held directly - in Australia; and

1.2. Held directly - outside Australia

Report the value, as at the relevant date, of cash at call, including income accrued but not received.

1.3. Sub-total cash held directly

This is calculated automatically as the sum of items 1.1 and 1.2.

1.4. Look-through adjustment for assets held indirectly via unit trusts

Include look-through adjustment for cash held indirectly via listed unit trusts, unlisted unit trusts or controlled unit trusts.

1.5. Sub-total cash held effectively (unhedged positions)

This represents the effective holding in cash after adjustment for look-through of trusts and prior to adjustment for hedging.

This is calculated automatically within the forms.

1.6. Hedging adjustments to or from cash

The hedging adjustment item is intended to translate the aggregate cash balance to the effective post-derivatives position.

1.7. Total cash held effectively (hedged positions)

This represents the effective exposure to cash after adjustment for look-through of trusts and also after adjustment for hedging.

2. Investment property

Property acquired or held which is available for sale, excluding owner-occupied property. Report the value after deducting accumulated depreciation.

Investment property should be consistent with the classification and measurement basis used in *Australian Accounting Standard AASB 140 Investment Property* (AASB 140).

Reporting of items 2.1 and 2.2 should be based on the territory where the assets are held.

2.1. Held directly - in Australia

2.2. Held directly - outside Australia

The value to be reported is the net market value, or fair value, of holdings of investment property, plus income accrued but not received in relation to this asset.

2.3. Sub-total investment property held directly

This is calculated automatically as the sum of items 2.1 and 2.2.

2.4. Look-through adjustment for assets held indirectly via unit trusts or by owner

Include look-through adjustment for investment property held indirectly via listed unit trusts, unlisted unit trusts or controlled unit trusts, or for owner-occupied property initially entered as part of Item 11.

2.5. Sub-total investment property held effectively (unhedged positions)

This represents the effective holding in property after adjustment for look-through of trusts/owner-occupied and prior to adjustment for hedging.

2.6. Hedging adjustments to or from investment property

The hedging adjustment item is intended to translate the aggregate investment property balance to the effective post-derivatives position.

2.7. Total investment property held effectively (hedged positions)

This represents the effective exposure to property after adjustment for look-through of trusts/owner-occupied and also after adjustment for hedging.

This is calculated automatically within the forms.

3. Equities/unit trusts

All holdings in unit trusts are initially included in this section, before applying the look-through adjustments.

Reporting of items 3.1 to 3.6 should be based on the territory where the assets are held.

3.1. Held in Australia - directly as listed or unlisted equities

Include both listed (ownership interest in a company listed on the ASX or an overseas exchange) and unlisted equities that are held directly.

3.2. Held in Australia - directly in associated, subsidiary or controlled entities

Ownership interest in any associated, subsidiary and controlled entities, excluding preference shares.

Refer to the Act for definitions of associated, subsidiary or controlled entities.

3.3. Held in Australia - directly as convertible notes (Equity exposure)

All equities-related items such as convertible notes and other hybrid securities which, taking into account market conditions, have attributes that demonstrate exposure to equities markets.

3.4. Held in Australia - directly as controlled unit trusts

This is the fair value of investments in controlled trusts, plus income accrued but not received in relation to these assets.

3.5. Held in Australia - directly as listed unit trusts

This is the fair value of investments in listed unit trusts, plus income accrued but not received in relation to these assets.

3.6. Held in Australia - directly as unlisted unit trusts

This is the fair value of equity investments in unitised trusts, plus income accrued but not received in relation to these assets.

Unitised trusts are a type of managed investment which issues units representing equal shares in the trust's investments. The value of the units fluctuates in line with the value, and income received from, the underlying investments

3.7. Held directly – outside Australia

This is the fair value of investments in equities and unit trusts, plus income accrued but not received in relation to these assets that are held outside Australia.

3.8. Sub-total equities/unit trusts held directly

This is calculated automatically by as the sum of items 3.1 to 3.7.

3.9. Look-through adjustment for assets held indirectly via unit trusts etc

Include look-through adjustment for equities held indirectly via listed unit trusts, unlisted unit trusts or controlled unit trusts.

3.10. Sub-total equities held effectively (unhedged positions)

This represents the effective holding in equity after adjustment for look-through of trusts and prior to adjustment for hedging.

3.11. Hedging adjustments to or from equities

The hedging adjustment item is intended to translate the aggregate equities balance to the effective post-derivatives position.

3.12. Total equities held effectively (hedged positions)

This represents the effective exposure to equity after adjustment for look-through of trusts and also after adjustment for hedging.

4. Non-indexed interest bearing securities (IBS)

Non-indexed IBS are interest bearing securities that are not indexed (see item 5 below).

Reporting of items 4.1 to 4.3 should be based on the territory where the assets are held.

4.1. Held in Australia - directly as non-indexed IBS assets

This is the fair value, of non-indexed pure (i.e. non hybrid) debt securities, plus income accrued but not received in relation to this asset.

4.2. Held in Australia - directly as convertible notes (IBS exposure)

This is the fair value of all IBS-related items such as convertible notes and other hybrid securities which, taking into account market conditions, have attributes that demonstrate exposure to IBS markets.

4.3. Held directly - outside Australia

This is the fair value of non-indexed IBS assets, plus income accrued but not received in relation to these assets that are held outside Australia.

4.4. Sub-total non-indexed IBS held directly

This is calculated automatically as the sum of items 4.1 to 4.3.

4.5. Look-through adjustment for assets held indirectly via unit trusts

Include look-through adjustment for non-indexed IBS held indirectly via listed unit trusts, unlisted unit trusts or controlled unit trusts.

4.6. Sub-total non-indexed IBS held effectively (unhedged positions)

This represents the effective holding in non-indexed IBS after adjustment for look-through and prior to adjustment for hedging.

4.7. Hedging adjustments to or from non-indexed IBS

The hedging adjustment is intended to translate the aggregate non-indexed IBS balance to the effective post-derivatives position.

4.8. Total non-indexed IBS held effectively (hedged positions)

This represents the effective exposure to non-indexed IBS after adjustment for look-through of trusts and also after adjustment for hedging.

5. Indexed interest bearing securities (IBS)

Indexed IBS are interest bearing securities with a payment stream that increases by an indexation factor; the most common being the rate of inflation.

Reporting of items 5.1 and 5.2 should be based on the territory where the assets are held.

5.1. Held directly - in Australia; and

5.2. Held directly - outside Australia

This is the fair value of indexed IBS assets, plus income accrued but not received in relation to these assets.

5.3. Sub-total indexed IBS held directly

This is calculated automatically as the sum of items 5.1 and 5.2.

5.4. Look-through adjustment for assets held indirectly via unit trusts

Include look-through adjustment for indexed IBS held indirectly via listed unit trusts, unlisted unit trusts or controlled unit trusts.

5.5. Sub-total indexed IBS held effectively (unhedged positions)

This represents the effective holding in indexed IBS after adjustment for look-through of trusts and prior to adjustment for hedging.

5.6. Hedging adjustments to or from indexed IBS

The hedging adjustment item is intended to translate the aggregate indexed IBS balance to the effective post-derivatives position.

5.7. Total indexed IBS held effectively (hedged positions)

This represents the effective exposure to indexed IBS after adjustment for look-through of trusts and also after adjustment for hedging.

6. Sub-total of non-indexed IBS and indexed IBS

This aggregate IBS balance is the sub-total of non-indexed IBS and indexed IBS, in terms of effective exposure.

7. Loans

Include financial leases and mortgages. Note that loans differ from interest bearing securities as usually the asset is not negotiable (i.e. able to be traded on a secondary market).

Reporting of items 7.1 to 7.5 should be based on the territory where the assets are held.

7.1. Held in Australia - directly as loans on policies

Loans on policies are loans (usually to a policy owner) that are secured by the surrender value of the policy.

7.2. Held in Australia - directly to associated, subsidiary and controlled entities

Include loans to any associated, subsidiary and controlled entities.

Refer to the Act for definitions of associated, subsidiary or controlled entities.

7.3. Held in Australia - directly in public sector or as secured

Include all loans to the public sector (loans to National, State or Local Governments or government enterprises) and secured loans (loans secured by a charge over assets, including debentures) to other borrowers.

7.4. Held in Australia - directly as unsecured

Include loans (to private sector entities) that are not secured by a charge over assets.

7.5. Held directly - outside Australia

This is the fair value of all loans including financial leases and mortgages that are held outside Australia.

7.6. Sub-total loans held directly

This is calculated automatically as the sum of items 7.1 to 7.5.

7.7. Look-through adjustment for assets held indirectly via unit trusts

Include look-through adjustment for loans held indirectly via listed unit trusts, unlisted unit trusts or controlled unit trusts.

7.8. Sub-total loans held effectively (unhedged positions)

This represents the effective holding in loans after adjustment for look-through of trusts and prior to adjustment for hedging.

7.9. Hedging adjustments to or from loans

The hedging adjustment item is intended to translate the aggregate loans balance to the effective post-derivatives position.

7.10. Total loans held effectively (hedged positions)

This represents the effective exposure to loans after adjustment for look-through of trusts and also after adjustment for hedging.

8. Sub-total of debt securities (IBS and loans)

Aggregate debt assets balance. This is the sub-total of IBS and loans, in terms of effective exposure.

9. Other investment assets

Include all other investment assets, for example, direct holdings of commodities such as gold.

Reporting of items 9.1 and 9.2 should be based on the territory where the assets are held.

9.1. Held directly - in Australia; and

9.2. Held directly - outside Australia

Report the value of all other investment assets here.

9.3. Sub-total other investment assets held directly

This is calculated automatically as the sum of items 9.1 and 9.2.

9.4. Look-through adjustment for assets held indirectly via unit trusts

Include look-through adjustment for other investment assets held indirectly via listed unit trusts, unlisted unit trusts or controlled unit trusts.

9.5. Sub-total other investment assets held effectively (unhedged positions)

This represents the effective holding in other investment assets after adjustment for look-through of trusts and prior to adjustment for hedging.

9.6. Hedging adjustments to or from other investment assets

The hedging adjustment item is intended to translate the aggregate other investment assets balance to the effective post-derivatives position.

9.7. Total other investment assets held effectively (hedged positions)

This represents the effective exposure to other investment assets after adjustment for look-through of trusts and also after adjustment for hedging.

10. Receivables

Do not include accrued income from investment assets, which is to be included with the appropriate investment principal.

Include outstanding premiums (item 10.1), but not deferred acquisition cost arising in respect of policies, which are to be included as part of the calculation of policy liabilities.

Note that this treatment differs from the Australian Accounting Standards.

Reporting of items 10.1 to 10.4 should be based on the territory where the assets are held.

10.1. Held in Australia - as outstanding premiums

Report the amount related to insurance premiums due but not yet received, net of any provision for doubtful debts.

10.2. Held in Australia - as investment receivables

Report the amount due but not yet received in relation to investment assets, excluding any amounts related to income accrued but not yet received.

10.3. Held in Australia - as other receivables

Report the amount of any other receivables not categorised above in items 10.1 and 10.2. This includes sundry debtors and prepayments and accrued income for assets of the fund which are not traded securities, such as operating assets. This does not include accrued income from traded securities which is to be included with the principal amount.

For friendly societies, this item is the value of seed capital that is a receivable for the management fund.

10.4. Held outside Australia - all receivables

Report the amount related to all receivables that are held outside Australia.

10.5. Total receivables

This is calculated automatically as the sum of items 10.1 to 10.4.

11. Non-investment assets

Reporting of items 11.1 to 11.9 should be based on the territory where the assets are held.

11.1. Held in Australia - as (owner-occupied) property, plant and equipment

Include owner-occupied property, furniture, equipment (excluding information technology), re-modelling costs to existing premises, and interest capitalised during the period of construction of buildings in accordance with *Australian Accounting Standard AASB 116 Property, Plant and Equipment* (AASB 116) Report the net value after deducting accumulated depreciation from the total amount.

11.2. Held in Australia - as gross policy liabilities ceded under reinsurance

The sum of insurance liabilities, financial instrument liabilities and management services element liabilities ceded under reinsurance held in Australia. For reinsurance held outside Australia, see item 11.7.

Outwards reinsurance that meets the definition of an insurance contract consists of both a reinsured best estimate liability and the value of reinsured profit margins.

11.3. Held in Australia - as deferred tax assets

This is the value of deferred tax assets as per the Australian Accounting Standards.

11.4. Held in Australia - as goodwill and other intangible assets

This item reports the total value of all goodwill and intangible assets net of impairment as reflective on the statement of financial position.

11.5. Held in Australia - as other assets

Include all other assets not specifically categorised above, including unreconciled suspense and clearing accounts with debit balances. It is calculated automatically as item 11.6 less the sum of items 11.1 to 11.4.

11.6. Held in Australia - Total non-investment assets

This is the value of any asset that has not been classified as an investment asset, other than a receivable.

11.7. Held outside Australia - as gross policy liabilities ceded under reinsurance

The sum of insurance liabilities, financial instrument liabilities and management services element liabilities ceded under reinsurance held outside Australia. For reinsurance held in Australia, see item 11.2.

Outwards reinsurance that meets the definition of an insurance contract consists of both a reinsured best estimate liability and the value of reinsured profit margins.

11.8. Held outside Australia - other non-investment assets

This is the value of any asset that has not been classified as an investment asset, other than a receivable that is held outside Australia.

It is calculated automatically as item 11.9 less item 11.7.

11.9. Held outside Australia - Total non-investment assets

This is the value of any asset that has not been classified as an investment asset, other than a receivable.

11.10. Look-through adjustment for owner-occupied property

This item is intended to translate the exposure to owner-occupied property from item 11 to item 2 (investment property).

11.11. Total non-investment assets

This is calculated automatically as the sum of items 11.7, 11.9 and 11.10.

Liabilities

13. Borrowings

Include the outstanding balances of borrowings from financial institutions and other borrowings.

13.1. Direct – secured

Include borrowings that are secured by a charge over assets.

13.2. Direct – unsecured

Include borrowings that are not secured by a charge over assets.

13.3. Direct - seed capital

Seed capital must be reported separately from borrowings. This reporting item only applies to friendly societies.

13.4. Sub-total direct borrowings

This is calculated automatically as the sum of items 13.1 to 13.3.

13.5. Look-through adjustment for borrowings drawn indirectly via unit trusts

Include look-through adjustment for borrowings drawn indirectly via listed unit trusts, unlisted unit trusts or controlled unit trusts. This is in effect adjusting for recognition of 'geared' positions in unit trusts.

13.6. Sub-total borrowings drawn effectively (unhedged positions)

This is calculated automatically as the sum of items 13.4 and 13.5.

13.7. Hedging adjustments to or from borrowings

The hedging adjustment item is intended to translate the aggregate Borrowings balance to the effective post-derivatives position.

13.8. Total borrowings drawn effectively (hedged positions)

This is calculated automatically as the sum of items 13.6 and 13.7.

14. Total creditors

Show the total of creditors, including account payables. Do not include overdrafts here, these should be disclosed as borrowings.

15. Provisions

15.1. Current tax liabilities

Includes items of income tax described as inter-company tax liability by virtue of the life company being part of a tax consolidation group.

15.2. Deferred tax liabilities

This is the value of deferred tax liabilities in accordance with Australian Accounting Standards.

15.3. Other provisions

Include the amount of other provisions such as employee entitlements. It is calculated automatically as item 15.4 less the sum of items 15.1 and 15.2.

15.4. Total provisions

This is the total of all provisions held in accordance with Australian Accounting Standards.

16. Gross policy liabilities assumed directly

Gross policy liabilities are to be valued in accordance with *Prudential Standard LPS 340 Valuation of Policy Liabilities*.

Include liabilities for deferred fee revenue and deferred acquisition costs, and non-life policy liabilities. For participating benefits, include bonuses in respect of the current year.

For friendly societies, this item must include any unallocated surpluses that have been classified as liabilities. Unallocated surplus classified as liabilities included in this item relates to all other unallocated surpluses that have not been included in item 25.1 of this form.

16.1. Of which: Unallocated surplus

For friendly societies only, this item is the unallocated surplus remaining after distributions to benefit fund members.

16.2. Of which: Unallocated distributable surplus

For friendly societies only, this item is the maximum amount of unallocated surplus shown in item 16.1 that could be immediately distributed to benefit fund members without causing a breach of the capital adequacy standards.

17. Gross policy liabilities assumed under reinsurance

This is similar to reporting item 16 Gross policy liabilities, except that it pertains to inwards reinsurance business.

A life company whose principal business is reinsurance is expected to enter their policy liabilities at this item.

18. Policy owner retained profits

Value of statutory fund profits allocated to participating policy owners generally, but not yet vested as specific amounts to particular policies.

Australian Accounting Standard AASB 1038 Life Insurance Contracts (AASB 1038) prevents the recognition of negative policy owner retained profits.

Negative policy owner retained profits should be disclosed in *LRF 340.1 Retained Profits (SF and SF Eliminations)* (LRF 340.1).

19. Premiums in advance

This is to be reported in accordance with Australian Accounting Standards.

20. Subordinated debt

20.1. Eligible amounts

The non-eligible amount is the current total value of the subordinated debt which has been issued by the statutory fund and meets the eligibility criteria as per Attachment E of *Prudential Standard LPS 112 Capital Adequacy: Measurement of Capital* (LPS 112).

20.2. Non-eligible amounts

The non-eligible amount is the current total value of the subordinated debt which has been issued by the statutory fund but does not meet the eligibility criteria as per Attachment E of LPS 112.

20.3. Total subordinated debt

Total approved subordinated debt is the current total value of the subordinated debt which has been issued by the statutory fund.

It is calculated automatically as the sum of item 20.1 and item 20.2.

21. Other liabilities

21.1. Other liabilities

This is automatically calculated as item 21.3 less item 21.2.

21.2. Hedging adjustments to or from other liabilities

The hedging adjustment item is intended to translate the aggregate other liabilities balance to the effective post-derivatives position.

21.3. Total other liabilities

This is all other liabilities that are not specifically categorised above, including unreconciled suspense and clearing accounts with credit balances.

23. Net assets

This is automatically calculated as item 12 Total assets less item 22 Total liabilities.

Components of net assets

24. Foreign currency translations

The treatment of foreign currency translation is set out in the relevant accounting standards. Entities must determine whether (some or all of) the resulting amounts represent a component of operating profit (loss) for the purposes of the Act.

This item would generally only be expected to apply at the general fund level as all operating profit (loss) of a statutory fund must be allocated to retained profits in accordance with sections 59 and 60 of the Act. A life company reporting a balance at the statutory fund level should be able to identify how its creation is consistent with the requirements of the Act.

25. Reserves

25.1. Unallocated benefit fund reserves

For defined benefit business, this item includes:

- the unallocated surplus that must be transferred to the management fund under the approved benefit fund rules; and
- the unallocated surplus that may be transferred to the management fund or used for benefit enhancement under the approved benefit fund rules.

This item does not apply to defined contribution business.

25.2. Other reserves

This is a balancing item and includes all other reserves not specifically categorised above. It is automatically calculated as item 25.3 less item 25.1.

25.3. Total reserves

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

26. Share Capital

Includes all share capital, e.g. ordinary shares, preference shares etc recognised as capital for the purposes of *Prudential Standards LPS 001 Definitions*.

27. Shareholders' Retained Profits

This represents the sum of shareholders' retained profits (or accumulated losses) at beginning of the period and the profit (or loss) after income tax attributable to shareholders for the reporting period, after any transfers to or from reserves.

28. Total Components = Life Insurance Act Net Assets

This represents the sum of component items making up net assets, and must equal the derived item for net assets shown at item 23.

Annual return reconciliations

(Only complete for annual returns)

Reconciliation to net assets at the end of the period in the general purpose financial statements is only required to be completed as part of the annual returns.

29. Reconciliation adjustments

This is the adjustment necessary to reconcile the Total components of net assets (item 28) as defined under the Act to the net assets per general purpose accounts (item 30). APRA does not propose to routinely collect the components of the reconciliation. Additional information may, however, be sought from the life company where this figure is significant.

30. Net assets, per general purpose accounts - balance sheet

This is the corresponding figure to 'Total Components = 'Life Insurance Act Net Assets' (item 28), except that it is taken from the general purpose accounts of the entity.