Financial Sector (Collection of Data) (reporting standard) determination No. 114 of 2023

Reporting Standard LRS 112.0 Determination of Capital Base

*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. 24 of 2023, including *Reporting Standard LRS 112.0 Determination of Capital Base* made under that Determination; and

(b) determine *Reporting Standard LRS 112.0 Determination of Capital Base,* in the form set out in the Schedule, which applies to the financial sector entities to the extent provided in paragraph 3 of that reporting standard.

Under section 15 of the Act, I declare that *Reporting Standard LRS 112.0 Determination of Capital Base* shall begin to apply to those financial sector entities, and the revoked reporting standard shall cease to apply, on the day *Reporting Standard LRS 112.0 Determination of Capital Base* is registered on the Federal Register of Legislation.

This instrument commences upon registration on the Federal Register of Legislation.

Dated: 26 May 2023

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

Interpretation

In this Determination:

APRA means the Australian Prudential Regulation Authority.

Federal Register of Legislation means the register established under section 15A of the *Legislation Act 2003.*

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

Schedule

Reporting Standard LRS 112.0 Determination of Capital Base comprises the document commencing on the following page.

Reporting Standard LRS 112.0

Determination of Capital Base

Objective of this Reporting Standard

This Reporting Standard sets out the requirements for the provision of information to APRA relating to the determination of a life insurance company's capital base.

It includes associated specific instructions and must be read in conjunction with *Reporting Standard LRS 001 Reporting Requirements* (LRS 001), including the general instruction guide, *Prudential Standard LPS 110 Capital Adequacy* (LPS 110) and *Prudential Standard LPS 112 Capital Adequacy: Measurement of Capital* (LPS 112).

Authority

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

Purpose

2. The information reported to APRA under this Reporting Standard is used by APRA for the purpose of prudential supervision including assessing compliance with capital adequacy 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 Act). This Reporting Standard applies for reporting periods ending on or after 1 July 2023.

Information required

4. A life company must provide APRA with the information required by this Reporting Standard 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 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 information provided under this Reporting Standard will be submitted five times for a full financial year.

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

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 7(a) or 7(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) in the case of quarterly information, within 20 business days after the end of the reporting period to which the information relates;

   (b) in the case of annual information, within three months after the end of the reporting period to which the information relates; or

   (c) in the case of information provided in accordance with paragraph 8, within the time specified by notice in writing.

10. APRA may, in writing, grant a life company an extension of a due date, in which case the new due date will be the date on the notice of extension.

    Note: For the avoidance of doubt, if the due date for a particular reporting period falls on a day other than a usual business day, a life company is nonetheless required to submit the information required no later than the due date.

Quality control

11. 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 as may be amended from time to time, to the extent that they are not inconsistent with the requirements of *Prudential Standard LPS 310 Audit and Related Matters*.

12. 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.

13. 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

14. When an officer or agent of a life company provides the information required by this Reporting Standard using an electronic format, the officer or agent must digitally sign the relevant information using a digital certificate acceptable to APRA.

15. An officer or agent of a life company who submits 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

16. APRA may, by written notice to the life company, vary the reporting requirements of this Reporting Standard in relation to that life company.

Transition

17. 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 1 July 2023; 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

18. In this Reporting Standard:

(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) the following definitions are applicable:

Auditor means an auditor appointed under paragraph 83 of the Life Act.

capital adequacy 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.

Life Act means the *Life Insurance Act 1995*.

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.

reporting period means a reporting period under subparagraph 7(a) or 7(b) or, if applicable, paragraph 8.

19. Unless the contrary intention appears, a reference to an Act, Prudential Standard, Reporting Standard, Australian Accounting or Auditing Standard is a reference to the instrument as in force from time to time.

Reporting Standard LRS 112.0

Determination of Capital Base

General instructions

Reporting tables

Tables described in this Reporting Standard list each of the data fields required to be reported. The data fields are listed sequentially in the column order that they will appear in the reported data set.

Definitions

Terms highlighted in ***bold italics*** indicate that the definition is provided in these instructions.

A

Accumulated other comprehensive income and other disclosed reserves	This is the sum of all other comprehensive income and disclosed reserves and is calculated as the sum of: • ***unrealised gains or losses recognised on balance sheet***; • ***reserves from equity-settled share-based payments***; • ***cumulative unrealised gains or losses on hedges offsetting gains or losses in Common Equity Tier 1 Capital***; • ***foreign currency translation reserve***; • ***general reserve;*** and • ***other gains and losses in accumulated comprehensive income and other disclosed reserves***.
Additional tax benefits / (liabilities) from liability adjustments	This is the value of all tax effects associated with ***liability adjustments*** before any tax effects. Tax benefits reduce ***liability adjustments*** whereas tax liabilities increase ***liability adjustments***. Full tax benefits / liabilities must be assumed for the purposes of reporting this item but life companies must adjust deferred tax assets and / or liabilities by the tax benefits / liabilities for the purposes of assessing the adjustment for ***excess of deferred tax assets over deferred tax liabilities***.

Additional Tier 1 Capital	This is the value of capital instruments issued by the life company that meet the criteria for inclusion in ***Additional Tier 1 Capital*** in accordance with the relevant prudential standard, and which are not included in ***Common Equity Tier 1 Capital***. This is net of regulatory adjustments specified in LPS 112. ***Additional Tier 1 Capital*** is calculated as the sum of: • ***Additional Tier 1 Capital instruments***; • ***adjustments and exclusions to Additional Tier 1 Capital***; • ***transitional Additional Tier 1 Capital***; and • ***excess mutual equity interests*** less: • ***holdings of own Additional Tier 1 Capital instruments;*** and • ***adjustments to Additional Tier 1 Capital due to shortfall in Tier 2 capital.***
Additional Tier 1 Capital instruments	This is the value of capital instruments issued by the life company that meet the eligibility criteria for ***Additional Tier 1 Capital*** but not the criteria for the higher quality capital, i.e. ***Common Equity Tier 1 Capital***.
Adjusted policy liabilities deficit / (surplus)	This is the amount by which the adjusted policy liabilities determined in accordance with LPS 112 is larger (or smaller) than net life contract liabilities. Net life contract liabilities is the sum of the insurance, reinsurance and investment contract liabilities (net of insurance and reinsurance assets) disclosed in the statutory accounts. The deficit increases ***liability adjustments***.
Adjustments and exclusions to Additional Tier 1 Capital	This is the amount of adjustments applied to ***Additional Tier 1 Capital*** that are specific to the application of the requirements in LPS 112.
Adjustments and exclusions to Common Equity Tier 1 Capital	This is the amount of adjustments applied to ***Common Equity Tier 1 Capital*** that are specific to the application of the requirements in LPS 112.
Adjustments and exclusions to Tier 2 Capital	This is the amount of adjustments applied to ***Tier 2 Capital*** that are specific to the application of the requirements in LPS 112.
Adjustments to Additional Tier 1 capital due to shortfall in Tier	This is the amount of any deductions (refer to LPS 112) from ***Additional Tier 1 Capital*** due to a shortfall in ***Tier 2 Capital*** to absorb required deductions from this category of capital.

2 Capital	
Adjustments to Common Equity Tier 1 Capital due to shortfall in Additional Tier 1 Capital	This is the amount of any deductions (refer to LPS 112) from ***Common Equity Tier 1 Capital*** due to a shortfall in ***Additional Tier 1 Capital*** to absorb required deductions from this category of capital.
Adjustments to net assets of the fund due to shortfalls in Tier 2 Capital	This is the amount of any deductions from ***net assets of the fund*** due to a shortfall in ***Tier 2 Capital*** to absorb any deductions required from this category of capital.
Assets under a fixed or floating charge	This is the value of assets of the fund or life company that are under a fixed or floating charge, mortgage or other security to the extent of the indebtedness secured on those assets. This deduction may be reduced by the amount of any liability for the charge that is recognised on the fund's or life company's balance sheet.

C

Capital base	This is the amount of capital eligible for the purpose of meeting the Prudential Capital Requirement as set out in *Prudential Standard LPS 110 Capital Adequacy*. For a life company, ***capital base*** is calculated as the sum of: • ***Tier 1 Capital***; and • ***Tier 2 Capital***. For a fund, ***capital base*** is calculated as the sum of: • ***net assets of the fund;*** • ***seed capital transferred from management fund;*** • ***other adjustments to net assets as approved by APRA***; and • ***Tier 2 Capital*** less: • ***regulatory adjustments to net assets***.

Capital base (net of Tier 2 Capital) ratio	***Capital base (net of Tier 2 Capital) ratio*** for a fund is calculated as: • ***capital base*** less ***Tier 2 Capital***; divided by: • ***prescribed capital amount.***
Claims payable	This is the amount related to claims due but not yet paid which has been recognised within insurance and reinsurance contract liabilities and assets reported on the balance sheet under *AASB 17 Insurance Contracts* (AASB 17). Life companies must exclude any amount already allowed in adjusted policy liabilities to avoid double counting. This item increases ***liability adjustments***.
Common Equity Tier 1 Capital	This is the highest quality component of capital within the life company as determined under the eligibility criteria as set out in LPS 112, net of all regulatory adjustments. ***Common Equity Tier 1 Capital*** is calculated as the sum of: • ***adjustments and exclusions to Common Equity Tier 1 Capital***; • ***paid-up ordinary shares***; • ***mutual equity interests;*** • ***retained earnings***; • ***undistributed current year earnings***; and • ***accumulated other comprehensive income and other disclosed reserves*** less: • ***regulatory adjustments to Common Equity Tier 1 Capital***.
Common Equity Tier 1 Capital ratio	***Common Equity Tier 1 Capital ratio*** is calculated as: • ***Common Equity Tier 1 Capital;*** divided by: • ***prescribed capital amount.***
Cumulative unrealised gains or losses on hedges offsetting gains or losses in Common Equity Tier 1 capital	This is the cumulative unrealised gains or losses on hedges offsetting the gains or losses of components of ***Common Equity Tier 1 Capital***. This includes cumulative unrealised gains or losses on effective cash flow hedges as defined in the Australian Accounting Standards and any fair value gains or losses on derivatives representing effective economic hedges of assets.

D

Deficit in defined benefit superannuation funds	This is the amount of deficit (if any) in defined benefit superannuation funds where the life company is an employer-sponsor.

E

Eligible Tier 2 Capital instruments	This is the value of capital instruments issued by the fund or life company that meet the eligibility criteria of ***Tier 2 Capital*** in LPS 112.
Excess mutual equity interests	This is the value of any ***mutual equity interests*** that are above the limit specified in LPS 112 (that is, the value of any ***mutual equity interests*** on issue that are not eligible for inclusion in ***Common Equity Tier 1 Capital***). For the purposes of this item, only include proceeds of issues that have been received by the issuer. Any partly paid issue is reported only to the extent that it has been paid-up.
Excess of deferred tax assets over deferred tax liabilities	This is the amount of deferred tax assets (DTA) in excess of deferred tax liabilities (DTL) within the fund or life company as per the requirement of LPS 112. This assumes that deferred tax benefits in one fund can be offset by the deferred tax liabilities of another fund provided that the offset is only used once across both funds. The DTA and DTL include any tax effect arising from ***liability adjustments*** but exclude the tax effects arising from the asset and insurance stress scenarios considered. For example, the DTA must be increased by the tax benefit arising from ***liability adjustments*** whereas the DTL must be increased by the tax liability arising from ***liability adjustments***. The netting of DTA and DTL must only be applied where the life company has a legally enforceable right to set-off current tax assets against current tax liabilities.

F

Fair value adjustments	A regulated institution must deduct the difference between fair value and the reported value of each asset as per the requirements of LPS 112.
Fair value gains and losses from changes in own	This is the unrealised gains (and losses) from changes in the fair values of the liabilities of the fund or life company due to changes in creditworthiness of the life company.

creditworthiness	
Foreign currency translation reserve	This is the value, of the reserve relating to exchange rate differences arising on translation of assets and liabilities to the presentation currency in accordance with Australian Accounting Standards.

G

General reserve	***General reserves*** are created from the appropriation of profits by the life company after the payment of all dividends and tax.
Goodwill and other intangible assets	This is the value of goodwill and any other intangible assets, as per LPS 112, net of adjustments to profit or loss reflecting changes arising from any impairment and amortisation. This also includes the component of investments in certain categories of subsidiaries, joint ventures and associates (as per LPS 112) that represents goodwill and any other intangible assets.

H

Holdings of own Additional Tier 1 Capital instruments	This is the total effective ***holdings of own Additional Tier 1 Capital instruments*** issued by the life company unless exempted by APRA or eliminated under Australian Accounting Standards.
Holdings of own Common Equity Tier 1 Capital instruments	This is the total effective ***holdings of own Common Equity Tier 1 Capital instruments*** issued by the life company, unless exempted by APRA or eliminated under Australian Accounting Standards. This item must also include: • capital instruments the life company could be contractually obliged to purchase; and • unused portion of the limits agreed with APRA as per the requirements of LPS 112.
Holdings of own Tier 1 Capital instruments	This is the total effective ***holdings of own Tier 1 Capital instruments*** that were issued by the life company. This includes ***Common Equity Tier 1 Capital*** and ***Additional Tier 1 Capital instruments*** held by the life company unless exempted by APRA or eliminated under Australian Accounting Standards.
Holdings of own Tier 2 Capital instruments	This is the total effective ***holdings of own Tier 2 Capital instruments*** issued by the fund or life company unless exempted by APRA or eliminated under Australian Accounting Standards.

L

Liability adjustments	For a fund, this is calculated as the sum of: • ***adjusted policy liabilities deficit / (surplus)***; • ***claims payable***; • ***reinsurance premiums payable***; and • ***other accounts payable*** less: • ***premiums receivable***; • ***reinsurance recoveries receivable***; • ***other accounts receivable***; and • ***additional tax benefits / (liabilities) from adjustments***. For a life company, this item represents the aggregate ***liability adjustments*** made across all statutory / benefit funds.

M

Mutual equity interests	This is the value of all ***mutual equity interests*** on issue up to a maximum limit of 25 percent of the life company's total ***Common Equity Tier 1 Capital*** before applying regulatory adjustments. For the purposes of this item, only include proceeds of issues that have been received by the issuer. Any partly paid issue is reported only to the extent that it has been paid-up.

N

Net assets (less equity components classified as Additional Tier 1 Capital)	For a life company, this is ***net assets*** of the life company as reported in the balance sheet after deducting for any equity components classified as ***Additional Tier 1 Capital***.
Net assets of the fund	This is ***net assets of the fund*** as reported in the balance sheet.
Net assets of the fund (after seed capital adjustments)	For a fund, this is ***net assets of the fund*** as reported in the balance sheet after making the following adjustments. • For a friendly society benefit fund, this item includes seed capital transferred to the benefit fund from the management fund. • For the friendly society management fund, this item excludes seed capital that is a receivable from a benefit fund.

Net assets plus Additional Tier 1 Capital ratio	For a life company, ***net assets plus Additional Tier 1 Capital ratio*** is calculated as the sum of: • ***Additional Tier 1 Capital***; and • ***net assets (less equity components classified as Additional Tier 1 Capital)*** multiplied by 1.2 divided by: • ***prescribed capital amount.***
Net assets ratio	For a fund, ***net assets ratio*** is calculated as: • ***net assets of the fund (after seed capital adjustments)*** multiplied by 1.2 divided by: • ***prescribed capital amount.*** For a life company, ***net assets ratio*** is calculated as: • ***net assets (less equity components classified as Additional Tier 1 Capital)*** multiplied by 1.2 divided by: • ***prescribed capital amount.***

O

Other accounts payable	This is the amount related to other amounts due but not yet paid which has been recognised within insurance and reinsurance contract liabilities and assets reported on the balance sheet under AASB 17. This may include (but is not limited to) rebates, fees and commissions. Life companies must exclude any amount already allowed in adjusted policy liabilities to avoid double counting. This item increases ***liability adjustments.***
Other accounts receivable	This is the amount related to other amounts due but not yet received which has been recognised within insurance and reinsurance contract liabilities and assets reported on the balance sheet under AASB 17. This may include (but is not limited to) rebates, fees and commissions. Life companies must exclude any amount already allowed in adjusted policy liabilities to avoid double counting. This item reduces ***liability adjustments***.
Other adjustments to net assets as approved by	This is the total value of any other regulatory adjustments to the ***net assets of the fund*** that does not fall into the other categories for the purpose of LPS 112.

APRA	
Other Common Equity Tier 1 capital adjustments	This is the value of deductions from ***Common Equity Tier 1 Capital*** that the life company must make under any prudential standards other than LPS 112.
Other gains and losses in accumulated comprehensive income and other disclosed reserves	This is the value of any ***other gains and losses in accumulated comprehensive income and other disclosed reserves*** that may be specified in writing by APRA as per LPS 112.
Other net asset adjustments	This is the value of deductions from the ***net assets*** that the fund must make as required under any prudential standards other than LPS 112.

P

Paid-up ordinary shares	This is the value of ***paid-up ordinary shares*** issued by the life company that meets the criteria for classification as ordinary shares for regulatory purposes in accordance with LPS 112.
Premiums receivable	This is the amount related to insurance premiums due but not yet received which has been recognised within insurance and reinsurance contract liabilities and assets reported on the balance sheet under AASB 17. Premiums should be gross of reinsurance and commissions, before profit share rebates, and inclusive of stamp duty, policy fees, loadings and discounts. This definition is consistent with the definition of premium defined in *Reporting Standard LRS 750.0 Claims and Disputes* (LRS 750.0). Life companies may use approximate methods to report this item if premiums which meet the outlined definition are not readily available (corresponding adjustments also need to be made in ***other accounts receivable*** or ***other accounts payable***). Life companies must exclude any amount already allowed in adjusted policy liabilities to avoid double counting. This item reduces ***liability adjustments***.
Prescribed capital amount	***Prescribed capital amount*** is defined in LPS 110.

Prescribed capital amount coverage	***Prescribed capital amount coverage*** is calculated as: • ***capital base***; divided by: • ***prescribed capital amount.***
Prescribed capital amount coverage (net assets)	For a fund, ***prescribed capital amount coverage (net assets)*** is calculated as the sum of: • ***net assets of the fund (after seed capital adjustments)*** multiplied by 1.2; and • ***Tier 2 Capital*** divided by: • ***prescribed capital amount.*** For a life company, ***prescribed capital amount coverage (net assets)*** is calculated as the sum of: • ***Additional Tier 1 Capital***; • ***Tier 2 Capital***; and • ***net assets (less equity components classified as Additional Tier 1 Capital)*** multiplied by 1.2 divided by: • ***prescribed capital amount***.

R

Regulatory adjustments to Common Equity Tier 1 capital	This is the total amount of regulatory adjustments applied to the life company's ***Common Equity Tier 1 Capital*** specified in LPS 112. ***Regulatory adjustments to Common Equity Tier 1 Capital*** is calculated as the sum of: • ***holdings of own Common Equity Tier 1 Capital instruments***; • ***excess of deferred tax assets over deferred tax liabilities***; • ***fair value gains and losses from changes in own creditworthiness***; • ***goodwill and other intangible assets***; • ***surplus in defined benefit superannuation funds***; • ***deficit in defined benefit superannuation funds***; • ***reinsurance assets not subjected to an executed and legally binding contract***; • ***regulatory capital requirement of investments in subsidiary, JV and associate***; • ***assets under a fixed or floating charge***; • ***liability adjustments***; • ***fair value adjustments***; • ***adjustments to Common Equity Tier 1 Capital due to shortfall in Additional Tier 1 capital***; and

	• ***other Common Equity Tier 1 Capital adjustments***.
Regulatory adjustments to net assets	This is the total amount of regulatory adjustments applied on the fund's ***net assets*** specified in LPS 112. ***Regulatory adjustments to net assets*** is calculated as the sum of: • ***holdings of own Tier 1 Capital instruments***; • ***excess of deferred tax assets over deferred tax liabilities***; • ***fair value gains and losses from changes in own creditworthiness***; • ***goodwill and other intangible assets***; • ***surplus in defined benefit superannuation funds***; • ***deficit in defined benefit superannuation funds***; • ***reinsurance assets not subjected to an executed and legally binding contract***; • ***regulatory capital requirement of investments in subsidiary, JV and associate***; • ***assets under a fixed or floating charge***; • ***liability adjustments***; • ***fair value adjustments***; • ***adjustments to net assets of the fund due to shortfall in Tier 2 capital***; • ***other net asset adjustments***; and • ***seed capital receivable from approved benefit fund.***
Regulatory capital requirement of investments in subsidiaries, JVs and associates	This is the deduction for ***regulatory capital requirement for investments in subsidiaries, joint ventures and associates*** as detailed in LPS 112.
Reinsurance assets not subjected to an executed and legally binding contract	This is the value of reinsurance assets (if positive) related to each reinsurance arrangement that, subject to a six-month grace period from risk inception, does not comprise an executed and legally binding contract.
Reinsurance premiums payable	This is the amount related to reinsurance premiums due but not yet paid which has been recognised within insurance and reinsurance contract liabilities and assets reported on the balance sheet under AASB 17. Premiums should be gross of commissions, before profit share rebates, and inclusive of stamp duty, policy fees, loadings and discounts. This definition is consistent with the definition of premium defined in LRS 750.0. Life companies may use approximate methods to report this item if premiums which meet the outlined definition are not readily available (corresponding adjustments also need to be made in ***other accounts receivable*** or ***other accounts payable***).

	Life companies must exclude any amount already allowed in adjusted policy liabilities to avoid double counting. This item increases ***liability adjustments***.
Reinsurance recoveries receivable	This is the amount related to reinsurance recoveries due but not yet received which has been recognised within insurance and reinsurance contract liabilities and assets reported on the balance sheet under AASB 17. Life companies must exclude any amount already allowed in adjusted policy liabilities to avoid double counting. This item reduces ***liability adjustments***.
Reserves from equity-settled share-based payments	This is the value of ***reserves from equity-settled share-based payments*** granted to employees as part of their remuneration package that meets the requirements of LRS 112. This only includes reserves relating to issue of new shares.
Retained earnings	This is the ***retained earnings*** consistent with the reported amount in the balance sheet. For friendly societies, this item includes unallocated benefit fund reserves. Do not include the amount of ***undistributed current year earnings***.

S

Seed capital receivable from approved benefit fund	This is the amount that the management fund will receive from the approved benefit fund in respect of its seed capital.
Seed capital transferred from management fund	This is the amount of seed capital transferred with APRA's approval from the management fund to the approved benefit fund of a friendly society.
Surplus in defined benefit superannuation funds	This is the amount of surplus (if any) in defined benefit superannuation funds where the life company is an employer-sponsor, net of any associated deferred tax liabilities that would be extinguished if the assets involved become impaired or derecognised under Australian Accounting Standards. Representations may be made to APRA to include the surplus in the ***capital base*** provided the criteria are met as per LPS 112.

T

Tier 1 Capital	***Tier 1 Capital*** is calculated as the sum of: • ***Common Equity Tier 1 Capital***; and • ***Additional Tier 1 Capital***.
Tier 1 Capital ratio	***Tier 1 Capital ratio*** is calculated as: • ***Tier 1 Capital***; divided by: • ***prescribed capital amount***.
Tier 2 Capital	***Tier 2 Capital*** includes components of capital that, to varying degrees, fall short of the quality of ***Tier 1 Capital*** but nonetheless contribute to the overall strength of the fund and its capacity to absorb losses. ***Tier 2 Capital*** is calculated as the sum of: • ***eligible Tier 2 Capital instruments issued by the fund***; • ***adjustments and exclusions to Tier 2 Capital***; • ***transitional Tier 2 Capital***; and less: • ***holdings of own Tier 2 Capital instruments***.
Transitional Additional Tier 1 Capital	This is the amount of capital instrument that have been temporarily recognised and approved as ***Additional Tier 1 Capital*** for transitional purposes.
Transitional Tier 2 Capital	This is the amount of capital instrument that has been temporarily recognised and approved as ***Tier 2 Capital*** for transition purposes.

U

Undistributed current year earnings	***Undistributed current year earnings*** should be consistent with the profit/(loss) amounts reported in the income statement. This item must account for (where applicable) negative goodwill, expected tax expenses, and dividends when declared in accordance with the Australian Accounting Standards. The declared dividends reported here may be reduced by the expected proceeds, as agreed in writing by APRA, of a Dividend Reinvestment Plan to the extent that dividends are used to purchase new ordinary shares issued by the life company.
Unrealised gains or losses recognised on balance sheet	This is the total value of any disclosed reserves for unrealised gains or losses that have been recognised on the balance sheet.

Specific instructions

Table 1: Determination of Capital Base (Individual Funds)

Reporting basis

This table applies to life companies including friendly societies. This table applies to statutory, shareholder, benefit and management funds.

Report all information as at the reporting date.

Units of measurement

Report the values in this table in whole Australian dollars.

Column 1	Report the value for each item listed below.

1. Net assets

Item 1.1	Report ***net assets of the fund***.
Item 1.2	Report ***seed capital transferred from management fund***. This item only applies to friendly societies. Report this as a positive amount.
Item 1.3	Report ***other adjustments to net assets as approved by APRA***. Report adjustments that would result in an increase to ***net assets*** as a positive value.

2. Regulatory adjustments to net assets

Item 2	***Regulatory adjustments to net assets*** is a derived item and is calculated as the sum of: • items 2.1 to 2.14 inclusive.
Item 2.1	Report ***holdings of own Tier 1 Capital instruments***. Report this as a positive number where it would result in a reduction to ***net assets of the fund.***
Item 2.2	Report ***excess of deferred tax assets over deferred tax liabilities***. Where the deferred tax liabilities exceed the deferred tax assets, report this value as zero.
Item 2.3	Report ***fair value gains and losses from changes in own***

	creditworthiness. Report this as a positive value where there are unrealised gains or a negative value for unrealised losses.
Item 2.4	Report ***goodwill and other intangible assets***. Amounts reported in this item must be net of any associated deferred tax liability that would be extinguished if the assets involved become impaired or derecognised under Australian Accounting Standards.
Item 2.5	Report ***surplus in defined benefit superannuation funds***. Any excluded surplus must reverse any associated deferred tax liability from ***net assets of the fund***. Where the extinguished deferred tax liability of the defined benefit superannuation fund exceeds the reported surplus, report this value as zero.
Item 2.6	Report ***deficit in defined benefit superannuation funds***. This only needs to be reported where the deficit is not already reflected in the ***net assets of the fund*** or the ***Common Equity Tier 1 Capital*** of the life company. Report the deficit (if any) as a positive number.
Item 2.7	Report ***reinsurance assets not subjected to an executed and legally binding contract***.
Item 2.8	Report ***regulatory capital requirement of investments in subsidiaries, JVs and associates***. The amount of deduction is lesser of the fund's or life company's share of regulatory capital requirement and the value of the investment that is recorded on the fund's balance sheet after adjusting for any intangibles reported in ***goodwill and other intangible assets***. If the investment subject to this deduction is a non-operating holding company, a look-through approach must be applied.
Item 2.9	Report ***assets under a fixed or floating charge***.
Item 2.10	***Liability adjustments*** is a derived item and is calculated as the sum of: • item 2.10.1; and • items 2.10.5 to 2.10.7 inclusive less: • items 2.10.2 to 2.10.4 inclusive; and • item 2.10.8.

Item 2.10.1	Report ***adjusted policy liabilities deficit / (surplus)***. Report the deficit as a positive number and the surplus as a negative number.
Item 2.10.2	Report ***premiums receivable***. Report this item as a positive number.
Item 2.10.3	Report ***reinsurance recoveries receivable***. Report this item as a positive number.
Item 2.10.4	Report ***other accounts receivable***. Report this item as a positive number.
Item 2.10.5	Report ***claims payable***. Report this item as a positive number.
Item 2.10.6	Report ***reinsurance premiums payable***. Report this item as a positive number.
Item 2.10.7	Report ***other accounts payable***. Report this item as a positive number.
Item 2.10.8	Report ***additional tax benefits / (liabilities) from liability adjustments***. Report any tax benefits arising from ***liability adjustments*** as a positive number.
Item 2.11	Report ***fair value adjustments***. Where the asset fair value is less than the reported value in the balance sheet of the fund or life company, report a positive value. Otherwise, report this as a negative value.
Item 2.12	Report ***adjustments to net assets of the fund due to shortfalls in Tier 2 Capital***. Report this as a positive number where it would result in a reduction to ***net assets of the fund.***
Item 2.13	Report ***other net asset adjustments***. Report this as a positive number where it would result in a reduction to ***net assets of the fund.***

Item 2.14	Report ***seed capital receivable from approved benefit fund***. This item only applies to friendly societies.

3. Tier 2 Capital

Item 3	***Tier 2 Capital*** is a derived item. It is calculated as the sum of: • item 3.1; • item 3.3; and • item 3.4 less: • item 3.2.
Item 3.1	Report ***eligible Tier 2 Capital instruments issued by the fund***. Report this net of any amortisation required under LPS 112.
Item 3.2	Report ***holdings of own Tier 2 Capital instruments***. Report this as a positive number where it would result in a reduction to ***Tier 2 capital.***
Item 3.3	Report ***adjustments and exclusions to Tier 2 Capital***. Report this as a positive number where it would result in an increase to ***Tier 2 capital.***
Item 3.4	Report ***transitional Tier 2 Capital***.

4. Capital Base

Item 4	***Capital base*** is a derived item and is calculated as the sum of: • items 1.1 to 1.3 inclusive; and • item 3 less: • item 2.

5. Capital ratios

Item 5.1	Report ***prescribed capital amount***.
Item 5.2	Report ***net assets of the fund (after seed capital adjustments)*** amount.

Item 5.3	***Capital base (net of Tier 2 Capital) ratio*** is a derived item and is calculated as: • item 4 less item 3 divided by: • item 5.1. This ratio is expressed as a percentage.
Item 5.4	***Prescribed capital amount coverage*** is a derived item and is calculated as: • item 4 divided by: • item 5.1. This ratio is expressed as a percentage.
Item 5.5	***Net assets ratio*** is a derived item and is calculated as: • item 5.2 multiplied by 1.2 divided by: • item 5.1. This ratio is expressed as a percentage.
Item 5.6	***Prescribed capital amount coverage (net assets)*** is a derived item and is calculated as the sum of: • item 5.2 multiplied by 1.2; and • item 3 divided by: • item 5.1. This ratio is expressed as a percentage.

Table 2: Determination of Capital Base (Life Company)

Reporting basis

This table applies to life companies including friendly societies. Data must be submitted at the level of the life company. Report all information as at the reporting date.

Units of measurement

Report the values in this table in whole Australia dollars.

Column 1	Report the value for each item listed below.

1. Tier 1 capital

Item 1	***Tier 1 Capital*** is a derived item and is calculated as the sum of: • item 1.1; and • item 1.2.
Item 1.1	***Common Equity Tier 1 Capital*** is a derived item and should be calculated as the sum of: • items 1.1.1 to 1.1.5 inclusive; and • item 1.1.7 less: • item 1.1.6.
Item 1.1.1	Report ***paid-up ordinary shares***.
Item 1.1.2	Report ***mutual equity interests***.
Item 1.1.3	Report ***retained earnings***. Do not include the amount of ***undistributed current year earnings***.
Item 1.1.4	Report ***undistributed current year earnings***.
Item 1.1.5	***Accumulated other comprehensive income and other disclosed reserves*** is a derived item and is calculated as the sum of: • items 1.1.5.1 to 1.1.5.6 inclusive.
Item 1.1.5.1	Report ***unrealised gains or losses recognised on balance sheet***.
Item 1.1.5.2	Report ***reserves from equity-settled share-based payments***.
Item 1.1.5.3	Report ***cumulative unrealised gains or losses on hedges offsetting***

	gains or losses in Common Equity Tier 1 Capital.
Item 1.1.5.4	Report ***foreign currency translation reserve***.
Item 1.1.5.5	Report ***general reserve***.
Item 1.1.5.6	Report ***other gains and losses in accumulated comprehensive income and other disclosed reserves***.
Item 1.1.6	***Regulatory adjustments to Common Equity Tier 1 Capital*** is a derived item and is calculated as the sum of items: • 1.1.6.1 to 1.1.6.13 inclusive.
Item 1.1.6.1	Report ***holdings of own Common Equity Tier 1 Capital instruments***.
Item 1.1.6.2	Report ***excess of deferred tax assets over deferred tax liabilities***. Where the deferred tax liabilities exceed the deferred tax assets, report this value as zero.
Item 1.1.6.3	Report ***fair value gains and losses from changes in own creditworthiness***. Report this as a positive number where there are unrealised gains or a negative value for unrealised losses.
Item 1.1.6.4	Report ***goodwill and other intangible assets***. Amounts reported in this item must be net of any associated deferred tax liability that would be extinguished if the assets involved become impaired or derecognised under Australian Accounting Standards.
Item 1.1.6.5	Report ***surplus in defined benefit superannuation funds.*** Any excluded surplus must reverse any associated deferred tax liability from ***Common Equity Tier 1 Capital***. Where the extinguished deferred tax liability of the defined benefit superannuation fund exceeds the reported surplus, report this value as zero.
Item 1.1.6.6	Report ***deficit in defined benefit superannuation funds***. This only needs to be reported where the deficit is not already reflected in the ***net assets of the fund*** or the ***Common Equity Tier 1 Capital*** of the life company. Report the deficit (if any) as a positive number.
Item 1.1.6.7	Report ***reinsurance assets not subjected to an executed and legally binding contract***.

Item 1.1.6.8	Report ***regulatory capital requirement of investments in subsidiaries, JVs and associates***. The amount of deduction the lesser of the fund's or life company's share of regulatory capital requirement and the value of the investment that is recorded on the fund's balance sheet after adjusting for any intangibles reported in ***goodwill and other intangible assets***. If the investment subject to this deduction is a non-operating holding company, a look-through approach must be applied.
Item 1.1.6.9	Report ***assets under a fixed or floating charge***.
Item 1.1.6.10	Report ***liability adjustments***.
Item 1.1.6.11	Report ***fair value adjustments***. Where the asset fair value is less than the reported value in the balance sheet of the fund or life company, report a positive value. Otherwise, report this as a negative value.
Item 1.1.6.12	Report ***adjustments to Common Equity Tier 1 Capital due to shortfall in Additional Tier 1 Capital***. Report this as a positive number where it would result in a reduction to ***Common Equity Tier 1 Capital.***
Item 1.1.6.13	Report ***other Common Equity Tier 1 Capital adjustments***. Report this as a positive number where it would result in a reduction to ***Common Equity Tier 1 Capital.***
Item 1.1.7	Report ***adjustments and exclusions to Common Equity Tier 1 Capital***. Report this as a positive number where it would result in an increase to ***Common Equity Tier 1 Capital.***
Item 1.2	***Additional Tier 1 Capital*** is a derived item and is calculated as the larger of zero and the sum of: • item 1.2.1; • item 1.2.4; • item 1.2.5; and • item 1.2.6 less: • item 1.2.2; and • item 1.2.3.
Item 1.2.1	Report ***Additional Tier 1 Capital instruments***.

Item 1.2.2	Report ***holdings of own Additional Tier 1 Capital instruments***. Report this as a positive number where it would result in a reduction to ***Additional Tier 1 Capital.***
Item 1.2.3	Report ***adjustments to Additional Tier 1 capital due to shortfall in Tier 2 Capital***. Report this as a positive number where it would result in a reduction to ***Additional Tier 1 Capital.***
Item 1.2.4	Report ***adjustments and exclusions to Additional Tier 1 Capital*** . Report this as a positive number where it would result in an increase to ***Additional Tier 1 Capital.***
Item 1.2.5	Report ***transitional Additional Tier 1 Capital***.
Item 1.2.6	Report ***excess mutual equity interests***.

2. Tier 2 Capital

Item 2	Report ***Tier 2 Capital*** is a derived item and is calculated as the sum of: • item 2.1; • item 2.3; and • item 2.4 less: • item 2.2.
Item 2.1	Report ***eligible Tier 2 Capital instruments***. Report this net of any amortisation required under LPS 112.
Item 2.2	Report ***holdings of own Tier 2 Capital instruments***. Report this as a positive number where it would result in a reduction to ***Tier 2 Capital.***
Item 2.3	Report ***adjustments and exclusions to Tier 2 Capital***. Report this as a positive number where it would result in an increase to ***Tier 2 Capital.***
Item 2.4	Report ***transitional Tier 2 Capital***.

3. Capital Base

Item 3	***Capital base*** is a derived item and is calculated as the sum of:

	• item 1 and • item 2.

4. Capital ratios

Item 4.1	Report ***prescribed capital amount***.
Item 4.2	Report ***net assets (less equity components classified as Additional Tier 1 Capital)*** amount.
Item 4.3	***Common Equity Tier 1 Capital ratio*** is a derived item and is calculated as: • item 1.1 divided by: • item 4.1. This ratio is expressed as a percentage.
Item 4.4	***Tier 1 Capital ratio*** is a derived item and is calculated as: • item 1 divided by: • item 4.1. This ratio is expressed as a percentage.
Item 4.5	***Prescribed capital amount coverage*** is a derived item and is calculated as: • item 3 divided by: • item 4.1. This ratio is expressed as a percentage.
Item 4.6	***Net assets ratio*** is a derived item and is calculated as: • item 4.2 multiplied by 1.2 divided by: • item 4.1. This ratio is expressed as a percentage.

Item 4.7	***Net assets plus Additional Tier 1 Capital ratio*** is a derived item and is calculated as the sum of: • item 1.2; and • item 4.2 multiplied by 1.2 divided by: • item 4.1. This ratio is expressed as a percentage.
Item 4.8	***Prescribed capital amount coverage (net assets)*** is a derived item and is calculated as the sum of: • item 1.2; • item 2; and • item 4.2 multiplied by 1.2 divided by: • item 4.1. This ratio is expressed as a percentage.