



Reporting Standard LRS 114.5

Friendly Society Related Items

Objective of this Reporting Standard

This Reporting Standard sets out the requirements for the provision of information to APRA in relation to friendly society related items. It includes associated specific instructions and must be read in conjunction with *Reporting Standard LRS 001 Reporting Requirements* (LRS 001).

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. This extended reporting will assist APRA in performing comparability analysis of profitability and risk profiles of insurance risk components across different friendly societies.

Application and commencement

3. This Reporting Standard applies to all life insurance companies which are friendly societies (referred to as ‘friendly societies’) 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 friendly society 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 friendly society must provide the information required by this Reporting Standard:
 - (a) in respect of each quarter based on the financial year of the friendly society on an unaudited basis; and
 - (b) in respect of each financial year of the friendly society on an unaudited basis.

Note 1: This means that this information provided under this Reporting Standard will be submitted five times for a full financial year.

8. If, having regard to the particular circumstances of a friendly society, 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 friendly society.
9. The information required by this Reporting Standard in respect of a friendly society 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 friendly society 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 friendly society is nonetheless required to submit the information required no later than the due date.

Quality control

11. The information provided by a friendly society under this Reporting Standard must be the product of systems, processes and controls that have been reviewed and tested by the Auditor of the friendly society. This will require the Auditor to review and test the friendly society's systems, processes and controls supporting the reporting of the

information to enable the friendly society 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 friendly society under this Reporting Standard must be subject to systems, processes and controls developed by the friendly society for the internal review and authorisation of that information. It is the responsibility of the Board and senior management of the friendly society 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, friendly societies 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 friendly society 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 friendly society who submits information under this Reporting Standard must be authorised by either:
- (a) the Principal Executive Officer of the friendly society; or
 - (b) the Chief Financial Officer of the friendly society.

Variations

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

Interpretation

17. 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 friendly society, 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 friendly society, 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.

18. 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.

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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. Constraints on the data that can be reported for each field have also been provided.

Definitions

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

<i>Fees paid to the management fund</i>	This applies to benefit fund reporting. It represents the fees paid from the benefit fund to the management fund to cover the cost of operating and administering the benefit fund.
<i>Fees received by the management fund</i>	This applies to management fund reporting. It represents the <i>fees received by the management fund</i> from the benefit fund to cover the cost of operating and administering the benefit fund.
<i>Gross investment earnings and capital gains</i>	This is the total of investment earnings and capital gains earned by the assets within the fund before tax and gross of investment management expenses.
<i>Guaranteed benefits – measurement model</i>	<p>This reports the measurement model that a friendly society uses to measure guaranteed benefits for each benefit fund for the purposes of surplus distribution. Friendly societies are to choose one of the following measurement models:</p> <ul style="list-style-type: none"> • Best estimate liability valued using yields of commonwealth government securities; • Best estimate liability valued using risk free rates other than yields of commonwealth government securities; • Best estimate liability valued using asset earning rates; • Account balance; or • Other (please specify).
<i>Increase / (decrease) in unallocated surplus</i>	This is the increase / (decrease) in <i>unallocated surplus</i> in the fund.

<i>Investment management expenses</i>	This is fixed and variable costs to the fund of managing the investment portfolio.
<i>Members' combined account balances</i>	This is the fair value of all the fund member's combined account balances. This excludes <i>unallocated surpluses</i> .
<i>Other expenses incurred in the fund</i>	This is the total operating expenses of the fund excluding <i>fees paid to the management fund, fees received by the management fund</i> and <i>investment management expenses</i> .
<i>Surplus distributed to benefit fund members</i>	This item is the value of <i>surplus distributed to benefit fund members</i> .
<i>Tax on investment earnings and capital gains</i>	This is the total tax expense (including deferred tax) on investment earnings and capital gains earned by the assets within the fund.
<i>Unallocated surplus - regulatory capital self-supporting level</i>	This is the amount of <i>unallocated surplus</i> at which prescribed LAGIC stresses are absorbed entirely.
<i>Unallocated benefit reserve</i>	<p>For defined benefit business, this includes:</p> <ul style="list-style-type: none"> • <i>unallocated surplus</i> that must be transferred to the management fund under the approved benefit fund rules; and • <i>unallocated surplus</i> that may be transferred to the management fund or used for benefit enhancement under the approved benefit fund rules. <p>This does not apply to defined contribution business.</p> <p>This forms part of accounting equity.</p>
<i>Unallocated distributable surplus</i>	This is the maximum amount of <i>unallocated surplus</i> that could be immediately distributed to benefit fund members without causing a breach of the capital adequacy standards.
<i>Unallocated surplus</i>	This is excess assets over guaranteed benefits after distributions to benefit fund members. This does not include amounts that were allocated to <i>unallocated benefit reserve</i> .

Specific instructions

Table 1: Friendly Society Related Items

Reporting basis

This table applies to friendly societies only. Data must be submitted at the level of each benefit fund and the management fund.

Report all items on the basis used for the determination and allocation / distribution of the surplus in an approved benefit fund.

Report all information as at the reporting date (unless otherwise stated).

Units of measurement

Report the dollar values in this table in whole Australian dollars.

Column 1	Report the value for each item listed below.
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Item 1	Report <i>unallocated benefit reserve</i> .
Item 2	Report <i>unallocated surplus</i> .
Item 3	Report <i>increase / (decrease) in unallocated surplus</i> Report this item for the quarter or year up to the close of business on the last day of the reporting period as relevant.
Item 4	Report <i>unallocated distributable surplus</i> .
Item 5	Report <i>unallocated surplus - regulatory capital self-supporting level</i> .
Item 6	Report <i>members' combined account balances</i> .
Item 7	Report <i>surplus distributed to benefit fund members</i> . Report this item for the quarter or year up to the close of business on the last day of the reporting period as relevant.
Item 8	Report <i>fees paid to the management fund</i> . Report this item for the quarter or year up to the close of business on the last day of the reporting period as relevant.
Item 9	Report <i>fees received by the management fund</i> .

	Report this item for the quarter or year up to the close of business on the last day of the reporting period as relevant.
Item 10	Report <i>gross investment earnings and capital gains</i> . Report this item for the quarter or year up to the close of business on the last day of the reporting period as relevant.
Item 11	Report <i>tax on investment earnings and capital gains</i> . Report this item for the quarter or year up to the close of business on the last day of the reporting period as relevant.
Item 12	Report <i>investment management expenses</i> . Report this item for the quarter or year up to the close of business on the last day of the reporting period as relevant.
Item 13	Report <i>other expenses incurred in the fund</i> . Report this item for the quarter or year up to the close of business on the last day of the reporting period as relevant.
Item 14	Report <i>guaranteed benefits – measurement model</i> type. This is a qualitative data item.