

## Glossary

**Average total asset and net asset items** (if used) are the average of the opening and closing balances of the relevant item over the period.

**Capital adequacy statistics** in Tables 5 and 8 is as per *LPS 110 Capital adequacy* under the revised capital framework effective from 1 January 2013.

**Debt securities** comprises interest bearing securities and loans.

**Defined benefit fund** is an approved benefit fund where the amount of any benefit is specified in, or determined in accordance with, a formula set out in approved benefit fund rules and the amount of the benefit is not directly related to the assets of the approved benefit fund or the investment performance of those assets.

**Defined contribution fund** is an approved benefit fund where the benefit is derived from contributions made by the member, in accordance with the approved benefit fund rules, together with the investment performance of the assets of the approved fund.

**Effective movement in net policy liabilities** is calculated as movement in net policy liabilities less deposits received, plus withdrawals of deposits, plus non-premium related fees for management services, plus movements in the liability for deferred fee revenue, less movements in the liability for deferred acquisition costs.

**Financial instrument profit** is the sum of all cash flows relating to the financial instrument element of life investment contracts, including investment earnings on the underlying assets, less the change in the value of the life investment contract Liability (i.e. the financial instrument liability). Essentially, any profit arising from changes in fair values of financial instruments that are not matched by changes in fair values of the underlying assets.

**General fund** means the management fund for a friendly society as per *LPS 001 Definitions*.

**Management services profit** is the sum of all cash flows relating to the management service element of life investment contracts, plus/(less) the change in the value of any asset/(liability) arising in respect of the management services element. Essentially fees less expenses for that component of the business, where fees include changes in deferred fee revenue and expenses include changes in deferred acquisition costs.

**Movement in net policy liabilities** is increase/decrease in net policy liabilities.

**Net benefit fund assets** is calculated as total assets less total liabilities other than gross policy liabilities. This derived figure is used to calculate the return on net benefit fund assets ratio.

**Net assets (table 3)** is calculated as the sum of share capital, reserves, shareholder retained profits and other.

**Net movement in DAC** is acquisition expenses reported as movement in policy liability. This item includes amortisation and impairment of existing deferred acquisition costs (DAC) less additional deferrals of acquisition expenses during the reporting period.

**Net policy expenses** is policy expenses net of outward reinsurance claims.

**Net policy payments** is the sum of *net policy expenses* and *net policy expenses recognised as a withdrawal*.

**Net policy revenue** is policy revenue net of *outward reinsurance premiums*.

**Net premiums** is the sum of *net policy revenue*, *net policy revenue recognised as a deposit* and *premium related fees*.

**Other (table 7)** comprises reserves, shareholder retained profits and foreign currency translations.

**Other assets (table 3)** comprises receivables, assets held as (owner-occupied) property, plant and equipment, gross policy liabilities ceded under reinsurance, deferred tax assets and other assets.

**Other liabilities (table 3)** comprises premiums in advance, approved subordinated debt and other liabilities.

**Other operating expenses** comprises other administration expenses.

**Other policy expenses** comprises policy conversions-outwards and other claims.

**Other policy revenue** comprises policy conversions-inwards.

**Other risk charges (tables 5, 8a, 8b)** are the sum of aggregate risk charge for variable annuities and adjustments to prescribed capital amount as approved by APRA.

**Returns** are expressed as annual percentage rates. For quarterly returns this is achieved by multiplying the rate calculated by 4. For returns relating to financial/calendar years, this is achieved by using the full year income/profit and average asset/equity figures to calculate the rate.

**Return on net benefit fund assets** is unallocated benefit fund profit/loss after tax divided by the average net benefit fund assets for the period. See *returns*.

**Unallocated benefit fund profit/loss after tax** is defined differently for defined contribution funds and defined benefit funds. For defined contribution funds reported benefit fund net profit/loss will be reported as zero as any surpluses or deficits are allocated to policyholders and these funds do not retain profits. To measure the performance of defined contribution funds the net profit/loss after tax needs to be adjusted as: total revenue less insurance policy expense less operating expenses less other expenses less tax. This figure excludes interim and final bonus distributions. For defined benefit funds, unallocated benefit fund net profit/loss after tax is not adjusted as above and is taken as the net profit/loss after tax reported in the annual D2A return.