

Reporting Form DRF 310.0

Statement of Financial Performance

Instruction Guide

Introduction

This form requires Discretionary Mutual funds (**DMFs**) to report information about their financial performance of the discretionary and non discretionary business.

Level of reporting

For the purposes of the instructions below the term DMF includes reporting at the legal entity or trust or subfund level. The same level of reporting must be used throughout this form.

DMFs will generally need to submit data at the legal entity or trust level. Some DMFs, however, operate with multiple subfunds and in those cases where the DMF has separate sub fund bank accounts and sub fund financial statements, this reporting form will need to be submitted for each sub fund. For example, if an entity has 2 subfunds: subfund A and subfund B. Subfund A and also subfund B will need to complete this reporting form.

Reporting obligations

The DMF is required to report information relating to a financial year in the forms. For financial years ending on or between 1 January 2008 and 30 June 2008 DMFs must lodge this form at the latest by 30 October 2008. For financial years ending after 30 June 2008 DMFs must lodge their reporting forms at the latest by 4 months after the DMF financial year end.

Audit requirements

The reporting form does not need to be audited. However the data should be based on the DMF's financial statements and must be subject to the same processes and controls that cover the review and authorisation of that accounting data. It is the responsibility of the board or trustee or senior management of the DMF to ensure that the information lodged with APRA is accurate and complete.

Method of submission

Forms will be submitted electronically to APRA using 'Direct to APRA' (**D2A**) software unless alternative arrangements are made with APRA.

Definitions

Definitions for data reporting items required by this form have been provided where possible in the instructions under the section headed 'Specific instructions'.

Basis of preparation

Accounting basis of preparation

Important: Report all items using the same recognition and measurement basis that is used in your financial statements. The instructions below are specific to entities that are reporting and complying with all applicable Australian Accounting Standards. In those cases where an entity does not comply with a AASB standard specifically identified below, report on the accounting basis used in your financial statements.

Unit of measurement

This form is to be presented in Australian dollars (**AUD**), rounded to thousands of dollars, with no decimal places. Amounts denominated in a currency other than Australian currency are to be converted to AUD in accordance with *AASB 121 The Effects of Changes in Foreign Exchange Rates (AASB 121)*.

Assets

Fair value of assets

Financial assets should be reported at fair value. Fair value has the same meaning as defined in *AASB 139 Financial Instruments: Recognition and Measurement (AASB 139)*.

Liabilities

Outstanding claims liabilities (**OCL**) are to be reported in accordance with *DRF 210.0 Outstanding Claims Liabilities*. All other liabilities are to be reported in accordance with applicable Australian Accounting Standards.

Netting

Unless otherwise specifically stated, DMFs can take advantage of netting agreements in relation to disclosure of data items in this form. DMFs are to comply with the prerequisite for netting outlined in Australian accounting standards notably *AASB 7 Financial Instruments: Disclosures*, *AASB 139* and *AASB 132 Financial Instruments: Presentation*.

Related party

Related party/entity is to be interpreted in accordance with *AASB 124 Related Party Disclosures*.

Specific instructions

1. Gross earned contribution revenue

'Gross earned contribution revenue' comprises amounts charged to members for providing discretionary protection and which are earned. 'Gross earned contribution revenue' does not include the proportion of contributions received or receivable not earned. This is recognised in the *DRF 300.0 Statement of Financial Position* as 'Unearned contribution'.

2. Member revenue from calls

Report the value of member revenue earned from calls.

3. Outwards insurance expense

Report the value of outwards insurance expense. Outwards insurance is an agreement whereby an entity transfers part or all of its risk of loss under cover it writes by means of a separate contract or treaty with another insurance company.

4. Net contribution revenue

This is automatically calculated by the form and represents the sum of all contribution revenue less 'Outwards insurance expense'.

5. Gross claims expense

Report 'gross claims expense' which is 'claim payments made in the current year' plus 'Outstanding Claims Liability (OCL) at the end of the year' less 'OCL at the beginning of the year'. The total amount of gross claims expense reported in this form must match the total claims expense reported in line item 'Total gross claims expense' in *DRF 310.2 Claims Expense and Insurance Recoveries*.

6. Insurance recoveries revenue

Report the insurance recoveries revenue for the financial year. This will include recoveries received or receivable associated with the claims expense. Include amounts that the DMF has recovered or is entitled to recover from insurance on claim expense during the financial year.

7. Other recoveries revenue

Report the amount of recoveries other than insurance in relation to claims recognised in gross claims expense.

8. Net incurred claims

This is automatically calculated by the form and represents 'Gross claims expense' less 'Insurance recoveries revenue' less 'Other recoveries revenue'.

9. Acquisition costs

Report the value of acquisition costs.

10. Other underwriting expense

Report the value of all other underwriting expense.

11. Levies and charges

Report all levies and charges payable by the DMF. It excludes the amount collected on behalf of third parties.

12. Commission revenue

Report all commission revenue related to the business.

13. Total underwriting expense

This is automatically calculated by the form and represents the sum of all underwriting expense less 'Commission revenue'.

14. Underwriting result

This is automatically calculated by the form and is derived from 'Net contribution revenue' less 'Net incurred claims' less 'Total underwriting expense'.

15. Investment income

Report total investment income.

16. Other operating income

Report income earned, which does not ordinarily come within the specific terms used above. May include all subscription and membership income. Exclude revenue from calls.

17. Other operating expense

Report the operating expense of the business in accordance with applicable accounting standards.

18. Profit / (loss) before income tax expense (benefit)

This is automatically calculated by the form and is derived from:

- ‘Underwriting result’

Plus:

- ‘Investment income’
- ‘Other Operating income’

Less:

- ‘Other operating expense’

19. Income tax expense (benefit)

Report the income tax expense or benefit. This item must be completed in accordance with the requirements of *AASB 112 Income Taxes*.

20. Profit / (loss) after income tax

This is automatically calculated by the form and is derived from:

- ‘Profit / (loss) before income tax expense (benefit)’

Less:

- “Income tax expense (benefit)”

21. Retained profits/Accumulated losses/Undistributed income/loss at the beginning of the financial year

Report here the Retained profits/Accumulated losses/ Undistributed income/loss at the beginning of the financial year. Use the retained profits value per the audited financial statements.

22. Prior year(s) adjustments

Report the value of aggregate adjustments to retained earnings. For adjustments reducing earnings enter a positive number and for adjustments increasing earnings enter a negative number.

23. Amounts transferred from/to reserves

Report the amount of funds transferred from/to reserves to retained earnings during the financial year. For transfers to reserves, thus reducing item 21, enter a positive number. For transfers from reserves, increasing item 21, enter a negative number.

24. Dividends/Distributions expected, declared or paid

Include any dividends/ distributions expected, declared or paid.

25. Retained profits/Accumulated losses/Undistributed income/loss at the end of the financial year

This is automatically calculated by the form, as follows:

- 'Retained profits/Accumulated losses/undistributed income/loss at the beginning of the financial year'

Plus or Less

- 'Prior year(s) adjustments'
- 'Amounts transferred from/to reserves', and

Less

- 'Dividends/distributions expected, declared or paid'.

Memorandum item

26. Gross written contribution revenue

'Gross written contribution revenue' is to be recognised in line with *AASB 118 Revenue*.

27. Non discretionary business revenue

Report the total amount which is derived from generating revenue from business activities which are not related to discretionary business.