

Reporting Form GRF 302.0_G

Statement of Financial Position by Region (Level 2 Insurance Group)

Instruction Guide

Introduction

This form provides information to APRA on the assets and liabilities for each region in which the Level 2 insurance group operates.

Audit requirements

The annual return of *GRF 302.0_G Statement of Financial Position by Region (Level 2 Insurance Group)* ([GRF 302.0_G](#)) required under paragraphs 3 and 5(c) of *Reporting Standard GRS 302.0_G Statement of Financial Position by Region (Level 2 Insurance Group)* ([GRS 302.0_G](#)) must be subject to a limited assurance¹ review by the Group Auditor (see *Prudential Standard GPS 311 Audit and Actuarial Reporting and Valuation: Level 2 Insurance Groups* ([GPS 311](#))).

The Group Auditor must prepare a review report on the basis of a limited assurance engagement in accordance with the requirements of GPS 311. Assurance in the review report will be provided in the form of negative assurance. To express negative assurance in the review report, the auditor will use limited procedures to obtain sufficient appropriate evidence. Enquiries of the Level 2 insurance group's staff and analytical procedures will be the primary tools used to obtain evidence. These procedures will not provide all the evidence that would be required in an audit.

The scope and nature of audit testing required is outlined in the *Standard on Assurance Engagement ASAE 3000 Assurance Engagements Other than Audits or Reviews of Historical Financial Information* issued by the Auditing and Assurance Standards Board.

Reporting entities

[GRF 302.0_G](#) ~~*GRF 302.0_G Statement of Financial Position by Region (Level 2 Insurance Group)*~~ is to be completed by the parent entity of a Level 2 insurance group as defined under *Prudential Standard GPS 001 Definitions* ([GPS 001](#)).

Consolidation at Level 2 should cover the Level 2 insurance group as defined under GPS 001.

¹ Limited assurance is defined in *Prudential Standard GPS 001 Definitions* ([GPS 001](#))

Basis of preparation

Level 2 insurance groups are requested to follow the Australian accounting standards, notably [Australian Accounting Standard AASB 1023 'General Insurance Contracts'](#), ([AASB 1023](#)) except where indicated otherwise in the instruction guide.

Unit of measurement

This form is to be presented in Australian dollars (**AUD**), rounded to thousands of dollars, with no decimal place.

Amounts denominated in foreign currency are to be converted to AUD in accordance with Australian accounting standards.

Transactions arising under foreign currency derivative contracts at the reporting date must be prepared in accordance with Australian accounting standards.

Materiality

[GRF 302.0](#) ~~[GRF 302.0_G Statement of Financial Position by Region \(Level 2 Insurance Group\)](#)~~ is to be prepared based on the concept of materiality as applied in Australian accounting standards subject to APRA's discretion. APRA's discretion is likely to apply in instances where the application of materiality criteria is not suitable for prudential reporting purposes.

Reporting period

Level 2 insurance groups are required to report the information in the reporting form. This information is to be reported on three occasions in a Level 2 insurance group's financial year. A Level 2 insurance group is required to submit:

- semi-annual return which is to be completed in respect of each half year from the start of the financial year of the Level 2 insurance group; and
- an audited annual return which will be based on a limited assurance review by the Group Auditor (see Audit requirements).

The financial information requested in this form is to be reported as at the last day of the reporting period on a financial year to date basis of the Level 2 insurance group.

Reporting lag

Submission times for Level 2 reporting forms are as follows (in accordance with [GRS 302.0](#) ~~[GRS 302.0_G Statement of Financial Position by Region](#)~~):

- The semi-annual return is to be lodged within three months after the end of the reporting period.
- The audited annual return is to be lodged within four months after the end of the reporting period.

Adjustments

The parent entity of a Level 2 insurance group may apply in writing to APRA to vary the reporting requirements of [GRF 302.0_G](#) ~~*GRF-302.0_G Statement of Financial Position by Region (Level 2 Insurance Group)*~~ in relation to that Level 2 insurance group. APRA may, at its discretion, approve such an application in writing.

Specific instructions

Level 2 insurance groups are required to report financial data on both Australian and international exposures as defined in this form. For the purposes of segment reporting, Level 2 insurance groups are not to follow the requirements under the Australian accounting standards when completing this form where they conflict with the specific instructions in this form.

For prudential reporting purposes 'Australian business' is as defined in GPS 001 and means insurance business carried on by any Level 1 insurer within a Level 2 insurance group. Therefore, all insurance business written by Level 1 insurers is deemed to be Australian business. This treatment is different to the requirements of Australian accounting standards and [AASB 1023](#), ~~AASB 1023 'General Insurance Contracts'~~.

For prudential reporting purposes 'Level 1 Insurer' is as defined in GPS 001.

International business, as defined in GPS 001, is to be reported according to the regions specified in this form.² Level 2 insurance groups are required to report according to the regions which most appropriately reflects the business and/or operational segments of the group.

The form allows reporting for up to seven international regions:

- New Zealand;
- South East Asia;
- Asia Pacific;
- USA;
- Americas;
- UK/Europe; and
- Other.

For entities which are not insurers within the Level 2 insurance group, items should be reported as:

- 'Australian business' where they relate to an entity incorporated in Australia; and;
- 'International business' where they relate to an entity incorporated outside of Australia. The entity should be included in the international region which most appropriately reflects the incorporation of the entity. The region can be selected to align to the region(s) chosen by the Level 2 insurance group for

² For the purposes of prudential reporting, Lloyd's syndicates are to be reported as international business.

[reporting insurance business carried on by an entity within the group that is not authorised under the *Insurance Act 1973*.](#)

Inter-region elimination

The value of inter-region transactions, which are eliminated on consolidation, need to be reported as negative values under 'Inter-region elimination'. Amounts reported for Australia and other regions should be reported on the basis that these entities (or regions) are separate from the group before consolidation.

Once business segments are defined, they should generally be maintained thereafter for consistency. However, this does not prevent the Level 2 insurance group from altering its reporting segments where necessary, provided APRA is notified of any change.

Specific line items

Line items in this form are numbered to correspond with *GRF 300.0_G Statement of Financial Position (Level 2 Insurance Group)* ([GRF 300.0_G](#)). For description of line items refer to the instructions to [GRF 300.0_G](#) *GRF 300.0_G Statement of Financial Position (Level 2 Insurance Group)*.

Automatically calculated items

Total business

For each line item, 'Total business' is automatically calculated by the form and represents the sum of 'Inter-region elimination', 'Australian business' and all the international regions reported.

Total assets

Item 8 ~~'Total assets'~~ is automatically calculated by the form and represents the sum of items 1 to 7.3 ~~excluding items 3.5.1 and 3.5.2~~.

Total liabilities

Item 20 ~~'Total liabilities'~~ is automatically calculated by the form and represents the sum of items 9 to 19.

Net assets

Item 21 ~~'Net assets'~~ is automatically calculated by the form and represents the difference between item 8 ~~'Total assets'~~ and item 20 ~~'Total liabilities'~~.

Total shareholders' equity attributable to shareholders of the company

Item 25 ~~'Total shareholders' equity attributable to shareholders of the company'~~ is automatically calculated by the form and represents the sum of item 22.4 ~~'Total share capital'~~, item 23.8 ~~'Total reserves'~~ and item 24.1 ~~'Retained earnings'~~.

Total shareholders' equity

Item 27 ~~'Total shareholders' equity'~~ is automatically calculated by the form and represents the sum of item 25 ~~'Total shareholders' equity attributable to shareholders of the company'~~ and item 26 ~~'Minority interests'~~.