Questions and answers related to data collection (SIRA) on private equity and real estate funds

Are investment values reported at fair value or book value?

Investments and balance sheet items should be reported at fair value. Data is collected at market value, in which case the fair value can be considered the best estimate of the market value of investments.

If investments are reported at fair value and not book value, how is the balance sheet defined?

The balance sheet total is defined as the assets of the fund based on data reported at fair value. Hence, the balance sheet total equals the total of assets at fair value.

Subsequently the differences of book value and fair value are reconciled in the data on equity (commitments reported with category L and instrument classification 52). In practice, equity (excl. equity loans) is defined as follows:

Equity = Total assets (fair value) – Liabilities (Loans, incl. equity loans) – Other loans

Subsequently equity is divided among the investors in proportion with the original book values. Hence, the proportion of each investor / investor sector may be calculated as follows:

*Proportion of investor's fair value = Investor's initial investment /Initial investments by all investors * equity*

The proportions of fair value attributable to each investor / investor sector can also be calculated with the *Vastattavaa esimerkki.xlxs* file found at BoF reporting instructions page.

Do I have to report the holdings of the investee companies, too? / Are the investors in a feeder fund also reported as owners of the master fund?

No Reporting is based on the principle of the first counterparty. Assets reported only include investee companies, but not their assets. Correspondingly, on the liabilities side, the master fund only reports its liabilities towards the feeder fund and other direct investors. The feeder fund is reported separately, and its data includes assets in the master fund and liabilities towards the investor s in the feeder fund.

How are re-called returns reported?

Re-called returns are reported similarly to normal returns by reporting negative capital flows to investors / investor sectors, and reporting these as part of combined returns in category S. Correspondingly, the sum of re-called returns by investor / investor sector must be added to the uncalled commitments reported in off-balance sheet items in category O. Capital flow data is not reported for uncalled commitments.

If re-called returns are made during the quarter, the data must be reported in net terms in equity (category L, instrument 52). For example, if EUR 10 million have been called during the quarter and EUR 6 million has been returned to the investors during the same quarter, this is reported as a net capital flow by investor / investor sector, that is EUR +4 million in capital flows. In returned (category S) and called commitments (category B), data is always reported in gross terms in accordance with the ECB Regulation. In the case of the above example, the combined returns are reported in gross terms (EUR 6 million), as are also the combined called commitments EUR 10 million).

What is reported if the values of the quarter reported are not yet available at the close of the reporting deadline (valuation of investments still ongoing)?

Balance sheet values must always be reported at the latest fair values available at the time of reporting. In the case referred to in the question, the new values are reported in the data for the following quarter.

How are write-downs reported?

Write-downs / write-ups are only reported in the balance sheet value. The capital flows only include real flows of money where money has actually moved. The Bank of Finland calculates the foreign exchange and revaluation adjustments for the investments. Credit losses / recoveries of credit losses are reported, in addition to the balance sheet value, in the credit losses field (field 17). The credit losses field is not available for other instruments than loans, but write-downs/write-ups are only included in the reported fair value of the balance sheet item.

What is reported in the off-balance sheet items of funds established as a limited liability company?

Funds established as limited liability companies do not report uncalled commitments (category O) since these do not exist. Total new capital injections/subscriptions are reported similarly to called commitments in category B and returns of capital/redemptions are reported similarly to returned commitments in category S.

How is loan interest reported?

Data on loan interest may be reported either as separate items for example in remaining assets or capitalised into the loan itself. In the latter case, the market value of the loan consists of the original loan and interest related to it. Interest accrued or paid should also be reported as a capital flow if loan interest is capitalised into the loan.

How is the conversion of loan to shares reported?

Converted loans must be removed from the balance sheet of the fund through negative capital flows (proportion converted) and stating 0 as the balance sheet value if all loans concerned are converted. Correspondingly, the converted proportion is reported as positive capital flows in shares. For more information, see section 7.2 of the reporting instructions.

Can forms made on the test environment be transferred to the production environment?

This issue has been inquired from the provider of the data collection application, and it is not possible. However, it is possible to retrieve a .csv file from the test environment (Sent folder) containing the data reported in the template. However, the data reported on the .csv file cannot be converted to a template, but the form must be filled again.

A previously filled template can however be used as the starting point in reporting, as discussed in the event for reporters (as long as the first template has been made in the same environment [test/production]).

How are management fees reported?

If management fee has already been paid and it is therefore no longer part of the balance sheet of the fund, the related items are not reported separately. On the liabilities side, management fees paid to the management company is deducted from each investors share of the fund's equity. Hence, equity is adjusted in this case, similarly to write-ups and write-downs on investments (see definitions of balance sheet and investor's share of fair value in the answer to the other question). If management fee is still in the fund's balance sheet and it is separated as a stand-alone balance sheet item (not included in the account), it is reported in the item for other assets (instrument classification 72).