

# AUSTRALIAN SECURITIES AND INVESTMENTS COMMISSION

## Section 1: Agency overview and resources; variations and measures

### OVERVIEW

There has been no change to the overview included in the *2005-06 Portfolio Budget Statements* (page 179).

**Table 1.1: Agency outcomes and output groups**

Outcome	Description	Output groups
<b>Outcome 1</b>		
A fair and efficient market characterised by integrity and transparency and supporting confident and informed participation of investors and consumers	Through ASIC, the Government seeks to ensure that consumers and investors receive honest and competent financial advice that is untainted by conflicts of interest, and that information about corporations is current and accurate.  ASIC also has an enforcement and regulatory role designed to deal with misconduct in order to promote a confident and informed market.	Output Group 1.1 Australian Securities and Investments Commission

### ADDITIONAL ESTIMATES AND VARIATIONS TO OUTCOMES

The following variations contributed to a net increase in agency outputs of \$8.6 million for the Australian Securities and Investments Commission (ASIC) in 2005-06.

## Variations — measures

**Table 1.2: Additional estimates and variations to outcomes — measures**

	2005-06	2006-07	2007-08	2008-09
	\$'000	\$'000	\$'000	\$'000
<b>Outcome 1</b>				
Increase in administered appropriations				
Corporate insolvency law reform - strengthening creditor protection and deterring misconduct by company officers	1,460	2,984	3,196	3,416
Increase in departmental appropriations				
Corporate insolvency law reform - strengthening creditor protection and deterring misconduct by company officers	2,089	3,167	3,352	3,453
Corporate insolvency law reform - strengthening creditor protection and deterring misconduct by company officers ( <i>Related capital</i> )	300	-	-	-
Strengthening of ASIC's enforcement capabilities	3,306	-	-	-
Operation Wickenby Investigation and Prosecution	1,026	2,667	2,611	-
Operation Wickenby Investigation and Prosecution ( <i>Related capital</i> )	375	-	-	-

## Other variations to appropriations

### Increase in the price of outputs

There was no revision to Government parameters to restate the current year.

**Table 1.3: Additional estimates and variations to outcomes — other variations**

This table is not applicable to ASIC.

## MEASURES — AGENCY SUMMARY

Table 1.4: Summary of measures since the 2005-06 Budget

Measure	Outcome	Output groups affected	2005-06 \$'000			2006-07 \$'000			2007-08 \$'000			2008-09 \$'000		
			Admin items	Dept outputs	Total	Admin items	Dept outputs	Total	Admin items	Dept outputs	Total	Admin items	Dept outputs	Total
Corporate insolvency law reform - strengthening creditor protection and deterring misconduct by company officers	1	1.1	1,460	2,089	3,549	2,984	3,167	6,151	3,196	3,352	6,548	3,416	3,453	6,869
Corporate insolvency law reform - strengthening creditor protection and deterring misconduct by company officers <i>(Related capital)</i>	1	1.1	-	300	300	-	-	-	-	-	-	-	-	-
Strengthening the Australian Securities and Investments Commission's enforcement capabilities	1	1.1	-	3,306	3,306	-	-	-	-	-	-	-	-	-
Operation Wickenby Investigation and Prosecution	1	1.1	-	1,026	1,026	-	2,667	2,667	-	2,611	2,611	-	-	-
Operation Wickenby Investigation and Prosecution <i>(Related capital)</i>	1	1.1	-	375	375	-	-	-	-	-	-	-	-	-
<b>Total</b>			<b>1,460</b>	<b>7,096</b>	<b>8,556</b>	<b>2,984</b>	<b>5,834</b>	<b>8,818</b>	<b>3,196</b>	<b>5,963</b>	<b>9,159</b>	<b>3,416</b>	<b>3,453</b>	<b>6,869</b>

## BREAKDOWN OF ADDITIONAL ESTIMATES BY APPROPRIATION BILL

**Table 1.5: Appropriation Bill (No. 3) 2005-06**

	2004-05 available \$'000	2005-06 budget \$'000	2005-06 revised \$'000	Additional estimates \$'000	Reduced estimates \$'000
<b>ADMINISTERED ITEMS</b>					
<b>Outcome 1</b>					
A fair and efficient market characterised by integrity and transparency and supporting confident and informed participation of investors and consumers	-	-	1,460	1,460	-
<b>Total</b>	-	-	1,460	1,460	-
<b>DEPARTMENTAL OUTPUTS</b>					
<b>Outcome 1</b>					
A fair and efficient market characterised by integrity and transparency and supporting confident and informed participation of investors and consumers	205,888	213,656	220,077	6,421	-
<b>Total</b>	205,888	213,656	220,077	6,421	-
<b>Total administered and departmental</b>	205,888	213,656	220,077	7,881	-

**Table 1.6: Appropriation Bill (No. 4) 2005-06**

	2004-05 available \$'000	2005-06 budget \$'000	2005-06 revised \$'000	Additional estimates \$'000	Reduced estimates \$'000
<b>Non-operating</b>					
Equity injections	11,915	1,490	2,165	675	-
<b>Total capital</b>	11,915	1,490	2,165	675	-
<b>Total</b>	11,915	1,490	2,165	675	-

## SUMMARY OF STAFFING CHANGES

**Table 1.7: Average Staffing Level (ASL)**

	2005-06 budget	2005-06 revised	variation
<b>Outcome 1</b>			
A fair and efficient market characterised by integrity and transparency and supporting confident and informed participation of investors and consumers	1,534	1,476	(58)
<b>Total</b>	1,534	1,476	(58)

## SUMMARY OF AGENCY SAVINGS

There were no savings in agency departmental outputs in 2005-06.

### Table 1.8: Summary of agency savings

This table is not applicable to ASIC.

## OTHER RECEIPTS AVAILABLE TO BE USED

Table 1.9 provides details of other receipts available to be used and include *Commonwealth Authorities and Companies Act 1997* (CAC) body receipts that are available to be spent, special accounts (non-appropriation receipts) and resources received free of charge.

### Table 1.9: Other receipts available to be used

	Budget estimate 2005-06 \$'000	Revised estimate 2005-06 \$'000
<b>Departmental other receipts</b>		
Services	3,329	3,349
Interest	2,450	2,603
Other	2,613	2,792
<b>Total departmental other receipts available to be used</b>	<b>8,392</b>	<b>8,744</b>

## ESTIMATES OF EXPENSES FROM SPECIAL APPROPRIATIONS

### Table 1.10: Estimates of expenses from special appropriations

	Budget estimate 2005-06 \$'000	Revised estimate 2005-06 \$'000
<b>Estimated expenses</b>		
Estimated payments of banking unclaimed monies paid under the <i>Banking Act 1959 - section 69</i>	22,000	18,000
Estimated payments of life insurance unclaimed monies paid under the <i>Life Insurance Act 1995 - section 216</i>	4,000	3,000
<b>Total estimated expenses</b>	<b>26,000</b>	<b>21,000</b>

*Banking Act 1959*: Approved Deposit Taking Institutions, being Banks, Building Societies and Credit Unions, are required to remit to the Government, the balance in bank accounts that have remained dormant for seven years. This special appropriation covers repayments estimated to be made to claimants from the Banking Unclaimed Monies Account where the validity of the claim has been established by the relevant institution.

*Life Insurance Act 1995:* Life Insurance Companies and Friendly Societies are required to remit to the Government amounts payable on matured life insurance policies that have remained unclaimed for seven years. This special appropriation covers estimated payments made to claimants from the Life Unclaimed Monies Account where the validity of the claim has been established by the relevant Life Insurance Companies.

*Refund of overpayment of fees paid under the Corporations Act 2001:* All fees and charges collected in accordance with the *Corporations Act 2001* are banked into consolidated revenue in accordance with section 81 of the Constitution. In 2005-06 it is forecast that an amount of \$6 million of overpaid fees and charges will be refunded. This requires separate appropriation in accordance with section 83 of the Constitution (appropriated under section 28 of the *Financial Management and Accountability Act 1997*).

## ESTIMATES OF SPECIAL ACCOUNT FLOWS

**Table 1.11: Estimates of special account flows**

	Opening Balance	Receipts	Payments	Adjustments	Closing Balance
	<b>2005-06</b>	<b>2005-06</b>	<b>2005-06</b>	<b>2005-06</b>	<b>2005-06</b>
	<i>2004-05</i>	<i>2004-05</i>	<i>2004-05</i>	<i>2004-05</i>	<i>2004-05</i>
	\$'000	\$'000	\$'000	\$'000	\$'000
<b>SPECIAL ACCOUNTS</b>					
Other Trust Monies	-	-	-	-	-
- <i>FMA Act 1997</i>	-	-	-	-	-
Services from Other Government and Non-Agency Bodies	-	-	-	-	-
- <i>FMA Act 1997</i>	-	-	-	-	-
<b>Total special accounts</b>					
<b>2005-06 Budget estimate</b>	-	-	-	-	-
<i>Total special accounts</i>					
<i>2004-05 actual</i>	-	-	-	-	-

The special accounts are governed by section 20 of the *Financial Management and Accountability Act 1997* (FMA Act 1997).

## Section 2: Revisions to agency outcomes

### **OUTCOMES, ADMINISTERED ITEMS AND OUTPUTS**

Table 1.1 ‘Agency outcomes and output groups’ lists the outcome statements and output groups for Australian Securities and Investments Commission (ASIC).

ASIC has not made any changes to its outcome or outputs since the *2005-06 Portfolio Budget Statements*.

#### **Output cost attribution**

Each programme of activity (cost centre) in ASIC is linked to one of the four outputs. Accordingly, expenses against these programmes accrue against the outputs as they occur.

Where an expense relates to more than one output, it is allocated using a predetermined formula. For example, property lease expenses are allocated using staff numbers attributed to each programme.

#### **Outcome 1**

##### **Revised performance information — 2005-06**

ASIC has not made any changes to its performance information since the *2005-06 Portfolio Budget Statements*.

## **Section 3: Budgeted financial statements**

The budgeted departmental and administered financial statements and related notes for the Australian Securities and Investments Commission (ASIC) are presented in this section. The financial statements should be read in conjunction with the accompanying notes. The Budget estimate and three forward years comprise the following statements.

The budgeted financial statements contain estimates prepared in accordance with the requirements of the Australian Government's financial budgeting and reporting framework, including the principles of Australian Accounting Standards (incorporating the Australian Equivalents to International Financial Reporting Standards (AEIFRS)) and Statements of Accounting Concepts, as well as specific guidelines issued by the Department of Finance and Administration.

### **ANALYSIS OF BUDGETED FINANCIAL STATEMENTS**

#### **Departmental financial statements**

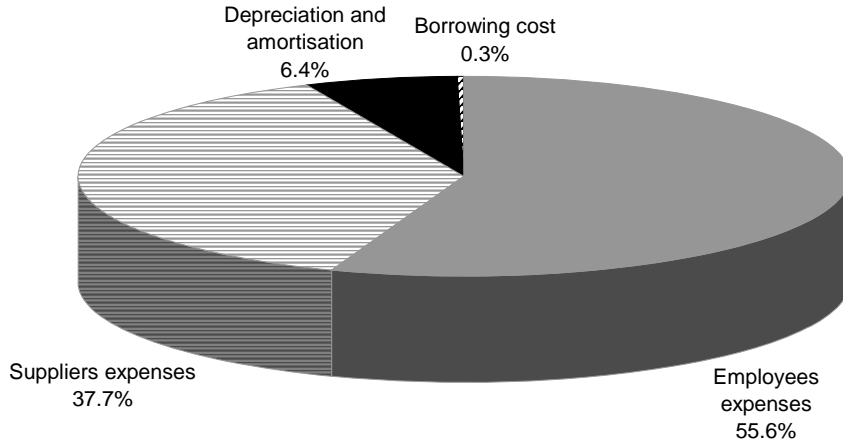
##### **Budgeted departmental income statement**

ASIC is budgeting for a break-even operating result for 2005-06 and for the remainder of the forward estimates.

Appropriation for 2005-06 is \$226.8 million, which is an increase of \$27.6 million on the amount recognised in 2004-05. The rise in appropriation is attributed to the Government's decision to fund ASIC for corporate insolvency law reform – strengthening creditor protection and deterring misconduct by company officers, the implementation of the Choice of Superannuation Fund, funding for the implementation of the United States-Australian Audit Regulation programme, increased funding for ongoing litigation and funding for the operation Wickenby investigation and prosecution. In addition, \$6.7 million appropriated to ASIC in 2004-05 was reprofiled to 2005-06.

Total expenses including borrowing costs for 2005-06 are estimated to be \$235.5 million, an increase of \$26.9 million over the prior financial year. The expenditure will be used to fund activities that contribute towards achieving output objectives.

**Budgeted total agency expenses 2005-06**



**Budgeted departmental balance sheet**

This statement shows the financial position of ASIC. It helps decision-makers track the management of ASIC's assets and liabilities.

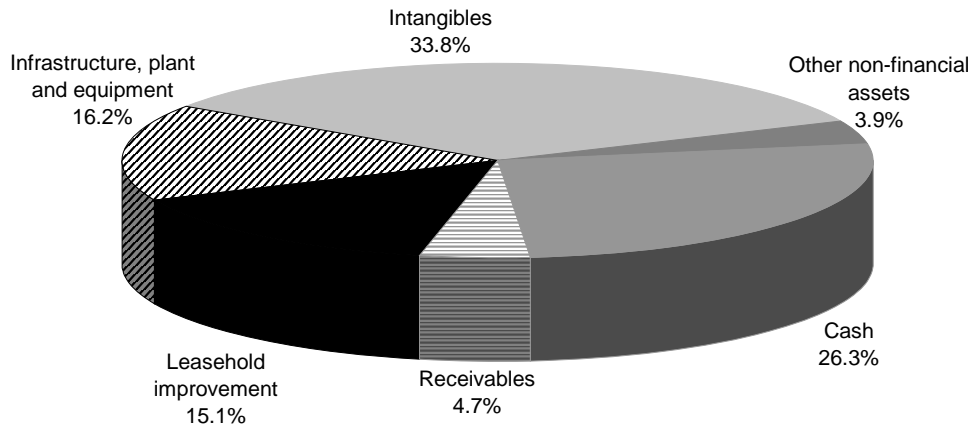
**Equity**

ASIC's budgeted equity (or net asset position) for 2005-06 is expected to be \$13.7 million. This includes capital funding of \$2.2 million for specific enforcement matters.

**Financial assets**

The \$2.2 million (referred to in the equity section above) will be spent on the purchase of capital items. Accounts receivable for 2005-06 is expected to be \$2.7 million, a reduction of \$3.5 million. Of this reduction, \$3.1 million relates to 2004-05 appropriation receivable, received in 2005-06.

**Budgeted total agency assets 2005-06**



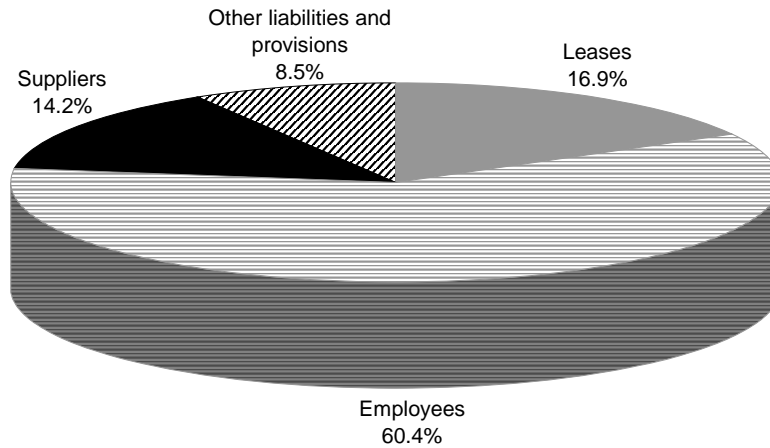
**Liabilities — interest bearing**

The principal item under this heading is the estimated amount owing by ASIC in respect of finance leases for computer equipment and peripherals. The forward estimates have been prepared having regard to the estimated cost of equipment that will be leased under ASIC's asset replacement program. Other interest bearing liabilities consists of amortised lease incentives, which decreases gradually over the expected life of the related leases.

**Provisions and payables**

The principal item under this heading is employee leave provisions and accruals which include annual and long service leave. Other provisions and payables consist of a make-good provision for leased premises, which decreases gradually over the expected life of the related leases.

**Budgeted total agency liabilities 2005-06**



**BUDGETED FINANCIAL STATEMENTS**

**Departmental financial statements**

**Budgeted departmental income statement**

This statement provides the expected financial results for ASIC by identifying full accrual expenses and revenues, which highlights whether the agency is operating at a sustainable level.

**Budgeted departmental balance sheet**

This statement shows the financial position of ASIC. It helps decision-makers track the management of ASIC's assets and liabilities.

**Budgeted departmental statement of cash flows**

Budgeted cash flows, as reflected in the statement of cash flows, provide important information on the extent and nature of cash flows by categorising them into expected cash flows from operating activities, investing activities and financing activities.

**Departmental statement of changes in equity — summary of movement**

This statement shows the changes in the equity position of ASIC. It helps decision-makers track the management of ASIC's equity.

**Departmental capital budget statement**

This statement shows all proposed capital expenditure funded from appropriations or from internal sources.

**Departmental property, plant, equipment and intangibles — summary of movement**

This statement shows the movement in ASIC's non-financial assets during the Budget year.

**Schedule of administered activity**

Details of transactions administered by ASIC on behalf of the Australian Government are shown in the following notes to the financial statements.

**Schedule of budgeted income and expenses administered on behalf of government**

The schedule shows the revenue and expenses associated with the collection of revenue under the *Corporations Act 2001*, and ASIC's responsibilities in administering unclaimed monies under the *Banking Act 1959* and the *Life Insurance Act 1995*.

Revenues from Government include the budgeted amount of appropriation required to pay claimants for unclaimed monies previously transferred to consolidated revenue, and to establish a fund to finance investigations of breaches of directors' duties and fraudulent conduct under the corporate insolvency law reform legislation.

Expenses represent the budget estimated for the payment of unclaimed monies and overpayments referred to above, the budgeted estimate for bad debt expense and payments to registered insolvency practitioners to investigate breaches of directors' duties and fraudulent conduct under the corporate insolvency law reform legislation.

Other revenue represents the amount of fees and charges budgeted to be levied under the *Corporations Act 2001*. The increase in 2005-06 is the result of an increase in the number of companies being incorporated.

**Schedule of budgeted assets and liabilities administered on behalf of government**

**Financial Assets**

The amount shown for receivables in 2005-06 and in the forward estimates is the estimated amount of fees and charges under the *Corporations Act 2001* remaining unpaid.

**Liabilities – payables**

The amounts shown in the forward estimates represent the estimated amount of refunds relating to the over payments of annual review and other fees under the *Corporations Act 2001*.

**Schedule of budgeted administered cash flows**

Budgeted administered cash flows, provide important information on the extent and nature of cash flows by categorising them into expected cash flows from operating activities, investing activities and financing activities.

**Table 3.1: Budgeted departmental income statement  
(for the period ended 30 June)**

	Actual 2004-05 \$'000	Revised budget 2005-06 \$'000	Forward estimate 2006-07 \$'000	Forward estimate 2007-08 \$'000	Forward estimate 2008-09 \$'000
<b>INCOME</b>					
<b>Revenue</b>					
Revenues from government	199,200	226,765	202,568	203,940	200,645
Goods and services	3,155	3,349	3,396	3,464	3,533
Interest	2,622	2,603	2,450	2,450	2,450
Other	3,182	2,792	2,671	2,731	2,792
<b>Total revenue</b>	<b>208,159</b>	<b>235,509</b>	<b>211,085</b>	<b>212,585</b>	<b>209,420</b>
<b>Gains</b>					
Net gains from sale of assets	33	-	-	-	-
<b>Total gains</b>	<b>33</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total income</b>	<b>208,192</b>	<b>235,509</b>	<b>211,085</b>	<b>212,585</b>	<b>209,420</b>
<b>EXPENSE</b>					
Employees	125,264	131,037	127,259	126,997	127,385
Suppliers	68,540	88,758	67,927	69,925	66,538
Depreciation and amortisation	14,012	15,067	15,196	15,133	14,909
Finance costs	549	647	703	530	588
Write-down of assets and impairment of assets	245	-	-	-	-
<b>Total expenses</b>	<b>208,610</b>	<b>235,509</b>	<b>211,085</b>	<b>212,585</b>	<b>209,420</b>
<b>Operating result from ordinary activities</b>	<b>(418)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net surplus or (deficit) attributable to the Australian Government</b>	<b>(418)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Changes in Accounting Policies	(4,079)	-	-	-	-
<b>Total changes in equity excluding transaction with owners</b>	<b>(4,497)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

**Table 3.2: Budgeted departmental balance sheet  
(as at 30 June)**

	Actual 2004-05 \$'000	Revised budget 2005-06 \$'000	Forward estimate 2006-07 \$'000	Forward estimate 2007-08 \$'000	Forward estimate 2008-09 \$'000
<b>ASSETS</b>					
<b>Financial assets</b>					
Cash	14,907	15,421	14,096	13,388	15,213
Receivables <sup>1</sup>	6,207	2,747	2,719	2,735	2,752
<b>Total financial assets</b>	<b>21,114</b>	<b>18,168</b>	<b>16,815</b>	<b>16,123</b>	<b>17,965</b>
<b>Non-financial assets</b>					
Leasehold Improvement	11,046	8,844	7,844	7,261	5,813
Infrastructure, plant and equipment	6,937	9,473	6,009	8,416	10,205
Intangibles	16,879	19,780	19,548	16,673	17,273
Other non-finance assets	2,268	2,268	2,268	2,268	2,268
<b>Total non-financial assets</b>	<b>37,130</b>	<b>40,365</b>	<b>35,669</b>	<b>34,618</b>	<b>35,559</b>
<b>Total assets</b>	<b>58,244</b>	<b>58,533</b>	<b>52,484</b>	<b>50,741</b>	<b>53,524</b>
<b>LIABILITIES</b>					
<b>Interest bearing liabilities</b>					
Leases	4,052	9,318	5,958	4,214	7,424
Other	2,286	1,466	1,015	716	432
<b>Total interest bearing liabilities</b>	<b>6,338</b>	<b>10,784</b>	<b>6,973</b>	<b>4,930</b>	<b>7,856</b>
<b>Provisions</b>					
Employees	32,379	33,321	32,265	32,198	32,483
Other	3,210	3,049	3,088	3,256	2,987
<b>Total provisions</b>	<b>35,589</b>	<b>36,370</b>	<b>35,353</b>	<b>35,454</b>	<b>35,470</b>
<b>Payables</b>					
Suppliers	8,250	7,835	6,614	6,813	6,654
Other	6,903	215	215	215	215
<b>Total payables</b>	<b>15,153</b>	<b>8,050</b>	<b>6,829</b>	<b>7,028</b>	<b>6,869</b>
<b>Total liabilities</b>	<b>57,080</b>	<b>55,204</b>	<b>49,155</b>	<b>47,412</b>	<b>50,195</b>
<b>EQUITY*</b>					
Contributed equity	11,510	13,675	13,675	13,675	13,675
Reserves	5,254	5,254	5,254	5,254	5,254
Accumulated deficits	(15,600)	(15,600)	(15,600)	(15,600)	(15,600)
<b>Total equity</b>	<b>1,164</b>	<b>3,329</b>	<b>3,329</b>	<b>3,329</b>	<b>3,329</b>
<b>Current assets</b>	<b>23,382</b>	<b>20,436</b>	<b>19,083</b>	<b>18,391</b>	<b>20,233</b>
<b>Non-current assets</b>	<b>34,862</b>	<b>38,097</b>	<b>33,401</b>	<b>32,350</b>	<b>33,291</b>
<b>Current liabilities</b>	<b>30,834</b>	<b>37,905</b>	<b>34,099</b>	<b>33,301</b>	<b>34,890</b>
<b>Non-current liabilities</b>	<b>26,246</b>	<b>17,299</b>	<b>15,056</b>	<b>14,111</b>	<b>15,305</b>

<sup>1</sup> The reduction in receivable from 2004-05 to 2005-06 is mainly attributable to the drawdown in 2005-06 of Appropriation Receivable recognised in 2004-05.

\* 'Equity' is the residual interest in assets after deduction of liabilities.

**Table 3.3: Budgeted departmental statement of cash flows  
(for the period ended 30 June)**

	Actual 2004-05 \$'000	Revised budget 2005-06 \$'000	Forward estimate 2006-07 \$'000	Forward estimate 2007-08 \$'000	Forward estimate 2008-09 \$'000
<b>OPERATING ACTIVITIES</b>					
<b>Cash received</b>					
Goods and services	3,154	3,575	3,365	3,448	3,568
Appropriations	202,957	223,161	202,568	203,940	200,645
Interest	2,622	2,603	2,450	2,450	2,450
Other	11,779	11,318	9,896	9,783	10,021
<b>Total cash received</b>	<b>220,512</b>	<b>240,657</b>	<b>218,279</b>	<b>219,621</b>	<b>216,684</b>
<b>Cash used</b>					
Employees	127,225	131,637	131,829	134,670	131,173
Suppliers	70,408	89,262	66,787	63,051	64,029
Financing costs	370	647	703	530	588
Other	8,260	7,726	6,425	6,252	6,429
<b>Total cash used</b>	<b>206,263</b>	<b>229,272</b>	<b>205,744</b>	<b>204,503</b>	<b>202,219</b>
<b>Net cash from or (used by) operating activities</b>	<b>14,249</b>	<b>11,385</b>	<b>12,535</b>	<b>15,118</b>	<b>14,465</b>
<b>INVESTING ACTIVITIES</b>					
<b>Cash received</b>					
Proceeds from sales of property, plant and equipment	33	-	-	-	-
Other	-	1,836	-	-	-
<b>Total cash received</b>	<b>33</b>	<b>1,836</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Cash used</b>					
Purchase of property, plant and equipment	6,090	2,204	2,700	5,112	4,050
Other	10,281	8,878	7,150	6,350	4,600
<b>Total cash used</b>	<b>16,371</b>	<b>11,082</b>	<b>9,850</b>	<b>11,462</b>	<b>8,650</b>
<b>Net cash from or (used by) investing activities</b>	<b>(16,338)</b>	<b>(9,246)</b>	<b>(9,850)</b>	<b>(11,462)</b>	<b>(8,650)</b>
<b>FINANCING ACTIVITIES</b>					
<b>Cash received</b>					
Appropriations - contributed equity	11,508	2,165	-	-	-
<b>Total cash received</b>	<b>11,508</b>	<b>2,165</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Cash used</b>					
Repayments of debt	5,362	3,790	4,010	4,364	3,990
<b>Total cash used</b>	<b>5,362</b>	<b>3,790</b>	<b>4,010</b>	<b>4,364</b>	<b>3,990</b>
<b>Net cash from or (used by) financing activities</b>	<b>6,146</b>	<b>(1,625)</b>	<b>(4,010)</b>	<b>(4,364)</b>	<b>(3,990)</b>
<b>Net increase or (decrease) in cash held</b>	<b>4,057</b>	<b>514</b>	<b>(1,325)</b>	<b>(708)</b>	<b>1,825</b>
Cash at the beginning of the reporting period	10,850	14,907	15,421	14,096	13,388
<b>Cash at the end of the reporting period</b>	<b>14,907</b>	<b>15,421</b>	<b>14,096</b>	<b>13,388</b>	<b>15,213</b>

**Table 3.4: Departmental statement of changes in equity — summary of movement (Budget year 2005-06)**

	Accumulated results \$'000	Asset revaluation reserve \$'000	Other reserves \$'000	Contributed equity/ capital \$'000	Total equity \$'000
<b>Opening balance as at 1 July 2005</b>					
Balance carried forward from previous period	(11,521)	5,254	-	11,510	5,243
Adjustment for changes in accounting policies	(4,079)	-	-	-	(4,079)
<b>Adjusted opening balance</b>	<b>(15,600)</b>	<b>5,254</b>	<b>-</b>	<b>11,510</b>	<b>1,164</b>
<b>Income and expense</b>					
Net operating result	-	-	-	-	-
<b>Total income and expenses recognised directly in equity</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Transactions with owners</b>					
<i>Contribution by owners</i>					
Appropriation (equity injection)	-	-	-	2,165	2,165
<b>Sub-total transactions with owners</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,165</b>	<b>2,165</b>
<b>Closing balance as at 30 June 2006</b>	<b>(15,600)</b>	<b>5,254</b>	<b>-</b>	<b>13,675</b>	<b>3,329</b>

**Table 3.5: Departmental capital budget statement**

	Actual 2004-05 \$'000	Revised budget 2005-06 \$'000	Forward estimate 2006-07 \$'000	Forward estimate 2007-08 \$'000	Forward estimate 2008-09 \$'000
<b>CAPITAL APPROPRIATIONS</b>					
Total equity injections	11,508	2,165	-	-	-
<b>Total capital appropriations</b>	11,508	2,165	-	-	-
<b>Represented by:</b>					
Purchase of non-financial assets	208	2,165	-	-	-
Other	11,300	-	-	-	-
<b>Total represented by</b>	11,508	2,165	-	-	-
<b>PURCHASE OF NON-FINANCIAL ASSETS</b>					
Funded by capital appropriation	208	2,165	-	-	-
Funded internally by					
Departmental resources	15,740	8,917	9,850	11,462	8,650
<b>Total</b>	15,948	11,082	9,850	11,462	8,650

**Table 3.6: Departmental property, plant, equipment and intangibles — summary of movement (Budget year 2005-06)**

	Land	Investment property	Leasehold Improvement	Specialist military equipment	Other infrastructure plant and equipment	Heritage and cultural assets	Computer software	Other intangibles	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>As at 1 July 2005</b>									
Gross book value	-	-	31,260	-	11,383	-	32,960	-	75,603
Accumulated depreciation	-	-	(20,214)	-	(4,446)	-	(16,081)	-	(40,741)
<b>Opening net book value</b>	-	-	11,046	-	6,937	-	16,879	-	34,862
Additions:									
by purchase	-	-	916	-	1,288	-	8,878	-	11,082
by finance lease	-	-	-	-	9,056	-	-	-	9,056
Depreciation/amortisation expense	-	-	(3,118)	-	(5,972)	-	(5,977)	-	(15,067)
Disposals:									
other disposals	-	-	-	-	(1,836)	-	-	-	(1,836)
<b>As at 30 June 2006</b>									
Gross book value	-	-	32,176	-	19,891	-	41,838	-	93,905
Accumulated depreciation	-	-	(23,332)	-	(10,418)	-	(22,058)	-	(55,808)
<b>Closing net book value</b>	-	-	8,844	-	9,473	-	19,780	-	38,097

**Table 3.7: Schedule of budgeted income and expenses administered on behalf of government (for the period ended 30 June)**

	Actual 2004-05 \$'000	Revised budget 2005-06 \$'000	Forward estimate 2006-07 \$'000	Forward estimate 2007-08 \$'000	Forward estimate 2008-09 \$'000
<b>Revenue</b>					
<b>Non-taxation</b>					
Revenues from government	23,795	28,460	30,984	33,196	34,416
Interest	49	50	50	50	50
Other	568,365	587,268	594,871	602,554	610,316
<b>Total non-taxation</b>	<b>592,209</b>	<b>615,778</b>	<b>625,905</b>	<b>635,800</b>	<b>644,782</b>
<b>Total income administered on behalf of government</b>	<b>592,209</b>	<b>615,778</b>	<b>625,905</b>	<b>635,800</b>	<b>644,782</b>
<b>EXPENSES ADMINISTERED ON BEHALF OF GOVERNMENT</b>					
Suppliers	-	1,460	2,984	3,196	3,416
Write down and impairment of assets	28,440	29,053	27,396	27,725	28,058
Other	20,572	21,000	22,000	24,000	25,000
<b>Total expenses administered on behalf of government</b>	<b>49,012</b>	<b>51,513</b>	<b>52,380</b>	<b>54,921</b>	<b>56,474</b>

**Table 3.8: Schedule of budgeted assets and liabilities administered on behalf of government (as at 30 June)**

	Actual 2004-05 \$'000	Revised budget 2005-06 \$'000	Forward estimate 2006-07 \$'000	Forward estimate 2007-08 \$'000	Forward estimate 2008-09 \$'000
<b>ASSETS ADMINISTERED ON BEHALF OF GOVERNMENT</b>					
<b>Financial assets</b>					
Cash	4,479	3,939	3,989	4,039	4,089
Receivables	68,950	75,703	82,914	90,140	97,380
<b>Total financial assets</b>	<b>73,429</b>	<b>79,642</b>	<b>86,903</b>	<b>94,179</b>	<b>101,469</b>
<b>Total assets administered on behalf of government</b>	<b>73,429</b>	<b>79,642</b>	<b>86,903</b>	<b>94,179</b>	<b>101,469</b>
<b>LIABILITIES ADMINISTERED ON BEHALF OF GOVERNMENT</b>					
<b>Payables</b>					
Other payables	4,652	5,600	5,600	5,600	5,600
<b>Total payables</b>	<b>4,652</b>	<b>5,600</b>	<b>5,600</b>	<b>5,600</b>	<b>5,600</b>
<b>Total liabilities administered on behalf of government</b>	<b>4,652</b>	<b>5,600</b>	<b>5,600</b>	<b>5,600</b>	<b>5,600</b>

**Table 3.9: Schedule of budgeted administered cash flows  
(for the period ended 30 June)**

	Actual 2004-05 \$'000	Revised budget 2005-06 \$'000	Forward estimate 2006-07 \$'000	Forward estimate 2007-08 \$'000	Forward estimate 2008-09 \$'000
<b>OPERATING ACTIVITIES</b>					
<b>Cash received</b>					
Cash from Official Public Account	23,768	28,460	30,984	33,196	34,416
Interest	49	50	50	50	50
Other	532,670	558,543	566,535	573,894	581,328
<b>Total cash received</b>	<b>556,487</b>	<b>587,053</b>	<b>597,569</b>	<b>607,140</b>	<b>615,794</b>
<b>Cash used</b>					
Cash to Official Public Account	535,254	559,000	566,264	573,603	581,018
Suppliers		1,460	2,984	3,196	3,416
Other	20,546	27,133	28,271	30,291	31,310
<b>Total cash used</b>	<b>555,800</b>	<b>587,593</b>	<b>597,519</b>	<b>607,090</b>	<b>615,744</b>
<b>Net cash from or (used by) operating activities</b>	<b>687</b>	<b>(540)</b>	<b>50</b>	<b>50</b>	<b>50</b>
<b>Net increase or (decrease) in cash held</b>	<b>687</b>	<b>(540)</b>	<b>50</b>	<b>50</b>	<b>50</b>
Cash at beginning of reporting period	3,792	4,479	3,939	3,989	4,039
<b>Cash at end of reporting period</b>	<b>4,479</b>	<b>3,939</b>	<b>3,989</b>	<b>4,039</b>	<b>4,089</b>

**Table 3.10: Schedule of administered capital budget**

This table is not applicable to ASIC.

**Table 3.11: Schedule of administered property, plant, equipment and  
intangibles — summary of movement (Budget year 2005-06)**

This table is not applicable to ASIC.

## **NOTES TO THE FINANCIAL STATEMENTS**

### **Basis of accounting**

The financial statements have been prepared on an accrual basis and in accordance with the historical cost convention.

### **Budgeted agency financial statements**

Under the Australian Government's accrual budgeting framework, and consistent with Australian Accounting Standards, transactions that agencies control (departmental transactions) are separately budgeted for and reported on from transactions that agencies do not have control over (administered transactions). This ensures that agencies are only held fully accountable for the transactions over which they have control.

Departmental items are those assets, liabilities, revenues and expenses in relation to an agency or authority that are controlled by the agency. Departmental expenses include employee and supplier expenses and other administrative costs, which are incurred by the agency in providing its goods and services.

Administered items are revenues, expenses, assets and liabilities that are managed by an agency or authority on behalf of the Australian Government according to set government directions. Administered expenses and administered revenues include taxes, fees, fines and expenses that have been earmarked for a specific purpose by government.

### **Appropriations in the accrual budgeting framework**

Under the Australian Government's accrual budgeting framework, separate annual appropriations are provided for:

- departmental price of outputs appropriations representing the Australian Government's purchase of outputs from agencies;
- departmental capital appropriations for investments by the Australian Government for either additional equity or loans in agencies;
- administered expense appropriations for the estimated administered expenses relating to an existing outcome or a new outcome; and
- administered capital appropriations for increases in administered equity through funding non-expense administered payments.

### **Asset valuation**

From 1 July 2004, Australian Government agencies and authorities are required to use either the cost basis or the fair value basis to value infrastructure, plant and equipment and leasehold improvements on a three yearly revaluation cycle. ASIC has adopted fair value as a basis for valuing its non-current assets.

### **Asset recognition threshold**

Purchases of property, plant and equipment are recognised initially at cost in the statement of financial position, except for purchases costing less than \$2,000, which are expensed in the year of acquisition.

### **Leases**

A distinction is made between finance leases, which effectively transfer from the lessor to the lessee substantially all the risks and benefits incidental to ownership of leased non-current assets, and operating leases under which the lessor effectively retains substantially all such risks and benefits.

Where a non-current asset is acquired by means of a finance lease, the asset is capitalised at lower of fair value or the present value of minimum lease payments at the inception of the lease and a liability recognised for the same amount. Leased assets are amortised over the period of the lease. Lease payments are allocated between the principal component and the interest expense.

Operating lease payments are charged to the income statement on a basis that is representative of the pattern of benefits derived from the lease assets.

### **Depreciation and amortisation**

Computer equipment is depreciated using the declining-balance method whilst, for all other plant and equipment, the straight-line method of depreciation is applied. Leasehold improvements are amortised on a straight-line basis over the lesser of the estimated life of the improvements or the unexpired period of the lease.

Depreciation/amortisation rates (useful lives) are reviewed at each balance date and necessary adjustments are recognised.

### **Receivables**

A provision is raised for any doubtful debts based on a review of the collectability of all outstanding accounts as at year-end.

Bad debts are written off during the year in which they are identified.

### **Provisions and payables**

Provisions and payables represent liabilities for miscellaneous accruals and employee benefits, including accrued salary and leave entitlements and provisions for

making-good leased premises. No provision for sick leave is required as all sick leave is non-vesting.

**Schedule of budgeted revenues and expenses administered on behalf of government**

**Revenues**

Non-taxation revenues are predominately comprised of revenues from government, required for refunds paid under the *Banking Act 1959* and the *Life Insurance Act 1995*, and *Corporations Act 2001* fees and charges.

**Write down and impairment of assets**

Write down and impairment of assets represents waivers and write-offs of Corporations Law fees.

**Schedule of budgeted assets and liabilities administered on behalf of government**

**Financial assets**

The financial assets include Corporations Law debt invoiced and still outstanding at year-end.

**Schedule of budgeted administered cash flows**

All cash collected by ASIC for Corporations Law revenue, is transferred to the Official Public Account (OPA) at the close of business each day. Cash collected for *Banking Act 1959* unclaimed monies and *Life Insurance Act 1995* unclaimed monies is transferred to the OPA when received.

