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Independent audit report

To the Treasurer

Scope

I have audited the financial statements of the Australian Securities and Investments Commission for the year ended 30 June 2001. The financial statements comprise:

- Statement by Commissioners;
- Statements of Financial Performance, Financial Position, and Cashflows;
- Schedules of Contingencies and Commitments;
- Schedules of Administered Revenues and Expenses, Assets and Liabilities, Cashflows, Contingencies and Commitments; and
- Notes to and forming part of the Financial Statements.

The members of the Commission are responsible for the preparation and presentation of the financial statements and the information they contain. I have conducted an independent audit of the financial statements in order to express an opinion on them to you.

The audit has been conducted in accordance with Australian National Audit Office Auditing Standards, which incorporate the Australian Auditing Standards, to provide reasonable assurance as to whether the financial statements are free of material misstatement. Audit procedures included examination, on a test basis, of evidence supporting the amounts and other disclosures in the financial statements, and the evaluation of accounting policies and significant accounting estimates. These procedures have been undertaken to form an opinion as to whether, in all material respects, the financial statements are presented fairly in accordance with Australian Accounting Standards, other mandatory professional reporting requirements and statutory requirements in Australia so as to present a view of the entity which is consistent with my understanding of its financial position, the results of its operations and its cashflows.

The audit opinion expressed in this report has been formed on the above basis.

Audit Opinion

In my opinion,

- (i) the financial statements of the Australian Securities and Investments Commission have been prepared in accordance with Schedule 1 of the Financial Statements 2000 – 2001 Orders made under the Commonwealth Authorities and Companies Act 1997 and the Financial Management and Accountability Act 1997; and
- (ii) the financial statements give a true and fair view, in accordance with applicable Accounting Standards, other mandatory professional reporting requirements and Schedule 1 of the Financial Statements 2000 – 2001 Orders, of;
 - the financial position of the Commission as at 30 June 2001 and the results of its operations and its cashflows for the year then ended; and
 - the Commonwealth assets and liabilities as at 30 June 2001 and the revenue, expenses and cashflows of the Commonwealth for the year then ended, which have been administered by the Commission.

Australian National Audit Office



P Hinchey
Senior Director

Delegate of the Auditor-General
Sydney
29 August 2001

In our opinion, the attached financial statements give a true and fair view of the matters required by Schedule 1 of the Finance Minister's Orders made under the Commonwealth Authorities and Companies Act 1997 and the Financial Management and Accountability Act 1997 for the year ended 30 June 2001.



D.W. Knott
Chairman
August 2001



J. S. Segal
Deputy Chairman
August 2001



I. A. Johnston
Acting Commissioner
August 2001

Statement of financial performance

for the year ended 30 June 2001

	Notes	2001 \$'000	2000 \$'000
Revenues from ordinary activities			
Revenues from government	4	131,621	132,571
Sale of goods and services	5 (a)	1,914	2,050
Interest	5 (b)	1,908	1,889
Proceeds from sale of assets	5 (c)	23	212
Other	5 (d)	8,735	3,691
Total revenues from ordinary activities		144,201	140,413
Expenses from ordinary activities			
Employees	6 (a)	83,051	83,787
Suppliers	6 (b)	50,454	50,471
Depreciation and amortisation	6 (c)	9,479	8,238
Write-down of assets	6 (d)	270	101
Written down value of assets disposed	6 (e)	78	358
Total expenses from ordinary activities		143,332	142,955
Borrowing costs expense	7	–	(230)
Net operating surplus (deficit) from ordinary activities		869	(2,772)
Net surplus (deficit) attributable to the Commonwealth		869	(2,772)
Net credit (debit) to asset revaluation reserve	13	2,434	–
Total revenues, expenses and valuation adjustments recognised directly in equity	13	2,434	–
Total changes in equity other than those resulting from transactions with owners as owners		3,303	(2,772)

The above statement should be read in conjunction with the accompanying notes.

Statement of financial position

as at 30 June 2001

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	Notes	2001 \$'000	2000 \$'000
ASSETS			
Financial assets			
Cash	8 (a)	12,277	8,558
Receivables	8 (b)	1,969	2,695
<i>Total financial assets</i>		14,246	11,253
Non-financial assets			
Land and buildings	9 (a)	7,905	5,815
Infrastructure, plant and equipment	9 (b)	8,789	12,704
Intangibles	9 (c)	5,367	6,423
Other	9 (g)	916	980
<i>Total non-financial assets</i>		22,977	25,922
Total assets		37,223	37,175
LIABILITIES			
Interest bearing liabilities			
Loans	10 (a)	–	2,772
<i>Total interest bearing liabilities</i>		–	2,772
Non interest bearing liabilities			
Other	10 (b)	4,693	5,779
<i>Total non interest bearing liabilities</i>		4,693	5,779
Provisions			
Employees	11	26,333	23,633
<i>Total provisions</i>		26,333	23,633
Payables			
Suppliers	12 (a)	3,950	5,863
Other	12 (b, c)	63	247
<i>Total payables</i>		4,013	6,110
Total liabilities		35,039	38,294
EQUITY			
Parent entity interest			
Reserves	13	2,759	325
Accumulated surplus (deficit)	13	(575)	(1,444)
<i>Total parent entity interest</i>		2,184	(1,119)
Total equity		2,184	(1,119)
Current liabilities		18,592	21,728
Non-current liabilities		16,447	16,566
Current assets		15,162	12,233
Non-current assets		22,061	24,942

The above statement should be read in conjunction with the accompanying notes.

Statement of cash flows

for the year ended 30 June 2001

	Notes	2001 \$'000	2000 \$'000
OPERATING ACTIVITIES			
Cash received			
Appropriations for outputs		131,465	132,381
Sales of goods and services		4,647	2,611
Interest		1,908	1,876
GST recovered		3,961	–
Other		6,723	1,031
<i>Total cash received</i>		148,704	137,899
Cash used			
Employees		(80,152)	(80,823)
Suppliers		(57,350)	(47,436)
Borrowing costs		(222)	(394)
<i>Total cash used</i>		(137,724)	(128,653)
Net cash from operating activities	14	10,980	9,246
INVESTING ACTIVITIES			
Cash received			
Proceeds from sale of property, plant & equipment		23	212
<i>Total cash received</i>		23	212
Cash used			
Purchase of property, plant & equipment		(4,512)	(7,652)
<i>Total cash used</i>		(4,512)	(7,652)
Net cash used in investing activities		(4,489)	(7,440)
FINANCING ACTIVITIES			
Cash used			
Capital use paid		–	–
Repayments of debt		(2,772)	(2,050)
<i>Total cash used</i>		(2,772)	(2,050)
Net cash used in financing activities		(2,772)	(2,050)
<i>Net increase (decrease) in cash held</i>		3,719	(244)
Cash at the beginning of the reporting period		8,558	8,802
Cash at the end of the reporting period		12,277	8,558

The above statement should be read in conjunction with the accompanying notes.

Schedule of commitments

as at 30 June 2001

14

	Notes	2001 \$'000	2000 \$'000
BY TYPE			
Other commitments			
Operating leases (a)		143,293	148,950
Total other commitments		143,293	148,950
Total commitments payable		143,293	148,950
Commitments receivable		(1,323)	(3,173)
Net commitments		141,970	145,777
BY MATURITY			
Operating lease commitments			
One year or less		17,906	20,133
From one to five years		73,234	67,248
Over five years		52,153	61,569
Operating lease commitments		143,293	148,950
All net commitments			
One year or less		16,972	18,666
From one to five years		72,845	65,542
Over five years		52,153	61,569
Net commitments		141,970	145,777

(a) Operating leases are non-cancellable leases for office accommodation

The above schedule should be read in conjunction with the accompanying notes.

Schedule of contingencies

as at 30 June 2001

Contingent losses

There were no contingent losses as at 30 June 2001 (2000 nil)

Contingent gains

There were no contingent gains as at 30 June 2001 (2000 nil)

Schedule of unquantifiable contingent losses/gains

ASIC is party to many civil litigation matters arising out of its statutory duty to administer and enforce laws for which it is responsible. Like any other party to litigation, ASIC is exposed to the risk of being required to pay the other party's costs if unsuccessful.

Similarly, ASIC may be entitled to recover costs arising out of such litigation if it is successful.

There are six such claims against ASIC where proceedings were current as at 30 June 2001. Three of these matters were the subject of reporting last year. Since 30 June 2001, one of the claims against ASIC has been dismissed and another has been settled on confidential terms.

In respect of the four remaining matters, based on legal advice received and save for having to pay legal fees and other out of pocket expenses, ASIC:

- (a) denies liability;
- (b) is confident of successfully defending the action instituted; and
- (c) considers that it will not be required to pay any damages.

Eight claims have been threatened since 1 July 2000. In each case it is not expected that proceedings will be commenced.

The above schedule should be read in conjunction with the accompanying notes.

Schedule of administered revenues and expenses

for the year ended 30 June 2001

14

	Notes	2001 \$'000	2000 \$'000
Revenues from ordinary activities			
Non-taxation			
Revenues from Government	22 (a)	16,322	3,322
Other sources of non-taxation revenues	22 (c)	387,312	359,536
Interest	22 (f)	174	-
<i>Total non-taxation</i>		403,808	362,858
Total revenues from ordinary activities		403,808	362,858
Expenses from ordinary activities			
Write-down and waivers of administered assets	23 (a)	6,969	6,028
Other	23 (b), 1 (f)	11,648	22
<i>Total expenses from ordinary activities</i>		18,617	6,050
Net surplus		385,191	356,808
<i>Transfer to Official Commonwealth Public Account</i>	27	372,349	360,975
Net change in administered net assets		12,842	(4,167)

The above schedule should be read in conjunction with the accompanying notes.

Schedule of administered assets and liabilities

as at 30 June 2001

	Notes	2001 \$'000	2000 \$'000
ASSETS			
Financial assets			
Cash	24 (a)	4,788	1,134
Receivables	24 (b)	80,133	15,015
Accrued revenues	24 (c)	11,636	7,970
Total assets		96,557	24,119
LIABILITIES			
Provisions			
Refunds	25	365	1,311
Payables			
Other	25	60,620	78
Total provisions and payables		60,985	1,389
Total liabilities		60,985	1,389
EQUITY			
Accumulated results		35,572	22,730
Total equity	26, 1(g)(ii)	35,572	22,730
Current liabilities		11,751	1,389
Non-current liabilities		49,234	–
Current assets		47,323	24,119
Non-current assets		49,234	–

The above schedule should be read in conjunction with the accompanying notes.

Schedule of administered cash flows

for the year ended 30 June 2001

14

	Notes	2001 \$'000	2000 \$'000
OPERATING ACTIVITIES			
Cash received –			
Corporations Law fees & charges		347,739	354,068
Banking Act unclaimed monies		28,264	–
Total cash received		376,003	354,068
Cash used			
Cash to official Commonwealth Public Account	27 (a)		
Corporations Law fees & charges		347,633	360,975
Banking Act unclaimed monies		24,716	–
Total cash used		372,349	360,975
Net cash from (used in) operating activities	27	3,654	(6,907)
<i>Net increase (decrease) in cash held</i>		3,654	(6,907)
Cash at the beginning of the reporting period		1,134	8,041
Cash at the end of the reporting period	24 (a)	4,788	1,134

The above schedule should be read in conjunction with the accompanying notes.

Schedule of administered commitments

as at 30 June 2001

There were no administered commitments as at 30 June 2001 (2000 nil)

Schedule of administered contingencies

as at 30 June 2001

There were no administered contingencies as at 30 June 2001 (2000 nil)

The above schedules should be read in conjunction with the accompanying notes.

Note Description

1. Summary of accounting policies
2. Reporting by segments and outcomes
3. Economic dependency
4. Revenues from Government
5. Revenue from independent sources
6. Goods and services expenses
7. Borrowing cost expenses
8. Financial assets
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10. Debt
11. Provisions
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16. Remuneration of Commissioners and Executive officers
17. Trust monies
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26. Administered equity
27. Administered cash flow reconciliation
28. Administered - Auditors remuneration
29. Administered financial instruments
30. Appropriations

1. Summary of accounting policies

(a) Objectives of ASIC

The Australian Securities and Investments Commission (ASIC) is an independent Commonwealth government body set up by the *Australian Securities and Investments Commission Act 1989* (ASIC Act) to administer the Corporations Law throughout Australia.

ASIC's objective is to promote the confident and informed participation of investors and consumers in the financial system.

ASIC collects and administers revenue under the *Corporations Law* and prescribed fees set by the *Corporations (Fees) Regulations*.

(b) Basis of accounting

The financial statements and schedules are required by clause 1(b) of Schedule 1 to the *Commonwealth Authorities and Companies Act 1997* and section 49 of the *Financial Management and Accountability Act 1997* and are a general purpose financial report.

The statements and schedules have been prepared in accordance with:

- Schedule 1 to Orders made by the Finance Minister for the preparation of Financial Statements in relation to financial years ending on or after 30 June 2001;
- Australian Accounting Standards and Accounting Interpretations issued by Australian Accounting Standards Boards;
- other authoritative pronouncements of the Boards; and
- Consensus Views of the Urgent Issues Group.

The statements and schedules have been prepared having regard to:

- Statements of Accounting Concepts;
- the Explanatory Notes to Schedule 1 issued by the Department of Finance and Administration; and
- Guidance Notes issued by that Department.

The financial statements and schedules for ASIC and Administered items have been incorporated into a combined financial statement and schedule which has been prepared on an accruals basis which is in accordance with the historical cost convention, except for certain assets which, as noted, are at valuation. Except where stated, no allowance is made for the effect of changing prices on the results or the financial position of ASIC or Administered items.

Assets and liabilities are recognised in the Statement of Financial Position when and only when it is probable that future economic benefits will flow and the amounts of the assets or liabilities can be reliably measured. Assets and liabilities arising under agreements equally proportionately unperformed are however not recognised unless required by an Accounting Standard. Liabilities and assets, which are unrecognised are reported in the Schedule of Commitments and the Schedule of Contingencies.

Revenues and expenses are recognised in the Statement of Financial Performance when and only when the flow or consumption or loss of economic benefits has occurred and can be reliably measured.

(c) Administered items

ASIC collects and administers revenue under the *Corporations Law* and prescribed fees set by the *Corporations (Fees) Regulations*. The revenues from these fees are not available to ASIC and are remitted to the Commonwealth's Official Public Account. Transactions and balances relating to these fees are reported as Administered Items.

The Schedules of Administered Revenues and Expenses, Assets and Liabilities, and Cash Flows are prepared on the same basis and using the same policies as for ASIC items, except where otherwise stated at Note 1 (g).

Administered items are distinguished in the Administered schedules and notes by shading.

From 1 July 2001, ASIC will collect all administered revenue under the *Corporations Act 2001*.

(d) Changes in Accounting Policy

Changes in accounting policy have been identified in this note under their appropriate headings.

(e) Reporting by Outcomes

A comparison of Budget and Actual figures by outcome specified in the Appropriation Acts relevant to ASIC is presented in Note 2.

(f) Appropriations

Revenues from Government – Output Appropriations

Parliament appropriates moneys to ASIC as revenue appropriations. Appropriations for outputs are recognised as revenue to the extent they have been received into ASIC's bank account or are entitled to be received by ASIC at year end. Revenues from Government are disclosed in the Statement of Financial Performance.

Resources Received Free of Charge

Services received free of charge are recognised as revenue when and only when a fair value can be reliably determined and the services would have been purchased if they had not been donated. Use of those resources is recognised as an expense. Resources received free of charge are combined with the revenues from Government for the purposes of presentation.

Going Concern

ASIC is a statutory body and prepares its accounts on a going concern basis, which assumes that it is able to extinguish its liabilities as they arise through the normal level of appropriations it receives from

Government and where necessary by seeking an advance from future appropriations or a capital injection.

(g) Other Revenue

Operating revenue from independent sources is mainly comprised of bank interest, business names receipts relating to the administering of the business names register, recoveries of legal costs and prosecution disbursements.

Revenue from the sale of goods and services is recognised upon the delivery of goods and services to customers.

Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets.

Revenue from the disposal of non-current assets is recognised when control of the asset has passed to the buyer.

Other revenue is disclosed in the Statement of Financial Performance.

Administered revenue

(i) Definition

Revenues and related assets are considered to arise when the Government, through the application of legislation by ASIC, gains control of the future economic benefits that flow from prescribed fees and other statutory charges.

Administered revenues are disclosed in the Schedule of Administered Revenues and Expenses.

(ii) Recognition

The revenues of the Commonwealth, when administered by ASIC, are recognised on an accruals basis when the following conditions apply:

- the client or the client group can be identified in a reliable manner;
- an amount of prescribed fee or other statutory charge is payable by the client or client group under legislative provisions; and
- the amount of the prescribed fee or other statutory charge payable by the client or the client group can be reliably measured, and it is probable that the amount will be collected.

Statutory Revenue arising from services rendered by ASIC under the *Corporations Law* is collected and deposited in the Commonwealth Public Account (CPA) on behalf of the Commonwealth.

Statutory revenue comprises fees for the lodgement of annual returns and other prescribed fees and voluntary enquiries from clients for microfiche, certificates and document images.

ASIC also determines a reliable estimate of amounts payable by existing clients who have been identified as not having remitted or not lodged an annual return.

(h) Employee entitlements

Leave

The liability for employee entitlements includes a provision for annual leave and long service leave. Accrued employer superannuation contributions in respect of those accrued leave entitlements are also included for the first time in 2000 – 2001. No provision has been made for sick leave as all sick leave is non-vesting and the average sick leave taken in future years by employees of ASIC is estimated to be less than the annual entitlement for sick leave.

The liability for annual leave reflects the value of total annual leave

entitlements of all employees at 30 June 2001 and is recognised at its nominal amount.

The non-current portion of the liability for long service leave is recognised and measured at the present value of the estimated future cash flows to be made in respect of all employees at 30 June 2001. In determining the present value of the liability, attrition rates and pay increases through promotion and inflation have been taken into account.

Separation and redundancy

Provision is also made for separation and redundancy payments in cases where positions have been formally identified as excess to requirements, the existence of an excess has been publicly communicated, and a reliable estimate of the amount payable can be determined.

Superannuation

The majority of employees contribute to the Commonwealth Superannuation Scheme and the Public Sector Superannuation Scheme. There are also a small number of employees covered under state government and private superannuation schemes. The majority of these employees were employed by the various state governments and were transferred to ASIC at its inception in 1989.

Details of Superannuation payments are disclosed in note 6 (a).

(i) Leases

No finance leases existed during the financial year. All leased assets have been classified as operating leases as all the risks and benefits incidental to the ownership of the leased assets substantially remain with the lessor.

Operating lease payments are charged to expense on a basis which is representative of the pattern of benefits derived from the leased assets. The net present value of future net outlays in respect of surplus space under non-cancellable lease agreements is expensed in the period in which the space becomes surplus.

Cash lease incentives are recognised as a liability and are reduced by allocating lease payments between rental expense in the Statement of Financial Performance and the deferred lease incentive liability over the term of the lease.

Lease incentives taking the form of rent free holidays are recognised as a liability. This liability is reduced by allocating lease payments between rental expense and reduction of the liability.

(j) Cash

For the purpose of the Statements of Cash Flows for both ASIC and Administered items, cash includes deposits held at call with a bank.

(k) Taxation

ASIC is exempt from all forms of taxation with the exception of debits tax, fringe benefits tax and the goods and services tax (GST).

Administered items are exempt from all forms of taxation.

(l) Acquisition of Assets

Assets are recorded at cost on acquisition except as stated below. The cost of acquisition includes the fair value of assets transferred in exchange and liabilities undertaken. Assets acquired at no cost, or for nominal consideration, are initially recognised as assets and revenues at their fair value at the date of acquisition.

(m) Property, plant and equipment

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. The \$2,000 threshold was selected because it facilitates efficient asset management and recording without materially affecting asset values recognised. Property, plant and equipment acquired free or for a nominal charge is recognised initially at fair value.

Revaluations

Buildings, plant and equipment are revalued progressively in accordance with the 'deprival' method of valuation in successive 3-year cycles, so that no asset has a value greater than three years old.

Revaluations have been implemented as follows:

- leasehold improvements were revalued progressively during the 2000 – 2001 financial year;
- plant and equipment assets were revalued in full during the 1998-1999 financial year.

Assets in each class acquired after the commencement of the revaluation cycle are reported at cost and are not captured by the progressive revaluation then in progress.

Any assets which would not be replaced or are surplus to requirements are valued at net realisable value. At 30 June 2001, ASIC had no assets in this situation.

All valuations are independently performed by the Australian Valuation Office.

Recoverable amount test

Schedule 1 requires the application of the recoverable amount test to ASIC's non-current assets in accordance with AAS 10 *Recoverable Amount of Non-Current Assets*. The carrying amounts of these non-current assets have been reviewed to determine whether they are in excess of their recoverable amounts. If an excess exists as at the reporting date, the asset is written down to its recoverable amount immediately. In assessing recoverable amounts, the relevant cash flows, including the expected cash inflows from future appropriations by the Parliament, have been discounted to their present value.

(n) Depreciation and amortisation

Depreciable property, plant and equipment assets are written off to their estimated residual values over their estimated useful lives to ASIC using, in all cases, the straight line method of depreciation. Leasehold improvements are amortised on a straight line basis over the lesser of the estimated useful life of the improvements or the unexpired period of the lease.

Depreciation/amortisation rates (useful lives) and methods are reviewed at each balance date and necessary adjustments are recognised in the current, or current and future reporting periods, as appropriate.

Depreciation and amortisation rates applying to each class of depreciable asset are based on the following useful lives:

	2001	2000
Leasehold improvements	Lease term	Lease term
Plant and equipment	2 to 10 years	5 to 10 years

The aggregate amount of depreciation allocated for each class of asset during the reporting period is disclosed in Note 6 (c).

(o) Intangible Assets – computer software

Purchased Software

Purchased software is included in non-financial assets, and is classified under Intangibles. Where substantial installation/implementation costs are incurred and can be reliably measured, these costs are added to the purchase price to arrive at the initial value, otherwise purchase price is used.

Internally developed software

Internally developed business systems and enhancements are measured at cost and these costs are held as software under development until the system or component is released to production, at which time it becomes internally developed software and is recorded as an intangible asset.

The carrying amount of each non-current intangible asset is reviewed to determine whether it is in excess of the asset's recoverable amount. If an excess exists as at the reporting date, the asset is written down to its recoverable amount immediately. In assessing recoverable amounts, the relevant cash flows, including the expected cash inflows from future appropriations by the Parliament, have been discounted to their present value.

No write-down to recoverable amounts has been made in 2000 – 2001.

Intangible assets are amortised on a straight line basis over their anticipated useful lives.

Useful lives are:

	2001	2000
Computer software	3 to 5 years	3 to 5 years

Any enhancements to an existing asset are depreciated over the remaining life of the asset.

(p) Receivables

ASIC receivables comprise amounts expected to be received from operating revenue. A provision for doubtful debts is not considered necessary.

Administered debts deemed uncollectable are written off against a provision for doubtful debts. A provision is raised where some doubt as to its collection exists.

(q) Unclaimed moneys – Administered items

On 1 July 2000 ASIC assumed responsibility for the administration of unclaimed moneys from banking and deposit taking institutions.

Moneys from bank and deposit taking institution accounts inactive for seven years are transferred to the Commonwealth. These unclaimed moneys are deposited in the Consolidated Revenue Fund and are recognised as administered revenue. A provision representing the expected recovery of these moneys less refunds paid, based on an analysis of historical transactions, is recognized in the administered schedules.

(r) Expenditure of Boards, Panel and Tribunal

Pursuant to Sections 171, 202 and 224 of the Australian Securities and Investments Commission Act 1989, and the Superannuation (Resolution of Complaints) Act 1993, ASIC is required to support various boards, panel and tribunal to promote activities which enable ASIC to attain its aims. Employee and administrative expenditure incurred on behalf of these boards, panel and tribunal are included in the Statement of Financial Performance of ASIC (Note 18).

(s) Rounding

Amounts are rounded off to the nearest \$1,000 except in relation to:

- remuneration of Commissioners;
- remuneration of executive officers;
- remuneration of auditors;
- administered fee write off and waivers; and
- administered act of grace payments.

(t) Comparative figures

Where necessary, comparative figures have been adjusted to conform with changes in presentation in these financial statements.

(u) Financial instruments

Accounting policies in relation to financial instruments are disclosed in Notes 21 and 29.

(v) Insurance

ASIC has insured for certain risks through the Government's insurable risk managed fund, COMCOVER. Workers compensation is insured through COMCARE Australia.

2. Reporting by segments and outcomes

ASIC's aim is to protect the interests of companies and investors by providing information about companies, helping businesses to interpret the law, and taking action against offenders. ASIC operates in a single industry and has offices in each state and territory in Australia.

ASIC is structured to meet one outcome: A fair and efficient market characterised by integrity and transparency and supporting confident and informed participation of investors and consumers.

Outcomes for 2000 – 2001 – net cost to Government

	Outcome	
	Budget	Actual
	\$'000	\$'000
Total administered expenses (a)	23,025	18,617
Add: cost of entity outputs (a)	139,022	143,332
Cost of outcome before extraordinary items (a)	162,047	161,949
Extraordinary items	–	–
Cost to Budget Outcome (a)	162,047	161,949
Outcome specific assets (b)	91,574	133,780
Assets that are not outcome specific	–	–

(a) To comply with Schedule 1 to the Orders made by the Finance Minister for the preparation of Financial Statements, ASIC is required in the above Table to add administered expenses with cost of entity outputs to derive the cost of outcome before extraordinary items. This derived amount is not particularly meaningful in the context of ASIC's accounts as it combines administered and agency monies.

In reality, administered expenses represent revenue foregone to the Commonwealth as a result of refunds and waivers and write offs of fees and charges owing to the Commonwealth (not ASIC) under the *Corporations Law* and are detailed in the Schedule of Administered Revenues and Expenses.

ASIC collects revenue on behalf of the Commonwealth under the Corporations Law.

The cost of entity outputs on the other hand represents the expenses incurred by ASIC less the revenue earned by ASIC from other sources – each of these amounts is detailed in the Statement of Financial Performance.

(b) Total assets and net assets deployed are shown on ASIC's Statement of Financial Position and Schedule of Administered Assets and Liabilities.

3. Economic dependency

ASIC is controlled by the Government of the Commonwealth of Australia.

Accordingly, ASIC is dependent on appropriations from the Commonwealth Parliament for its continued existence and ability to carry out its normal activities and functions under the Corporations Law.

4. Revenues from Government

Revenue from Government	2001 \$'000	2000 \$'000
Appropriations	131,465	132,381
Services received free of charge	156	190
Total	131,621	132,571

5. Revenue from independent sources

(a) Sale of goods and services

Services	1,914	2,050
Cost of services sold	1,386	1,424

(b) Bank interest	1,908	1,889
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(c) Proceeds from sale of assets

Non-financial assets		
Plant & equipment	23	212

(d) Other revenue

Cost recoveries (i)	575	796
Other (ii)	3,497	2,895
Major cost recovery upon litigation settlement (iii)	4,663	–
Total other revenue	8,735	3,691

(i) ASIC has been a litigant in courts. The amounts paid by ASIC for court costs, investigations, professional fees, legal costs and prosecution disbursements are recovered where possible.

(ii) This item is comprised of:

Rent	2,010	1,395
Contribution to Superannuation Complaints Tribunal and Corporations and Securities Panel from the interest accumulated in the Companies Unclaimed Monies Account.	–	1,031
Other, including seminars, royalties and witness cost recoveries	1,487	469
Total	3,497	2,895

	2001 \$'000	2000 \$'000
(iii) Major cost recovery upon litigation settlement	4,663	–

This was the result of a once-off settlement of a major piece of litigation upon the basis that ASIC's costs would be paid in full.

6. Operating Expenses – goods and services

(a) Employee expenses

Basic remuneration for services provided	81,870	82,435
Redundancy and retirement expenses	1,181	1,352
Total employee expenses	83,051	83,787

Redundancy expenses are calculated on the basis of two weeks pay for every year of service by employees made redundant, up to a maximum of 48 weeks.

Employer contributions to superannuation amounting to **\$7,667,817** (1999 – 2000: \$8,116,164) have been expensed in these financial statements and are included in basic remuneration for services provided. The reduction in employer contributions resulted from an independent actuarial review of contribution rates performed during the year.

Contributions to superannuation schemes are at rates calculated to cover existing and emerging obligations.

Employer Superannuation Productivity Benefit contributions totalled **\$1,200,198** (1999 – 2000: \$1,165,005).

(b) Suppliers expenses

Supply of goods and services	36,065	35,723
Operating lease rentals	14,389	14,748
Total suppliers expenses	50,454	50,471

(c) Depreciation and amortisation

Depreciation of building on freehold land	–	3
Depreciation of plant & equipment	5,662	4,833
Amortisation of leasehold improvements	1,250	1,519
Amortisation of intangible assets – computer software	2,567	1,883
Total depreciation and amortisation	9,479	8,238

In accordance with the depreciation and amortisation policy stated at Note 1(n), a review of depreciation / amortisation rates (useful lives) and methods was undertaken. Based on this review, the useful lives of desktop computers were reduced from 5 to 3 years and laptop computers from 5 to 2 years.

The cumulative financial effect of this as at 30 June 2001 was an increase of \$1,547,482 in depreciation of plant & equipment.

	2001 \$'000	2000 \$'000
(d) Write down of non-financial assets		
Plant and equipment – write-off	270	101
(e) Disposal of non-financial assets		
Non-financial assets - Plant & equipment:		
Revenue (proceeds) from sale	(23)	(212)
Expense (written down value of items disposed) from sale	78	358
	55	146

Proceeds from the sale of assets are also disclosed in Note 5 (c).

7. Borrowing Cost Expenses

Interest on loan from future parliamentary appropriations.	–	230
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8. Financial assets

(a) Cash

Cash at bank and on hand	3,667	6,423
Deposits at call	8,610	2,135
	12,277	8,558

Balance of cash as at 30 June shown in the Statement of Cash Flows	12,277	8,558
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(b) Receivables

Trade debtors	1,377	2,627
GST receivable	592	68
	1,969	2,695

Receivables (gross) are aged as follows:

– less than 30 days	1,334	2,621
– 30 to 60 days	223	60
– 60 to 90 days	143	14
– more than 90 days	269	–
Total receivables (gross)	1,969	2,695

	2001 \$'000	2000 \$'000
9. Non-financial assets		
(a) Land and buildings		
Leasehold improvements – at cost	975	3,593
Accumulated amortisation	(115)	(417)
	860	3,176
Leasehold improvements – at valuation 2001 (i) (note 9 (e))	16,737	–
Leasehold improvements – at valuation 1998 (note 9 (e))	–	8,942
Accumulated amortisation	(9,692)	(6,303)
	7,045	2,639
Total land and buildings (note 9 (d))	7,905	5,815
(i) The revaluation of the Leasehold Improvements was performed on 30 June 2001 in accordance with the progressive revaluation policy stated at Note 1(m) by an independent valuer from the Australian Valuation Office (Simon B. O'Leary AAPI MSAA).		
(b) Plant and equipment		
Plant and equipment – at cost	15,463	13,605
Less accumulated depreciation	(7,976)	(3,906)
	7,487	9,699
Plant and equipment – at valuation 1999 (note 9 (e))	16,722	19,787
Less accumulated depreciation (note 9 (e))	(15,420)	(16,782)
	1,302	3,005
Total plant and equipment (note 9 (d))	8,789	12,704
(c) Intangible assets – computer software		
Computer software – internally developed – in progress (note 9 (f))	730	1,265
Computer software (note 9 (d))	11,017	8,971
Accumulated amortisation (note 9 (d))	(6,380)	(3,813)
Total intangibles	5,367	6,423

(d) Movement summary 2000 – 2001 for all buildings, plant & equipment and intangible assets irrespective of valuation basis

Item	Buildings	Plant & Equipment	Computer software-intangibles	Total
	\$'000	\$'000	\$'000	\$'000
Gross value as at 1 July 2000	8,221	33,392	10,236	51,849
Additions: – Purchase of assets	990	2,011	1,511	4,512
Revaluations: write-ups/(write-downs)	2,434	–	–	2,434
Write-offs	(148)	(2,141)	–	(2,289)
Disposals	–	(1,077)	–	(1,077)
Other movements (i)	6,215	–	–	6,215
Gross value as at 30 June 2001	17,712	32,185	11,747	61,644
Accumulated depreciation / amortisation as at 1 July 2000	2,406	20,688	3,813	26,907
Disposals	–	(999)	–	(999)
Depreciation / amortisation charge for the year	1,250	5,662	2,567	9,479
Write-offs	(64)	(1,955)	–	(2,019)
Other movements (i)	6,215	–	–	6,215
Accumulated depreciation / amortisation as at 30 June 2001	9,807	23,396	6,380	39,583
Net book value as at 30 June 2001	7,905	8,789	5,367	22,061
Net book value as at 1 July 2000	5,815	12,704	6,423	24,942

(i) The Leasehold Improvements were revalued on 30 June 2001 at current replacement cost. In order to reflect the current replacement cost, adjustments have been made to the gross values and related accumulated depreciation.

(e) Summary of balances of buildings, plant & equipment and intangible assets at valuation as at 30 June 2001

As at 30 June 2001				
Gross value	16,737	16,722	–	33,459
Accumulated Depreciation / Amortisation	9,692	15,420	–	25,112
Net book value	7,045	1,302	–	8,347
As at 30 June 2000				
Gross value	8,942	19,787	–	28,729
Accumulated Depreciation / Amortisation	6,303	16,782	–	23,085
Net book value	2,639	3,005	–	5,644

(f) Summary of intangible assets under construction as at 30 June 2001

Item	Computer software – intangibles	Total
	\$'000	\$'000
As at 30 June 2001		
Gross value	730	730
Accumulated Depreciation / Amortisation	–	–
Net book value	730	730
As at 30 June 2000		
Gross value	1,265	1,265
Accumulated Depreciation / Amortisation	–	–
Net book value	1,265	1,265

(g) Other non-financial assets

	2001 \$'000	2000 \$'000
Other prepayments	916	980
Total other non-financial assets	916	980

10. Debt

(a) Interest bearing liabilities – Loan

Loan from future parliamentary appropriations	–	2,772
Maturity schedule for loan:		
Payable: – within one year	–	2,772
Total loan	–	2,772

(b) Non interest bearing liabilities – Other debt

Property lease incentives (i)	4,235	4,529
The property lease incentive liability is repayable as follows:		
within one year	756	1,060
within one to two years	679	617
within two to five years	2,056	1,379
more than five years	744	1,473
	4,235	4,529
Property sub-lease (surplus space) (ii)	458	1,250
The net liability in respect of future payments for surplus space on non-cancellable leases is as follows:		
within one year	391	802
within one to two years	67	375
within two to five years	–	73
	458	1,250
Total leases	4,693	5,779

(i) Total property lease incentives represent deferred rental expenditure accrued as at 30 June 2001. The payment of these amounts will be made over the life of the leases, commencing after the expiry of the rent deferral periods.

(ii) The surplus space on non-cancellable leases has been recognised as a liability and an expense. The above amounts for operating lease rentals include the total expected outlay relating to surplus space as specified in the leases and are determined net of probable sub-lease revenue.

	2001	2000
	\$'000	\$'000
11. Provisions		
Employee Entitlement Provisions		
Salaries and wages	4,421	2,396
Provision for Leave	20,815	19,840
Superannuation	1,097	1,397
Aggregate employee entitlement liability	26,333	23,633

Employer contributions to superannuation for accrued annual leave and accrued long service leave were recognised for the first time in 2000 – 2001. The cumulative financial effect of this as at 30 June 2001 was an increase of \$607,295 in long service leave and annual leave liabilities.

12. Payables

(a) Supplier payables

Trade creditors	3,863	5,860
GST payable	87	3
	3,950	5,863

(b) Interest payable

Interest payable on loan from future parliamentary appropriations	–	222
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(c) Prepayments received

Revenue received in advance	63	25
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13. Equity

Item	Accumulated results		Asset revaluation reserve		TOTAL EQUITY	
	2001 \$'000	2000 \$'000	2001 \$'000	2000 \$'000	2001 \$'000	2000 \$'000
Balance 1 July 2000	(1,444)	1,328	325	325	(1,119)	1,653
Operating result	869	(2,772)	–	–	869	(2,772)
Net revaluation increase (a)	–	–	2,434	–	2,434	–
Balance 30 June 2001	(575)	(1,444)	2,759	325	2,184	(1,119)

	2001 \$'000	2000 \$'000
(a) The net revaluation increase in the asset revaluation reserve comprises:		
revaluation increment – leasehold improvements (refer to note 1 (m)).	2,434	–

14. Cash flow reconciliation

Reconciliation of Net operating surplus (deficit) to net cash provided by operating activities

Operating surplus / (deficit)	869	(2,772)
Depreciation and amortisation of property, plant & equipment and intangibles	9,479	8,238
Net loss on disposal of property, plant and equipment	55	146
Write down of property, plant and equipment assets	270	1,252
Internally developed software	–	(1,577)
Changes in assets and liabilities		
Increase/(decrease) in employee provisions	2,700	2,231
Decrease/(increase) in other assets	64	747
Decrease/(increase) in receivables	726	(1,143)
(Decrease)/increase in liability to suppliers	(1,913)	4,604
(Decrease)/increase in other payables	(222)	(164)
(Decrease)/increase in non interest bearing liabilities	(1,086)	(1,911)
Increase / (decrease) in other liabilities	38	(405)
Net cash provided by operating activities	10,980	9,246

15. Related parties

The Commissioners of ASIC during the year were:

D.W. Knott (Chairman from 18 November 2000, Deputy Chairman up to 17 November 2000)

J. S. Segal (Deputy Chairman from 18 November 2000, Commissioner up to 17 November 2000)

I. A. Johnston (Acting Commissioner from 29 April 2001)

A. J. Cameron (Chairman up to 17 November 2000)

The aggregate remuneration of Commissioners is disclosed in note 16(a).

There were no loans made to Commissioners or Commissioner related entities during the reporting period.

There were no other transactions with Commissioners or Commissioner related entities during the reporting period.

There were no transactions with other related parties during the reporting period.

16. Remuneration of Commissioners and Executive Officers

	2001 \$	2000 \$
(a) Remuneration of Commissioners		
Aggregate amount of superannuation payments in connection with the retirement of Commissioners	53,559	66,250
Other remuneration received or due and receivable by Commissioners	939,654	765,662
Total remuneration received or due and receivable by Commissioners	993,213	831,912

The basis for the calculation of Commissioners' remuneration has changed this year from cash to accruals, in line with Urgent Issues Group (UIG) Abstract 14 'Directors' Remuneration'. For the first time, remuneration is determined on the basis of the cost to the entity. The effect is to increase the reported figures relative to the previous year by leave credits accrued, but not used, in the financial year.

The number of Commissioners included in these figures is shown below in the relevant remuneration bands.

	2001 Commissioners	2000 Commissioners
\$170,001 – \$180,000	1*	–
\$210,001 – \$220,000	1	–
\$250,001 – \$260,000	–	1
\$270,001 – \$280,000	–	1
\$280,001 – \$290,000	1	–
\$290,001 – \$300,000	–	1
\$310,001 – \$320,000	1	–
* includes redundancy / retirement payment	4	3

As a consequence of adopting Urgent Issues Group (UIG) Abstract 14 'Directors' Remuneration', apparent increases in remuneration contained in the above bands may result from the inclusion of leave accrued but not taken and should not be assumed to reflect an increase in the agreed remuneration package of the Commissioners.

(b) Remuneration of Executive Officers

	2001 \$	2000 \$
The aggregate amount of total remuneration of officers shown below is:	5,645,429	5,166,683
The number of officers who received or were due to receive total remuneration of \$100,000 or more in the relevant income bands is shown below:	Executives	Executives
\$100,001 – \$110,000	–	3
\$110,001 – \$120,000	1	–
\$120,001 – \$130,000	5*	2*
\$130,001 – \$140,000	3	10
\$140,001 – \$150,000	6*	7*
\$150,001 – \$160,000	2	2
\$160,001 – \$170,000	3	2
\$170,001 – \$180,000	5	3
\$180,001 – \$190,000	4	3*
\$200,001 – \$210,000	1	1
\$210,001 – \$220,000	2*	–
\$270,001 – \$280,000	1*	–
\$280,001 – \$290,000	1*	–
\$310,001 – \$320,000	–	1
* includes redundancy / retirement payment	34	34

As a consequence of adopting Urgent Issues Group (UIG) Abstract 14 'Directors' Remuneration', apparent increases in remuneration contained in the above bands may result from the inclusion of leave accrued but not taken and should not be assumed to reflect an increase in the agreed remuneration package of the executive officers.

The executive remuneration includes all Executive Officers concerned with or taking part in the management of ASIC during 2000 – 2001 except for the Commissioners. Details in relation to Commissioners have been incorporated into Note 16 (a) – Remuneration of Commissioners.

17. Trust monies

ASIC has established a number of trust accounts. Monies received are placed in special bank accounts and expended in accordance with the *Corporations Law* and the *Life Insurance Act 1995*. These monies are generally not available for other purposes of ASIC and are not recognised in the financial statements or schedules.

	2001 \$'000	2000 \$'000
Section 462 Companies Code receipts (represented by cash at bank)		
Opening balance	98	194
Receipts	91	160
Interest received	2	3
Disbursements	(37)	(259)
Closing balance	154	98
Security Deposits under s786(2)(d) (Dealers & investment advisers)		
Cash (at bank)	140	160
Interest bearing deposits (at bank)	940	1,180
Inscribed stock	120	120
Insurance bonds	20	40
Bank guarantees	40,472	38,900
Total	41,692	40,400
Security Deposits under s1284(1) (Liquidators)		
Insurance bonds	5,650	8,400
Bank guarantees	500	250
Total	6,150	8,650
Life Insurance Unclaimed Monies Account s216 Life Insurance Act 1995		
Opening balance	419	414
Appropriation	1,500	1,500
Interest	17	28
Disbursements	(1,878)	(1,521)
Bank Charges	(2)	(2)
Closing balance	56	419
Total Funds transferred to Consolidated Revenue in accordance with s216(3)	5,006	4,112

	2001 \$'000	2000 \$'000
Trust monies held under s1323 of the Corporations Law		
Opening balance	–	6,644
Receipts	–	–
Interest received	–	191
Disbursements	–	(6,835)
Closing balance	–	–
Settlements monies held pending the outcome of legal proceedings (represented by cash at bank)		
Opening balance	3,986	3,058
Receipts	10,859	11,615
Interest received	238	145
Disbursements	(8,802)	(10,832)
Closing balance	6,281	3,986
Companies Unclaimed Monies Account (Part 9.7) (represented by cash at bank)		
Opening balance	24,769	25,328
Receipts	3,171	3,054
Interest received	1,333	1,254
Disbursements	(657)	(1,152)
Bank Charges	(3)	(4)
Special Purpose	–	(2,556)
Management costs recovered by ASIC	(341)	(385)
Consolidated revenue transfer	(2,342)	(770)
Closing balance	25,930	24,769

18. Expenditure relating to Statutory Boards, Panel and Tribunal

Pursuant to Sections 171, 202 and 224 of the *Australian Securities and Investments Commission (ASIC) Act 1989*, ASIC is required to support statutory boards and a panel to promote activities which assist ASIC to attain its aims.

Corporations and Securities Panel (CSP) – budgetary control over the CSP was transferred to the Treasury from 2 February 2000.	–	538
Companies Auditors and Liquidators Disciplinary Board (CALDB)	439	493
Australian Accounting Standards Board (AASB)	1,500	1,414
Superannuation Complaints Tribunal	2,691	2,007

The Superannuation Complaints Tribunal (SCT) is an independent body with distinct responsibilities as set out under the Superannuation (Resolution of Complaints) Act 1993 but operates under the budgetary umbrella of ASIC as from 1 July 1998.

Employee and administrative expenditure incurred on behalf of these boards, panel and tribunal are included in the Statement of Financial Performance of ASIC.

19. Auditors remuneration

	2001	2000
	\$	\$
Remuneration to the Auditor-General for auditing the financial statements of ASIC in respect of the reporting period.	115,000	113,000

20. Assets of deregistered companies vesting in ASIC

During the financial year section 601AD of the Corporations Law provided that, on deregistration of a company, all of the company's property vested in ASIC. ASIC adopts a passive approach to administering vested property and accounts for those assets as if it were a trustee.

ASIC generally only deals with vested property once an application is made by a third party for ASIC to exercise its powers under section 601AE of the Corporations Act 2001 (previously, and during the financial year, section 601AE of the Corporations Law). ASIC therefore does not consider it to be appropriate that the value of any identified property vesting be recorded, or disclosed, in these financial statements.

Assets vesting in ASIC include the following categories: Land & Buildings, Property Plant & Equipment, Intangibles, Investments and Shares.

21. Financial instruments

(a) Terms, conditions and accounting policies

Financial instrument	Notes	Accounting policies and methods (including recognition criteria and measurement basis)	Nature of underlying instrument (including significant terms & conditions affecting the amount, timing and certainty of cash flows)
Financial assets		Financial assets are recognised when control over future economic benefits is established and the amount of the benefit can be reliably measured.	
Deposits at call	8 (a)	Deposits are recognised at their nominal amounts. Interest is credited to revenue as it accrues.	Temporarily surplus funds, mainly from monthly drawdowns of appropriation, are placed on deposit at call with ASIC's banker. Interest is earned on the daily balance at the prevailing daily rate for money on call and is paid at month end.
Receivables (goods and services)	8 (b)	These receivables are recognised at the nominal amounts due less any provision for bad and doubtful debts. Provisions are made when collection of the debt is judged to be less rather than more likely.	Credit terms are net 14 days (1999 – 2000: 14 days).
Financial liabilities		Financial liabilities are recognised when a present obligation to another party is entered into and the amount of the liability can be reliably measured.	
Lease incentives	10 (b)	The lease incentive is recognised as a liability on receipt of the incentive. The amount of the liability is reduced on a straight-line basis over the life of the lease by allocating lease payments between rental expense and reduction of the liability.	
Trade creditors	12 (a)	Creditors and accruals are recognised at their nominal amounts, being the amounts at which the liabilities will be settled. Liabilities are recognised to the extent that the goods or services have been received.	Settlement is usually made net 30 days.

21. Financial instruments (cont.)

(b) Interest rate risk

Financial instrument	Notes	Floating interest rate		Fixed interest rate						Non-interest bearing		Total		Weighted Average Effective Interest Rate	
				1 year or less		1 to 2 years		> 2 years							
		2001 \$'000	2000 \$'000	2001 \$'000	2000 \$'000	2001 \$'000	2000 \$'000	2001 \$'000	2000 \$'000	2001 \$'000	2000 \$'000	2001 \$'000	2000 \$'000	2001 %	2000 %
Financial assets (recognised)															
Cash at bank	8 (a)	3,598	6,354	-	-	-	-	-	-	-	-	3,598	6,354	4.9	4.4
Cash on hand	8 (a)	-	-	-	-	-	-	-	-	69	69	69	69	n/a	n/a
Deposits at call	8 (a)	8,610	2,135	-	-	-	-	-	-	-	-	8,610	2,135	6.0	5.7
Receivables for goods and services	8 (b)	-	-	-	-	-	-	-	-	1,969	2,695	1,969	2,695	n/a	n/a
Total financial assets (recognised)		12,208	8,489	-	-	-	-	-	-	2,038	2,764	14,246	11,253		
Total assets												37,223	37,175		
Financial liabilities (recognised)															
Non-bank loans	10 (a)	-	-	-	2,772	-	-	-	-	-	-	-	2,772	n/a	8.0
Leases	10 (b)	-	-	-	-	-	-	-	-	4,693	5,779	4,693	5,779	n/a	n/a
Trade creditors	12 (a)	-	-	-	-	-	-	-	-	3,950	5,863	3,950	5,863	n/a	n/a
Other creditors	12 (b),(c)	-	-	-	-	-	-	-	-	63	247	63	247	n/a	n/a
Total financial liabilities (recognised)		-	-	-	2,772	-	-	-	-	8,706	11,889	8,706	14,661		
Total liabilities												35,039	38,294		

21. Financial instruments (cont.)

(c) Net fair values of financial assets and liabilities

Financial assets	2001		2000	
	Total carrying amount	Aggregate net fair value	Total carrying amount	Aggregate net fair value
	\$'000	\$'000	\$'000	\$'000
Cash at bank	3,598	3,598	6,354	6,354
Cash on hand	69	69	69	69
Deposits at call	8,610	8,610	2,135	2,135
Receivables for goods and services	1,969	1,969	2,695	2,695
	14,246	14,246	11,253	11,253
Financial liabilities				
Non-bank loans	–	–	2,772	2,772
Leases	4,693	4,693	5,779	5,779
Trade creditors	3,950	3,950	5,863	5,863
Other creditors	63	63	247	247
	8,706	8,706	14,661	14,661

Financial assets

The net fair values of cash and deposits on call approximate their carrying amounts.

Financial liabilities

The net fair values of non-bank loans are approximated by their carrying amounts.

The net fair value of surplus space on non-cancellable leases has been recognised as a liability and stated at net present value of future net outlays.

The net fair values for trade and other creditors, all of which are short-term in nature, are approximated by their carrying amounts.

(d) Credit risk exposures

ASIC's maximum exposure to credit risk at reporting date in relation to each class of recognised financial assets is the carrying amount of those assets as indicated in the Statement of Financial Position.

ASIC has no significant exposures to any concentrations of credit risk.

	2001 \$'000	2000 \$'000
22. Administered revenue		
(a) Revenue from the Government		
Transfers from Official Public Account	1,300	3,300
Administered services received free of charge (b)	22	22
Special Appropriation draw down – Banking Act Unclaimed money	15,000	–
	16,322	3,322

(b) Services received free of charge

Financial statement audit services by the Auditor-General are provided free of charge to ASIC in relation to the audit of Corporations Law revenue items. The fair value of audit services provided is **\$22,000** (1999 – 2000: \$22,000).

(c) Other sources of non-taxation revenues

Corporations Law fees and charges (d)	362,596	359,536
Monies received from Banks and Deposit taking institutions (e)	24,716	–
	387,312	359,536

(d)	Note	2001 \$'000	2001 \$'000	2001 \$'000	2000 \$'000	2000 \$'000	2000 \$'000
Corporations Law fees and charges		Fines	Fees	Total	Fines	Fees	Total
Mandatory collections	(i)	29,627	303,023	332,650	23,455	306,821	330,276
Information broker fees	(ii)	–	26,437	26,437	–	26,310	26,310
Court recoveries	(ii)	1,843	–	1,843	718	–	718
Voluntary enquiries	(iii)	–	1,666	1,666	–	2,232	2,232
Total Corporations Law fees and charges		31,470	331,126	362,596	24,173	335,363	359,536

(i) Fees and charges arising from acts which are mandatory under the *Corporations Law*. Examples include lodgement of Annual Returns and other fees prescribed in Fees Regulations.

(ii) Fees and charges arising from other acts under the *Corporations Law*. Examples include Information Brokers Fees and Court recoveries relating to the Summary Prosecutions program.

(iii) Fees and charges arising from voluntary enquiries from clients. Examples include requests for Extracts, Microfiche records, Certificates and Document Images.

		2001 \$'000	2000 \$'000
(e) Other – Monies received from Banks and Deposit taking institutions.			
Monies received from banks and deposit taking institution accounts inactive for seven years, (note 1 (q)).		24,716	–
(f) Bank interest			
Bank interest from Banking Act Unclaimed Money account		174	–
23. Administered expenses			
(a) Write Down of Administered Assets – Corporations Law			
	Note		
Write off of fees and charges	(i)	2,335	2,726
Increase in provision for doubtful debts	(ii)	1,666	532
Total		4,001	3,258
Waiver of fees and charges owing	(iii)	2,968	2,770
Total write down of assets		6,969	6,028
(b) Other expenses			
Refunds paid to bank and deposit taking institution account holders (note 1 (q))		11,626	–
Audit fees		22	22
		11,648	22

(i) The number, and aggregate amount, of Commonwealth monies, written off during the financial year pursuant to section 47 of the *FMA Act 1997* is 13,088 items totalling **\$2,334,695** (1999 – 2000: 10,442 items totalling \$2,725,143).

(ii) An increase in the provision for doubtful debts over last year of **\$1,665,500** provides a calculated equivalent to 28% of debts over 90 days (1999 – 2000: 19%), totalling **\$3,399,800** (1999 – 2000: \$1,734,298). The level of the provision was re-appraised at 30 June 2001 following the introduction of a new revenue system and new debt management practices, and is considered soundly based.

(iii) The number, and aggregate amount, of amounts owing to the Commonwealth, the recovery of which was waived during the financial year pursuant to subsection 34(1) of the *FMA Act 1997* is 17,277 items totalling **\$2,967,946**. (1999 – 2000: 18,958 items totalling \$2,770,050).

	2001 \$'000	2000 \$'000
24. Administered financial assets		
(a) Cash		
Cash at bank and on hand – Corporations Law	1,241	1,134
Cash at bank – Banking Act	3,547	–
	4,788	1,134
Balance of cash as at 30 June shown in the Schedule of Administered Cash Flows	4,788	1,134
(b) Receivables		
Corporations Law		
Corporations Law fees and charges	17,898	11,931
Information brokers fees	5,130	4,818
Gross receivables	23,028	16,749
Less: provision for doubtful debts	(3,400)	(1,734)
	19,628	15,015
Banking Act		
Appropriation receivable – <i>Banking Act</i> unclaimed moneys.	60,505	–
	80,133	15,015
The total of uncollected <i>Corporations Law</i> Commonwealth revenue classified by age analysis is as follows:		
less than 30 days	7,706	6,385
30 to 60 days	845	691
61 to 90 days	2,562	698
More than 90 days	11,915	8,975
Total owing	23,028	16,749
(c) Accrued revenues		
Corporations Law		
Annual returns not yet lodged	8,727	5,977
Late fees attributable to annual returns	2,909	1,993
	11,636	7,970

	2001 \$'000	2000 \$'000
25. Administered provisions and payables		
Provisions		
<i>Corporations Law Refunds</i>	365	1,311
Payables		
Other trust monies – <i>Corporations Law</i>	115	78
Provision for unclaimed moneys repayments – <i>Banking Act</i>	60,505	–
	60,620	78
Total	60,985	1,389

26. Administered equity

Item	Accumulated results		Total Equity	
	2001 \$'000	2000 \$'000	2001 \$'000	2000 \$'000
Balance 1 July	22,730	26,897	22,730	26,897
Surplus/(Deficit)	12,842	(4,167)	12,842	(4,167)
Balance 30 June	35,572	22,730	35,572	22,730

Administered equity is held on behalf of the Commonwealth (see also Note 1(g)(ii)).

	2001 \$'000	2000 \$'000
27. Administered Cash Flow Reconciliation		
Reconciliation of net contribution to budget outcome to net cash provided by operating activities		
Net contribution to budget outcome	385,191	356,808
Cash to Commonwealth Public Account (a)	(372,349)	(360,975)
Net increase in administered assets from operations	12,842	(4,167)
Increase/(decrease) in provision for doubtful debts	1,666	532
Increase/(decrease) in other payables	59,596	(3,413)
(Increase) in receivables	(66,784)	(31)
(Increase)/decrease in accrued revenue	(3,666)	172
Net cash provided by / (used in) operating activities	3,654	(6,907)
(a)		
Cash to Commonwealth Public Account – Corporations Law	347,633	360,975
Cash to Commonwealth Public Account – Banking Act Unclaimed Monies	24,716	–
	372,349	360,975
28. Auditors remuneration – Administered items		
	2001 \$	2000 \$
Financial statement audit services by the Auditor-General are provided free of charge to ASIC in relation to the audit of Corporations Law revenue (administered) items.	22,000	22,000

29. Administered Financial Instruments

(a) Terms, conditions and accounting policies.

Financial instrument	Notes	Accounting policies and methods (including recognition criteria and measurement basis)	Nature of underlying instrument (including significant terms and conditions affecting the amount, timing and certainty of cash flows)
Financial assets		Financial assets are recognised when control over future economic benefits is established and the amount of the benefit can be reliably measured.	
Deposits at call	24 (a)	Deposits are recognised at their nominal amounts.	Monies awaiting payment to the CPA are held at call with ASIC's banker.
Receivables – Corporations Law fees outstanding.	24 (b)	These receivables are recognised at the nominal amounts due less any provision for bad and doubtful debts. Provisions are made when collection of the debt is judged to be less rather than more likely.	Credit terms are net 30 days (1999 – 2000: 30 days).
Accrued revenues	24 (c)	As for Receivables – Corporations Law fees outstanding.	As for Receivables – Corporations Law fees outstanding.
Financial liabilities		Financial liabilities are recognised when a present obligation to another party is entered into and the amount of the liability can be reliably measured.	
Refunds	25	These amounts are payable to companies that have either paid in excess of what has been assessed or as a result of waiving a late fee. Refunds are recognised at their nominal amounts, being the amounts at which the liabilities will be settled.	Refunds awaiting payment to companies are held at call with ASIC's banker.
Payable to the CPA	25	Monies held awaiting payment to the CPA for Corporations Law fees and charges. Payables to the CPA are recognised at their nominal amounts, being the amounts at which the liabilities will be settled.	Monies awaiting payment to the CPA are held at call with ASIC's banker.
Provision for unclaimed moneys repayments	25	A provision is recognised at a nominal value representing the expected recovery of these moneys less refunds already made, based on an analysis of historical transactions.	This comprises moneys which have been paid to the Commonwealth government as unclaimed moneys in accordance with section 69 of the Banking Act 1959. These moneys may be claimed by depositors or their legal representatives by applying to the deposit taking institution concerned. Interest is not paid by the Commonwealth in relation to these moneys.

(b) Interest Rate Risk : Administered

Financial instrument	Notes	Floating interest rate	Floating interest rate	Fixed interest rate		Non-interest bearing		Total	Total	Weighted Average Effective Interest Rate	Weighted Average Effective Interest Rate
		2001 \$'000	2000 \$'000	2001 \$'000	2000 \$'000	2001 \$'000	2000 \$'000	2001 \$'000	2000 \$'000	2001 %	2000 %
Financial assets (recognised)											
Deposits at call	24(a)	3,547	-	-	-	1,241	1,134	4,788	1,134	4.8	n/a
Receivables	24(b)	-	-	-	-	80,133	15,015	80,133	15,015	n/a	n/a
Accrued revenue	24(c)	-	-	-	-	11,636	7,970	11,636	7,970	n/a	n/a
Total financial assets (recognised)		3,547	-	-	-	93,010	24,119	96,557	24,119	-	-
Total assets								96,557	24,119	-	-
Financial liabilities (recognised)											
Refunds	25	-	-	-	-	365	1,311	365	1,311	n/a	n/a
Other Trust monies	25	-	-	-	-	115	78	115	78	n/a	n/a
Provision for Banking Act unclaimed Moneys repayments	25	-	-	-	-	60,505	-	60,505	-	n/a	n/a
Total financial liabilities (recognised)		-	-	-	-	60,985	1,389	60,985	1,389	-	-
Total liabilities								60,985	1,389	-	-

(c) Net fair values of administered financial assets and liabilities

Administered financial assets	2001 Total carrying amount \$'000	2001 Aggregate net fair value \$'000	2000 Total carrying amount \$'000	2000 Aggregate net fair value \$'000
Cash at bank and on hand	4,788	4,788	1,134	1,134
Fees receivable	80,133	80,133	15,015	15,015
Accrued revenue	11,636	11,636	7,970	7,970
Total financial assets	96,557	96,557	24,119	24,119
Financial liabilities (recognised)				
Refunds	365	365	1,311	1,311
Other	115	115	78	78
Provision for unclaimed moneys repayments	60,505	60,505	-	-
Total financial liabilities (recognised)	60,985	60,985	1,389	1,389

Financial assets

The net fair values of cash and deposits on call approximate their carrying amounts. Receivables are carried at assessed value, which is equal to their net fair value.

Financial liabilities

Refunds are carried at their nominal value.

(d) Administered Credit Risk Exposures

The maximum exposure to credit risk at reporting date in relation to each class of recognised financial assets is the carrying amount of those assets as indicated in the Schedule of Administered Assets and Liabilities, for the Administered accounts.

There are no significant exposures to any concentrations of credit risk in regard to the Administered accounts.

30. Appropriations

ASIC received the following appropriations during the year out of the Consolidated Revenue Fund:

	2001 \$'000	2000 \$'000
Annual Appropriation Acts Nos 1,3 – basic appropriation	131,465	132,381
Other Appropriations		
Life Insurance Unclaimed Monies Account		
s216 Life Insurance Act 1995	1,500	1,500
Appropriation – Banking Act unclaimed moneys	15,000	-

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Australian Derivatives Exchange	36
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