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# FINANCIAL STATEMENTS

# Financial Statements

FOR THE YEAR ENDED 30 JUNE 2015

Independent Auditor's Report	101	Schedule of Commitments	108
Statement by the Accountable Authority and Chief Financial Officer	103	Administered Schedule of Comprehensive Income	109
Statement of Comprehensive Income	104	Administered Schedule of Assets and Liabilities	110
Statement of Financial Position	105	Administered Reconciliation Schedule	110
Statement of Changes in Equity	106	Administered Cash Flow Statement	111
Cash Flow Statement	107	Administered Schedule of Commitments	112

## Notes to and forming part of the financial statements

Note 1: Summary of significant accounting policies	113	Note 18: Administered – Financial assets	135
Note 2: Events after the balance sheet date	119	Note 19: Administered – Payables	136
Note 3: Net cash appropriation arrangements	119	Note 20: Administered cash flow reconciliation	136
Note 4: Expenses	119	Note 21: Administered contingent liabilities	137
Note 5: Income	121	Note 22: Administered contingent assets	137
Note 6: Fair value measurement	122	Note 23: Administered financial instruments	137
Note 7: Financial assets	123	Note 24: Administered financial assets reconciliation	138
Note 8: Non-financial assets	124	Note 25: Appropriations	138
Note 9: Payables	127	Note 26: Expenditure relating to statutory boards and tribunal	141
Note 10: Provisions	128	Note 27: Assets of deregistered companies vesting in ASIC	141
Note 11: Cash flow reconciliation	129	Note 28: Security deposits from dealers, investment advisers and liquidators	142
Note 12: Contingent liabilities and assets	129	Note 29: Special Accounts and PGPA Act section 78	142
Note 13: Senior management personnel remuneration	130	Note 30: Reporting of outcomes	144
Note 14: Financial instruments	131	Note 31: Administered receipts subject to cost recovery policy	145
Note 15: Financial assets reconciliation	133	Note 32: Budgetary reports and explanation of major variances	146
Note 16: Administered – Expenses	133		
Note 17: Administered – Income	134		

# Independent Auditor's Report



## INDEPENDENT AUDITOR'S REPORT

### To the Minister for Assistant Treasurer

I have audited the accompanying annual financial statements of the Australian Securities and Investments Commission for the year ended 30 June 2015, which comprise:

- Statement by the Accountable Authority and Chief Financial Officer;
- Statement of Comprehensive Income;
- Statement of Financial Position;
- Statement of Changes in Equity;
- Cash Flow Statement;
- Schedule of Commitments;
- Administered Schedule of Comprehensive Income;
- Administered Schedule of Assets and Liabilities;
- Administered Reconciliation Schedule;
- Administered Cash Flow Statement;
- Administered Schedule of Commitments; and
- Notes to and forming part of the financial statements comprising a Summary of significant accounting policies and other explanatory information.

### *Accountable Authority's Responsibility for the Financial Statements*

The Chairman of the Australian Securities and Investments Commission is responsible under the *Public Governance, Performance and Accountability Act 2013* for the preparation and fair presentation of annual financial statements that comply with Australian Accounting Standards and the rules made under that Act. The Chairman is also responsible for such internal control as is necessary to enable the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### *Auditor's Responsibility*

My responsibility is to express an opinion on the financial statements based on my audit. I have conducted my audit in accordance with the Australian National Audit Office Auditing Standards, which incorporate the Australian Auditing Standards. These auditing standards require that I comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

GPO Box 707 CANBERRA ACT 2601  
19 National Circuit BARTON ACT  
Phone (02) 6203 7300 Fax (02) 6203 7777

# Independent Auditor's Report

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An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made by the Accountable Authority of the entity, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

## ***Independence***

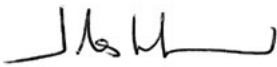
In conducting my audit, I have followed the independence requirements of the Australian National Audit Office, which incorporate the requirements of the Australian accounting profession.

## ***Opinion***

In my opinion, the financial statements of the Australian Securities and Investments Commission:

- (a) comply with Australian Accounting Standards and the *Public Governance, Performance and Accountability (Financial Reporting) Rule 2015*; and
- (b) present fairly the financial position of the Australian Securities and Investments Commission as at 30 June 2015 and its financial performance and cash flows for the year then ended.

Australian National Audit Office



Jocelyn Ashford

Executive Director

Delegate of the Auditor-General

Canberra

13 August 2015

# Statement by the Accountable Authority and Chief Financial Officer

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## AUSTRALIAN SECURITIES AND INVESTMENTS COMMISSION STATEMENT BY THE ACCOUNTABLE AUTHORITY AND CHIEF FINANCIAL OFFICER

In our opinion, the attached financial statements for the year ended 30 June 2015 comply with subsection 42(2) of the *Public Governance, Performance and Accountability Act 2013* (PGPA Act), and are based on properly maintained financial records as per subsection 41(2) of the PGPA Act.

In our opinion, at the date of this statement, there are reasonable grounds to believe that the non-corporate Commonwealth entity will be able to pay its debts as and when they fall due.

G.J. Medcraft  
Chairman  
13 August 2015

E.L. Hodgson  
Chief Financial Officer  
13 August 2015

# Statement of Comprehensive Income

FOR THE YEAR ENDED 30 JUNE 2015

NET COST OF SERVICES	Notes	2015 \$'000	2014 \$'000
<b>Expenses</b>			
Staff expenses	4A	213,072	237,052
Suppliers expenses	4B	100,240	108,319
Depreciation and amortisation	4C	41,373	55,990
Finance costs	4D	(568)	896
Write-down and impairment of assets	4E	176	3,197
<b>Total expenses</b>		<b>354,293</b>	405,454
<b>LESS:</b>			
<b>Own-source revenue</b>			
Rendering of services	5A	1,609	1,547
Royalties		189	185
Other revenue	5B	2,693	2,865
<b>Total own-source revenue</b>		<b>4,491</b>	4,597
<b>Gains</b>			
Other gains	5C	353	434
<b>Total own-source income</b>		<b>4,844</b>	5,031
<b>Net Cost of Services</b>		<b>349,449</b>	400,423
<b>Total revenue from government</b>	5D	<b>311,942</b>	346,802
<b>Deficit</b>		<b>(37,507)</b>	(53,621)
<b>OTHER COMPREHENSIVE INCOME</b>			
<b>Items not subject to subsequent reclassification to net cost of services</b>			
Changes in asset revaluation reserve		(1)	(2,847)
<b>Total comprehensive loss</b>		<b>(37,508)</b>	(56,468)

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

# Statement of Financial Position

AS AT 30 JUNE 2015

<b>ASSETS</b>	<b>Notes</b>	<b>2015 \$'000</b>	<b>2014 \$'000</b>
<b>Financial assets</b>			
Cash and cash equivalents	7A	<b>9,232</b>	15,129
Trade and other receivables	7B	<b>94,883</b>	102,442
<b>Total financial assets</b>		<b>104,115</b>	117,571
<b>Non-financial assets</b>			
Leasehold improvements	8A	<b>36,208</b>	41,422
Plant and equipment	8B	<b>22,854</b>	23,269
Intangibles – computer software	8C	<b>92,781</b>	98,171
Other non-financial assets	8E	<b>9,931</b>	17,550
<b>Total non-financial assets</b>		<b>161,774</b>	180,412
<b>Total assets</b>		<b>265,889</b>	297,983
<b>LIABILITIES</b>			
<b>Payables</b>			
Suppliers	9A	<b>24,867</b>	39,025
Other payables	9B	<b>61,073</b>	69,405
<b>Total payables</b>		<b>85,940</b>	108,430
<b>Provisions</b>			
Employee provisions	10A	<b>60,000</b>	56,882
Other provisions	10B	<b>15,855</b>	18,262
<b>Total provisions</b>		<b>75,855</b>	75,144
<b>Total liabilities</b>		<b>161,795</b>	183,574
<b>Net assets</b>		<b>104,094</b>	114,409
<b>EQUITY</b>			
Contributed equity		<b>289,874</b>	262,681
Reserves		<b>6,365</b>	6,366
Accumulated deficit		<b>(192,145)</b>	(154,638)
<b>Total equity</b>		<b>104,094</b>	114,409

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

# Statement of Changes in Equity

FOR THE YEAR ENDED 30 JUNE 2015

	Notes	Accumulated deficit		Asset revaluation reserve		Contributed equity		Total equity	
		2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
<b>Opening balance</b>		<b>(154,638)</b>	(101,017)	<b>6,366</b>	9,213	<b>262,681</b>	232,149	<b>114,409</b>	140,345
<b>Comprehensive income</b>									
Other comprehensive income	8D	-	-	(1)	(2,847)	-	-	(1)	(2,847)
Deficit for the period		<b>(37,507)</b>	(53,621)					<b>(37,507)</b>	(53,621)
<b>Total comprehensive loss</b>	3	<b>(37,507)</b>	(53,621)	<b>(1)</b>	(2,847)	-	-	<b>(37,508)</b>	(56,468)
<b>Transactions with owners</b>									
<b>Contributions by owners</b>									
Equity injections									
- Appropriations		-	-	-	-	<b>11,978</b>	11,791	<b>11,978</b>	11,791
Departmental capital budget		-	-	-	-	<b>15,215</b>	18,741	<b>15,215</b>	18,741
<b>Total transactions with owners</b>		-	-	-	-	<b>27,193</b>	30,532	<b>27,193</b>	30,532
<b>Closing balance as at 30 June</b>		<b>(192,145)</b>	(154,638)	<b>6,365</b>	6,366	<b>289,874</b>	262,681	<b>104,094</b>	114,409

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



# Cash Flow Statement

FOR THE YEAR ENDED 30 JUNE 2015

	Notes	2015 \$'000	2014 \$'000
<b>OPERATING ACTIVITIES</b>			
<b>Cash received</b>			
Appropriations		324,215	355,989
Services		3,322	1,546
Net GST received		13,062	13,502
Other cash received		2,787	15,892
<b>Total cash received</b>		<b>343,386</b>	<b>386,929</b>
<b>Cash used</b>			
Employees		215,403	238,503
Suppliers		117,030	123,265
Transfers to the Official Public Account		6,109	8,739
<b>Total cash used</b>		<b>(338,542)</b>	<b>(370,507)</b>
<b>Net cash from operating activities</b>	11	<b>4,844</b>	<b>16,422</b>
<b>INVESTING ACTIVITIES</b>			
<b>Cash used</b>			
Purchase of leasehold improvements, plant and equipment and intangibles		36,435	32,887
<b>Net cash (used) by investing activities</b>		<b>(36,435)</b>	<b>(32,887)</b>
<b>FINANCING ACTIVITIES</b>			
<b>Cash received</b>			
Appropriations – contributed equity		25,694	30,532
<b>Net cash from financing activities</b>		<b>25,694</b>	<b>30,532</b>
<b>Net increase/(decrease) in cash held</b>		<b>(5,897)</b>	<b>14,067</b>
Cash and cash equivalents at the beginning of the reporting period		15,129	1,062
<b>Cash and cash equivalents at the end of the reporting period</b>	7A	<b>9,232</b>	<b>15,129</b>

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

# Schedule of Commitments

AS AT 30 JUNE 2015

	2015 \$'000	2014 \$'000
<b>BY TYPE</b>		
<b>Commitments payable</b>		
<b>Capital commitments</b>		
Intangibles <sup>1</sup>	580	704
<b>Total capital commitments</b>	<b>580</b>	<b>704</b>
<b>Other commitments</b>		
Operating leases <sup>2</sup>	199,616	229,863
Other commitments (goods and services)	59,421	37,772
<b>Total other commitments</b>	<b>259,037</b>	<b>267,635</b>
<b>Less: commitments receivable</b>		
GST recoverable on commitments	23,602	24,102
<b>Total commitments receivable</b>	<b>23,602</b>	<b>24,102</b>
<b>Net commitments by type</b>	<b>236,015</b>	<b>244,237</b>
<b>BY MATURITY</b>		
<b>Commitments payable</b>		
<b>Capital commitments</b>		
One year or less	580	704
<b>Total capital commitments</b>	<b>580</b>	<b>704</b>
<b>Operating lease commitments</b>		
One year or less	29,580	30,265
From one to five years	115,720	121,152
Over five years	54,316	78,446
<b>Total operating lease commitments</b>	<b>199,616</b>	<b>229,863</b>
<b>Other commitments (goods and services)</b>		
One year or less	55,441	27,865
From one to five years	3,980	9,907
<b>Total other commitments</b>	<b>59,421</b>	<b>37,772</b>
<b>Less: commitments receivable</b>		
One year or less	7,812	5,132
From one to five years	10,852	11,839
Over five years	4,938	7,131
<b>Total commitments receivable</b>	<b>23,602</b>	<b>24,102</b>
<b>Net commitments by maturity</b>	<b>236,015</b>	<b>244,237</b>

1. Outstanding contractual payments for purchases of software licences.

2. Operating leases included are effectively non-cancellable and comprise:

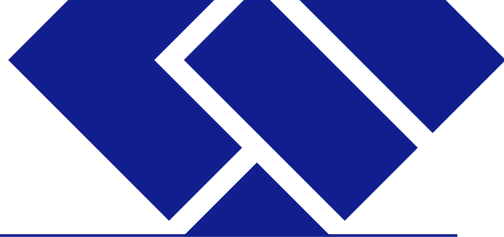
Nature of lease	General description of leasing arrangement
Leases for office accommodation	Subject to fixed increases and annual or bi-annual rent reviews.
Motor vehicles – senior executives	No contingent rentals exist. There are no purchase options available to ASIC.
Office equipment	No contingent rentals exist. There are no purchase options available to ASIC.

Commitments are GST inclusive where relevant.

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

# Administered Schedule of Comprehensive Income

FOR THE YEAR ENDED 30 JUNE 2015



	Notes	2015 \$'000	2014 \$'000
<b>NET COST OF SERVICES</b>			
<b>Expenses</b>			
Grants	16A	<b>3,067</b>	2,132
Write-down and impairment of assets	16B	<b>45,343</b>	44,588
Other	16C	<b>142,495</b>	244,848
<b>Total expenses</b>		<b>190,905</b>	291,568
<b>LESS:</b>			
<b>Own-source revenue</b>			
<b>Taxation revenue</b>			
Fees and fines	17A	<b>823,579</b>	762,844
<b>Total taxation revenue</b>		<b>823,579</b>	762,844
<b>Non-taxation revenue</b>			
Unclaimed monies	17B	<b>209,371</b>	231,197
<b>Total non-taxation revenue</b>		<b>209,371</b>	231,197
<b>Total revenue</b>		<b>1,032,950</b>	994,041
<b>Net contribution by services</b>		<b>842,045</b>	702,473

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

# Administered Schedule of Assets and Liabilities

AS AT 30 JUNE 2015

	Notes	2015 \$'000	2014 \$'000
<b>ASSETS</b>			
<b>Financial assets</b>			
Cash and cash equivalents	18A	2,157	3,876
Receivables	18B,18C	123,917	112,869
<b>Total assets administered on behalf of Government</b>	24	<b>126,074</b>	116,745
<b>LIABILITIES</b>			
<b>Payables</b>			
Suppliers and other payables	19A,19B	19,920	20,837
Other provisions	19C	417,691	435,848
<b>Total liabilities administered on behalf of Government</b>		<b>437,611</b>	456,685
<b>Net liabilities</b>		<b>(311,537)</b>	(339,940)

# Administered Reconciliation Schedule

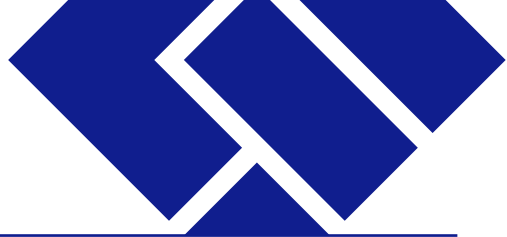
AS AT 30 JUNE 2015

	2015 \$'000	2014 \$'000
<b>Opening administered assets less administered liabilities</b>	<b>(339,940)</b>	(409,861)
<b>Net (cost of)/contribution by services:</b>		
Administered income	1,032,950	994,040
Administered expenses	(190,905)	(291,567)
	<b>842,045</b>	702,473
<b>Administered transfers (to)/from the Australian Government</b>		
Appropriation transfers from Official Public Account:		
Special (unlimited) and ordinary appropriations		
Appropriation Act No. 1	5,749	4,325
Banking Act unclaimed monies	116,816	268,912
Life Insurance Act unclaimed monies	10,367	11,894
Section 77 PGPA Act	39,575	39,541
Total of Appropriation transfers from Official Public Account	172,507	324,672
Administered transfers to Official Public Account	(986,149)	(957,224)
<b>Closing administered assets less administered liabilities</b>	<b>(311,537)</b>	(339,940)

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

# Administered Cash Flow Statement

FOR THE YEAR ENDED 30 JUNE 2015



	Notes	2015 \$'000	2014 \$'000
<b>OPERATING ACTIVITIES</b>			
<b>Cash received</b>			
Corporations Act, National Consumer Credit Protection Act, Business Names Registration (Fees) Act and Superannuation Industry (Supervision) Act		766,641	714,097
Corporation Act unclaimed monies		46,769	84,751
Banking Act unclaimed monies		145,442	130,001
Life Insurance Act unclaimed monies		17,159	16,445
Net GST received		589	256
<b>Total cash received</b>		<b>976,600</b>	<b>945,550</b>
<b>Cash used</b>			
Refunds paid to:			
Company shareholders		30,967	28,701
Deposit taking institution account holders		117,093	269,076
Life insurance policy holders		10,342	11,793
Promotion expenses for MoneySmart Initiatives		3,374	823
Grants		2,902	2,289
<b>Total cash (used)</b>		<b>(164,678)</b>	<b>(312,682)</b>
<b>Net cash from operating activities</b>	20	<b>811,922</b>	<b>632,868</b>
Cash and cash equivalents at the beginning of the reporting period		3,876	3,560
<b>Cash from Official Public Account for:</b>			
Appropriations		172,508	324,672
		<b>176,384</b>	<b>328,232</b>
<b>Less: Cash to Official Public Account for:</b>			
Corporations Act, National Consumer Credit Protection Act and Business Names Registration (Fees) Act fees and charges		776,779	726,027
Corporations Act unclaimed monies		46,769	84,751
Banking Act unclaimed monies		145,442	130,001
Life Insurance Act unclaimed monies		17,159	16,445
		<b>(986,149)</b>	<b>(957,224)</b>
<b>Cash and cash equivalents at the end of the reporting period</b>	18A	<b>2,157</b>	<b>3,876</b>

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

# Administered Schedule of Commitments

AS AT 30 JUNE 2015

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## **ADMINISTERED COMMITMENTS**

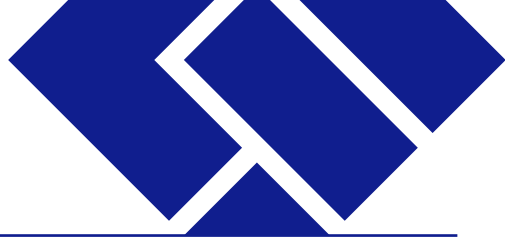
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As at 30 June 2015 ASIC has \$0.477m administered commitments payable (2014: \$0.739m), which relate to services from registered insolvency practitioners to investigate suspected breaches of the directors' duties and fraudulent misconduct. The administered commitments payable at 30 June 2015 are due within one year.

As at 30 June 2015 ASIC has \$0.127m administered commitments receivable (2014: \$0.067m), which relate to refundable GST.

# Notes to and forming part of the financial statements

FOR THE YEAR ENDED 30 JUNE 2015



## Note 1: Summary of significant accounting policies

### 1.1 Objectives of the Australian Securities and Investments Commission

The Australian Securities and Investments Commission (ASIC) is an independent Commonwealth Government body operating under the *Australian Securities and Investments Commission Act 2001* (ASIC Act) to administer the *Corporations Act 2001*, and other legislation, throughout Australia. ASIC's objectives as outlined in s1(2) of the ASIC Act include:

- ♦ the promotion of confident and informed participation of investors and consumers in the financial system;
- ♦ the maintenance, facilitation and improvement in the performance of the financial system and the entities within that system in the interests of commercial certainty, reducing business costs, and the efficiency and development of the economy; and
- ♦ to administer the laws that confer functions and powers on it effectively and with a minimum of procedural requirements.

ASIC collects and administers revenue under the *Corporations Act 2001* and the *National Consumer Credit Protection Act 2009* and prescribed fees set by the *Corporations (Fees) Act 2001*, the *Corporations (Review Fees) Act 2003*, the *National Consumer Credit Protection Act 2009*, the *Business Names Registration (Fees) Regulations 2010* and *Superannuation Industry (Supervision) Act 1993*. This revenue is not available to ASIC and is remitted to the Official Public Account (OPA). Transactions and balances relating to these fees are reported as administered items. Administered items are distinguished by shading in these financial statements.

For the financial year ended 30 June 2015, ASIC was structured to deliver the following outcome:

*Improved confidence in Australia's financial markets through promoting informed investors and financial consumers, facilitating fair and efficient markets and delivering efficient registry systems.*

The continued existence of ASIC in its present form and with its present programs is dependent on Government policy and on continuing appropriations by Parliament for ASIC's administration and programs.

### 1.2 Basis of preparation of the financial statements

The financial statements and notes are required by section 42 of the *Public Governance, Performance and Accountability Act 2013* (PGPA Act) and are general purpose financial statements.

The financial statements and notes have been prepared in accordance with the:

- ♦ Public Governance, Performance and Accountability (Financial Reporting) Rule 2015 (FRR) for reporting periods ending on or after 1 July 2014; and
- ♦ Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) that apply for the reporting period.

The financial statements have been prepared on an accrual basis and in accordance with the historical cost convention, except for certain assets and liabilities at fair value. Except where stated, no allowance is made for the effect of changing prices on the results or the financial position.

The financial statements are presented in Australian dollars and values are rounded to the nearest thousand dollars unless otherwise specified.

Administered revenues, expenses, assets, liabilities and cash flows are reported in the Administered Schedule of Comprehensive Income; Administered Schedule of Assets and Liabilities; Administered Cash Flow Statement; Administered Schedule of Commitments and Administered Reconciliation Schedule. These schedules and related notes are accounted for on the same basis and using the same policies as for ASIC items, except where stated in Note 1.18.

# Notes to and forming part of the financial statements

FOR THE YEAR ENDED 30 JUNE 2015

## Note 1: Summary of significant accounting policies continued

### 1.3 Significant accounting judgements and estimates

In the process of applying the accounting policies listed in this note, ASIC has made assumptions or estimates in the following areas that have the most significant impact on the amounts recorded in the financial statements:

- ♦ The fair value of leasehold improvements and property, plant and equipment is assessed at market value or depreciated replacement cost as determined by an independent valuer and is subject to management assessment between formal valuations; and
- ♦ Leave provisions involve assumptions based on the expected tenure of existing staff, patterns of leave claims and payouts, future salary movements and future discount rates.

No accounting assumptions or estimates have been identified that have a significant risk of causing a material adjustment to carrying amounts of assets and liabilities within the next reporting period.

ASIC has recognised a provision for likely future claims of unclaimed monies collected by ASIC up to the reporting date. The outstanding amount of unclaimed monies unlikely to be refunded is disclosed as a contingent liability. The provision has been valued independently by a registered actuary.

The provision has been estimated based on the historic claims pattern experienced since 2002

and the outstanding lodgements and takes into account the volatility of unclaimed monies lodgements and claims from year to year, which is impacted by several factors including economic events, legislative change, media exposure and the behaviour of claimants. The balance of unclaimed monies has been discounted to present value at a risk-free rate of interest based on the 10-year Government Bond Rate. (Refer to Note 19C.)

### 1.4 New Australian Accounting Standards

#### Adoption of new Australian Accounting Standard requirements

No accounting standard has been adopted earlier than the application date as stated in the standard.

The following new accounting standards, amendments to standards and interpretations were issued by the AASB prior to the signing date and are applicable to the current reporting period, but have not had a material financial impact on ASIC:

- ♦ *AASB 1055 Budgetary Reporting*

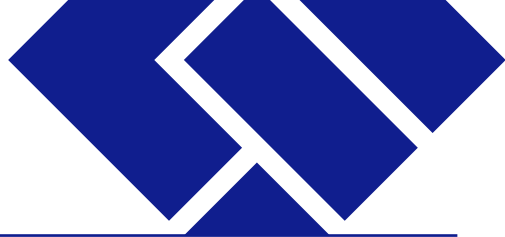
All other new/revised, amending standards or interpretations that were issued prior to the sign-off date and are applicable to the current reporting period did not have a material effect, and are not expected to have a future material effect, on ASIC's financial statements.

#### Future Australian Accounting Standard requirements

The following new, amending standards or interpretations were issued by the AASB prior to the signing of the statement by the accountable authority and chief financial officer.

Standard/ Interpretation	Application date for the entity	Nature of impending change/s in accounting policy and likely impact on initial application
<i>AASB 9 Financial Instruments</i>	1 July 2016	The amendments reduce the four categories of financial assets to two – amortised cost and fair value. There is no impact to ASIC's financial statements as ASIC's policy is to value assets and liabilities at amortised cost.
<i>AASB 15 Revenue from Contracts with Customers</i>	1 January 2017	The new standard's core principle requires entities to recognise revenue to depict the transfer of goods or services to customers in amounts that reflect the consideration. This will have no material impact on the financial statements as ASIC does not have any special consideration for service provided.
<i>AASB 2015-6 Extending Related Party Disclosures to the Not-for-Profit Public Sector</i>	1 July 2016	The amendments extend the scope of AASB 124 to include application by not-for-profit public sector entities. This will have an additional disclosure impact on the financial statements.





## Note 1: Summary of significant accounting policies continued

All other new/revised, amending standards or interpretations that were issued prior to the sign-off date and are applicable to future reporting periods are not expected to have a future material impact on the entity's financial statements.

### 1.5 Revenue

#### Revenues from Government

Amounts appropriated for departmental appropriations for the year (adjusted for any formal additions and reductions) are recognised as revenue from Government when ASIC gains control of the appropriation, except for certain amounts that relate to activities that are reciprocal in nature, in which case revenue is recognised only when it has been earned.

Appropriations receivable are recognised at their nominal amounts.

#### Other types of revenue

Revenue from rendering of services is recognised by reference to the stage of completion of projects at the reporting date. Revenue is recognised when:

- ♦ the amount of revenue, stage of completion and transaction costs incurred can be reliably measured; and
- ♦ the probable economic benefits associated with the transaction will flow to ASIC.

The stage of completion of projects at the reporting date is determined by reference to the proportion that costs incurred to date bear to the estimated total costs of the transaction.

### 1.6 Gains

#### Resources received free of charge

Resources 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 recorded as either revenue or gains depending on their nature.

#### Sale of assets

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

### 1.7 Transactions with the Government as owner

#### Equity injections

Amounts appropriated which are designated as 'equity injections' for a year (less any formal reductions) and Departmental Capital Budgets (DCBs) are recognised directly in contributed equity in that year.

#### Other distributions to owners

The FRR requires that distributions to owners be debited to contributed equity unless it is in the nature of a dividend.

### 1.8 Employee benefits

Liabilities for 'short-term employee benefits' (as defined in AASB 119 *Employee Benefits*) and termination benefits expected within 12 months of the end of the reporting period are measured at their nominal amounts.

#### Leave

The liability for employee benefits includes provision for annual leave and long service leave. 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 leave liabilities are calculated on the basis of employees' remuneration at the estimated salary rates that will be applied at the time leave is taken, including ASIC's employer superannuation contribution rates to the extent that the leave is likely to be taken during service rather than paid out on termination.

The liability for long service leave has been determined by reference to the work of an actuary as at 31 October 2012. Actuarial reviews of long service leave are undertaken at least every five years. The estimate of the present value of the liability takes into account attrition rates and pay increases through promotion and inflation.

#### Separation and redundancy

Provision is made for separation and redundancy benefit payments. ASIC recognises a provision for termination when it has developed a detailed formal plan for the terminations and has informed those employees affected that it will carry out the terminations.

# Notes to and forming part of the financial statements

FOR THE YEAR ENDED 30 JUNE 2015

## Note 1: Summary of significant accounting policies continued

### Superannuation

ASIC employees are members of the Commonwealth Superannuation Scheme (CSS), the Public Sector Superannuation Scheme (PSS), the PSS Accumulation Plan (PSSap) or other complying superannuation funds.

The CSS and PSS are defined-benefit schemes of the Australian Government. The PSSap and other complying superannuation funds are defined-contribution schemes.

The liability for these defined-benefit schemes is recognised in the financial statements of the Australian Government and is settled by the Australian Government in due course. This liability is reported by the Department of Finance in their financial statements as an administered schedule and notes.

ASIC makes employer contributions to its employees' superannuation schemes at rates determined by an actuary to be sufficient to meet the current cost to the Government, and accounts for the contributions as if they were contributions to defined contribution plans.

The liability for superannuation recognised as at 30 June represents outstanding contributions for the final fortnight of the year.

### 1.9 Leases

Operating lease payments (net of lease incentives) are expensed on a straight-line basis which is representative of the pattern of benefits derived from the leased assets.

### 1.10 Borrowing costs

All finance costs are expensed as incurred.

### 1.11 Fair value measurement

ASIC deems transfers between levels of the fair value hierarchy to have occurred at the end of the reporting period.

### 1.12 Financial assets

#### Cash and cash equivalents

Cash is recognised at its nominal amount. Cash and cash equivalents include:

- ♦ deposits on demand in bank accounts, and
- ♦ cash in special accounts.

### Loans and receivables

Trade receivables are classified as 'loans and receivables' and recorded at face value less any impairment. Trade receivables are recognised where ASIC becomes party to a contract and has a legal right to receive cash. Trade receivables are derecognised on payment.

### Impairment of financial assets

Loans and receivables are assessed for impairment at the end of each reporting period. Allowances are made when collectability of the debt is no longer probable.

### 1.13 Financial liabilities

Supplier and other payables are recognised at amortised cost. Liabilities are recognised to the extent that the goods or services have been received (and irrespective of having been invoiced). Supplier and other payables are derecognised on payment.

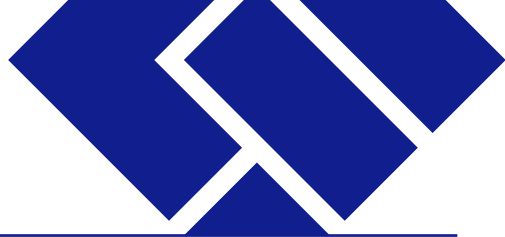
### 1.14 Contingent liabilities and contingent assets

Contingent liabilities and contingent assets are not recognised in the Statement of Financial Position but are reported in the notes. They may arise from uncertainty as to the existence of a liability or asset or represent an asset or liability in respect of which the amount cannot be reliably measured. Contingent assets are disclosed when settlement is probable but not virtually certain and contingent liabilities are disclosed when settlement is greater than remote.

### 1.15 Acquisition of assets

The cost of acquisition includes the fair value of assets transferred in exchange and liabilities undertaken. Financial assets are initially measured at their fair value.

Purchases of non-financial assets are initially recognised at cost in the Statement of Financial Position, except for purchases costing less than \$2,000, which are expensed in the year of acquisition (other than where they form part of a group of similar items which are significant in total).



## Note 1: Summary of significant accounting policies continued

### Revaluations

Fair values for each class of asset are determined as shown below:

<b>Asset class</b>	<b>Fair value replacement cost</b>
Leasehold improvements	Depreciated replacement cost
Plant and equipment	Market selling price

Following initial recognition at cost, plant and equipment were carried at latest revaluation less accumulated depreciation and accumulated impairment losses. Valuations are conducted with sufficient frequency to ensure that the carrying amounts of assets do not differ materially from the assets' fair values as at the reporting date. The regularity of independent valuations depends on the volatility of movements in market values for the relevant assets. The most recent independent valuation was conducted by Australian Valuation Solutions Pty Ltd as at 30 June 2014.

Revaluation adjustments are made on a class basis. Any revaluation increment was credited to equity under the heading of asset revaluation reserve except to the extent that it reversed a previous revaluation decrement of the same asset class that was previously recognised in the surplus/deficit. Revaluation decrements for a class of assets were recognised directly in the surplus/deficit except to the extent that they reversed a previous revaluation increment for that class of assets.

Any accumulated depreciation as at the revaluation date was eliminated against the gross carrying amount of the asset and the asset was restated to the revalued amount.

### Depreciation

All depreciable leasehold improvements, plant and equipment assets are written off to their estimated residual values over their estimated useful lives using the straight-line method of depreciation.

Depreciation rates (useful lives), residual values and depreciation methods are reviewed at each reporting date.

	<b>2015</b>	2014
Leasehold improvements	<b>Lease term</b>	Lease term
Plant and equipment	<b>2 to 80 years</b>	2 to 80 years

### Impairment

All assets were assessed for impairment at 30 June 2015. Where indications of impairment exist, the asset's recoverable amount is estimated and an impairment loss recognised if the asset's recoverable amount is less than its carrying amount.

### Derecognition

An item of property, plant and equipment is derecognised upon disposal or when no further future economic benefits are expected from its use or disposal.

### 1.16 Intangibles

ASIC's intangibles primarily comprise internally developed software for internal use. As there is no active market for the majority of ASIC's software assets these assets are carried at cost less accumulated amortisation and impairment losses.

Software is amortised on a straight-line basis over its anticipated useful life. The useful life of ASIC's software is 2 to 10 years (2014: 2 to 10 years).

All software assets are assessed for indications of impairment at the end of each financial year.

### 1.17 Taxation

ASIC is exempt from all forms of taxation except Fringe Benefits Tax (FBT) and the Goods and Services Tax (GST).

Revenues, expenses, assets and liabilities are recognised net of GST except for receivables and payables and where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO).

### 1.18 Reporting of administered activities

Administered revenues, expenses, assets, liabilities and cash flows are disclosed in the Administered Schedule and related notes.

Except where otherwise stated, administered items are accounted for on the same basis and using the same policies as for departmental items, including the application of Australian Accounting Standards and Interpretations.

# Notes to and forming part of the financial statements

FOR THE YEAR ENDED 30 JUNE 2015

## Note 1: Summary of significant accounting policies continued

### 1.18 Reporting of administered activities continued

#### Revenue

All administered revenues are revenues relating to the course of ordinary activities performed by ASIC on behalf of the Australian Government.

Administered revenue is generated from fees and fines under the *Corporations (Fees) Act 2001*, *Corporations (Review Fees) Act 2003*, *National Consumer Credit Protection (Fees) Regulation 2010*, *Business Names Registration (Fees) Regulation 2012* and *Superannuation Industry (Supervision) Act 1993*. Administered fee revenue is recognised on an accruals basis when:

- ♦ 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.

Administered revenue is recognised at its nominal amount due and an expense is recognised for impaired debts. Collectability of debts is reviewed at balance date. Impairment allowances are recognised when collection of debt is no longer probable.

ASIC also receives unclaimed monies under the *Banking Act 1959*, *Life Insurance Act 1995* and *Corporations Act 2001*. This revenue is not available to ASIC and is transferred to the OPA.

#### Expenses

Administered expenses for refunds of unclaimed monies under the *Banking Act 1959*, *Life Insurance Act 1995* and *Corporations Act 2001* are recognised by estimating the value of claims likely to be repaid in respect of unclaimed money collected by ASIC as at balance date. The methodology used to determine the value of probable claims is determined by an independent actuary. Successful claims are paid out of the provision account.

#### Administered cash transfers to and from the OPA

Revenue collected by ASIC for use by the Government rather than ASIC is administered revenue. Collections are transferred to the OPA maintained by the Department of Finance (DoF). These transfers to and from the OPA are adjustments to the administered cash held by ASIC on behalf of the Government and reported as such in the Administered Cash Flow Statement and in the Administered Reconciliation Schedule.

#### Receivables

Administered receivables are recognised at their nominal value less an impairment allowance. The Finance Minister has determined that statutory receivables are not financial instruments and accordingly ASIC has assessed administered receivables for impairment under *AASB 136 Impairment of Assets (FRR 26.3)*.

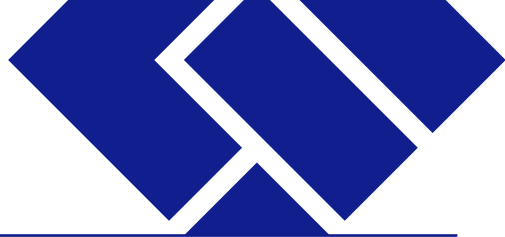
The impairment allowance is raised against receivables for any doubtful debts and any probable credit amendments, and is based on a review of outstanding debts at balance date. This includes an examination of individual large debts and disputed amounts with reference to historic collection patterns.

The impairment allowance expense is calculated using estimation techniques to determine an estimate of current receivables which are unlikely to be collected in the future.

Administered receivables that are irrecoverable at law or are uneconomic to pursue are written off under s63 of the PGPA Act.

#### Provisions

The other provisions recognised in the Administered Schedule of Assets and Liabilities are for estimated claims payable from collections of unclaimed monies administered by ASIC as at balance date. The estimate of future claims for repayment was calculated by an independent actuary. ASIC has recognised the provision for claims payable under *AASB 137 Provisions, Contingent Liabilities and Contingent Assets*.



## Note 1: Summary of significant accounting policies continued

### Contingent liabilities

The contingent liability is not disclosed in the Administered Schedule but in the note. The contingent liability represents an estimate of unclaimed monies that are likely to be refunded, but not considered remote.

and administrative expenditure incurred on behalf of this board and the tribunals are included in the Statement of Comprehensive Income of ASIC (see Note 26).

### 1.20 Comparative figures

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

### 1.19 Expenditure of board and tribunal

Pursuant to Parts 11 and 12 of the ASIC Act and the *Superannuation (Resolution of Complaints) Act 1993*, ASIC is required to support the Companies Auditors and Liquidators Disciplinary Board and the Superannuation Complaints Tribunal. Employee

## Note 2: Events after the balance sheet date

There were no events occurring after balance date that had a material effect on the financial statements.

## Note 3: Net cash appropriation arrangements

	2015 \$'000	2014 \$'000
Total comprehensive income/(loss) less depreciation/amortisation expenses previously funded through revenue appropriations <sup>1</sup>	3,865	(478)
Plus: depreciation/amortisation expenses previously funded through revenue appropriation	<b>(41,373)</b>	(55,990)
Total comprehensive loss – as per the Statement of Comprehensive Income	<b>(37,508)</b>	(56,468)

1. Commonwealth entities receive a separate capital budget provided through equity appropriations. Capital budgets are to be appropriated in the period when cash payment for capital expenditure is required.

The amortisation of lease incentives relates to Sydney and Melbourne tenancies (2015 \$3.4m, 2014 \$1.7m).

## Note 4: Expenses

	2015 \$'000	2014 \$'000
<b>Note 4A: Staff expenses</b>		
Wages and salaries	<b>164,828</b>	176,914
Superannuation <sup>1</sup>		
Defined-benefit schemes	<b>11,498</b>	12,632
Defined-contribution schemes	<b>16,355</b>	16,957
Leave and other entitlements	<b>18,098</b>	14,486
Separation and redundancies <sup>2</sup>	<b>2,293</b>	16,063
<b>Total employee benefits</b>	<b>213,072</b>	237,052

1. Contributions to defined-benefit superannuation schemes are at rates calculated to cover existing and emerging obligations. The employer contribution rate for the Commonwealth Superannuation Scheme was 14.6% (2014: 13.6%), the Public Sector Superannuation Scheme was 16% (2014: 14.8%), the PSS Accumulation Plan was 15.4% (2014: 15.4%), and the superannuation productivity benefit was approximately 2.0% to 3.0% (2014: 2.0% to 3.0%). The contribution is calculated based on the relevant salary for super at the time the contributions are made.

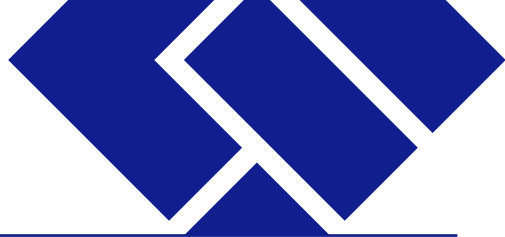
2. Separation and redundancy costs are generally calculated on the basis of two weeks pay for every year of service for each employee with a minimum of four weeks and a maximum of 48 weeks.

# Notes to and forming part of the financial statements

FOR THE YEAR ENDED 30 JUNE 2015

## Note 4: Expenses continued

	Notes	2015 \$'000	2014 \$'000
<b>Note 4B: Suppliers expenses</b>			
<b>Goods and services</b>			
Legal and forensic costs		10,275	10,943
Office computer and software expenses		24,429	24,335
Property-related outgoings		6,987	8,824
Consultants and specialist services		4,611	6,682
Travel		4,337	4,501
Communications		2,251	3,844
Recruitment		1,242	1,174
Information costs		6,047	9,630
Learning and development		3,488	4,017
Security		2,515	2,858
Postage and freight		2,437	2,293
Other goods and services		5,654	6,212
<b>Total goods and services</b>		<b>74,273</b>	<b>85,313</b>
Goods and services are made up of:			
Provision of goods – related entities		1	7
Provision of goods – external parties		2,850	3,335
Rendering of services – related entities		8,673	6,790
Rendering of services – external parties		62,749	75,181
<b>Total goods and services</b>		<b>74,273</b>	<b>85,313</b>
<b>Other supplier expenses</b>			
Operating lease rentals from external entities:			
Minimum lease payments		23,623	20,763
Workers compensation premiums		2,145	2,006
Fringe benefits tax		199	237
<b>Total other supplier expenses</b>		<b>25,967</b>	<b>23,006</b>
<b>Total supplier expenses</b>		<b>100,240</b>	<b>108,319</b>
<b>Note 4C: Depreciation and amortisation</b>			
<b>Depreciation:</b>			
Leasehold improvements		7,081	9,081
Plant and equipment		6,038	6,909
<b>Total depreciation</b>		<b>13,119</b>	<b>15,990</b>
<b>Amortisation:</b>			
Intangibles – Computer software		28,254	40,000
<b>Total amortisation</b>		<b>28,254</b>	<b>40,000</b>
<b>Total depreciation and amortisation</b>		<b>41,373</b>	<b>55,990</b>
<b>Note 4D: Finance costs</b>			
Amortisation of restoration provision discount	10B	(568)	896
<b>Total finance costs</b>		<b>(568)</b>	<b>896</b>



## Note 4: Expenses continued

Notes	2015 \$'000	2014 \$'000
<b>Note 4E: Write-down and impairment of assets</b>		
Impairment of financial instruments	10	31
Write-off of leasehold improvements, plant & equipment and intangibles	166	3,166
<b>Total write-down and impairment of assets</b>	<b>176</b>	<b>3,197</b>

## Note 5: Income

### Own-source revenue

#### Note 5A: Rendering of services

Rendering of services in connection with:

Related entities	878	904
External parties	731	643
<b>Total rendering of services</b>	<b>1,609</b>	<b>1,547</b>

#### Note 5B: Other revenues

Cost recoveries <sup>1</sup>	428	1,476
Professional and witness fees	24	42
Sublease rent and property recoveries	1,016	1,139
Other	1,225	208
<b>Total other revenues</b>	<b>2,693</b>	<b>2,865</b>

1. Amounts recovered by ASIC for court costs, investigations, professional fees, legal costs and prosecution disbursements.

#### Note 5C: Other gains

Resources received free of charge <sup>2</sup>	353	434
<b>Total other gains</b>	<b>353</b>	<b>434</b>

2. As a prescribed agency ASIC receives audit services from the Australian National Audit Office (ANAO). The fair value of that service from the ANAO is \$353,000 (2014: \$200,000) and from the ATO is nil (2014: \$234,024) for the reporting period.

### Revenues from Government

#### Note 5D: Revenues from Government

Appropriations:

Departmental outputs		295,465	336,374
Departmental Special Account	29A	16,477	10,428
<b>Total revenues from Government</b>		<b>311,942</b>	<b>346,802</b>

# Notes to and forming part of the financial statements

FOR THE YEAR ENDED 30 JUNE 2015

## Note 6: Fair value measurement

### Note 6A: Fair value measurement

The following tables provide an analysis of assets and liabilities that are measured at fair value. The different levels of the fair value hierarchy are defined below.

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at measurement date.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: Unobservable inputs for the asset or liability.

### Note 6B: Fair value measurements, valuation techniques and inputs used, and level transfer

ASIC determines fair value for non-financial assets using Level 2 and 3 inputs in the fair value hierarchy. The following tables disclose the fair value and the valuation techniques used to derive fair value.

Non-financial assets:	Fair value measurements at the end of the reporting period		Category (Level 1,2,3) <sup>1</sup>	Fair value measurements at the end of the reporting period			Sensitivity of the fair value measurement to changes in unobservable inputs
	2015 \$'000	2014 \$'000		Valuation techniques <sup>2</sup>	Inputs used	Range (weighted average) <sup>3</sup>	
Leasehold improvements	36,208	41,422	3	Depreciated replacement cost (DRC)	Replacement cost, useful life	N/A	The significant unobservable inputs used in the fair value measurement of leasehold improvements relates to the consumed economic benefits.
Plant and equipment	–	4,441	2	Market approach	Adjusted market transactions	N/A	
Plant and equipment	22,854	18,828	3	Depreciated replacement cost (DRC)	Replacement cost, useful life	N/A	The significant unobservable inputs used in the fair value measurement of plant and equipment relates to asset obsolescence.
<b>Total non-financial assets</b>	<b>59,062</b>	<b>64,691</b>					

1. Recurring and non-recurring Level 3 fair value measurements – valuation processes. Transfer from Level 2 to Level 3 occurred at 30 June 2015.

2. No change in valuation technique occurred during the period.

3. Significant unobservable inputs only. Not applicable for assets or liabilities in the Level 2 Category.

ASIC did not measure any non-financial assets at fair value on a non-recurring basis as at 30 June 2015.

A reconciliation of movements in leasehold improvements and plant and equipment has been included in Note 8.



## Note 7: Financial assets

	2015 \$'000	2014 \$'000
<b>Note 7A: Cash and cash equivalents</b>		
Cash on hand or on deposit	9,232	15,129
<b>Total cash and cash equivalents</b>	<b>9,232</b>	<b>15,129</b>
<b>Note 7B: Trade and other receivables</b>		
<b>Goods and services:</b>		
Goods and services – related entities	254	211
Goods and services – external parties	583	2,019
<b>Total receivables for goods and services</b>	<b>837</b>	<b>2,230</b>
Credit terms for goods and services were within 30 days (2014: 30 days).		
Appropriations receivable	91,049	95,713
<b>Total appropriations receivable</b>	<b>91,049</b>	<b>95,713</b>
<b>Other receivables:</b>		
GST receivable from the Australian Taxation Office	3,130	4,670
<b>Total other receivables</b>	<b>3,130</b>	<b>4,670</b>
<b>Total trade and other receivables (gross)</b>	<b>95,016</b>	<b>102,613</b>
Less impairment allowance account:		
Goods and services	133	171
<b>Total impairment allowance account</b>	<b>133</b>	<b>171</b>
<b>Total trade and other receivables (net)</b>	<b>94,883</b>	<b>102,442</b>
Receivables are expected to be recovered in:		
No more than 12 months	94,883	102,442
<b>Total trade and other receivables (net)</b>	<b>94,883</b>	<b>102,442</b>
Receivables are aged as follows:		
Not overdue	94,614	102,325
Overdue by:		
Less than 30 days	258	100
30 to 60 days	11	16
61 to 90 days	–	1
More than 90 days	133	171
<b>Total receivables (gross)</b>	<b>95,016</b>	<b>102,613</b>
The impairment allowance account is aged as follows:		
Overdue by:		
More than 90 days	133	171
<b>Total impairment allowance account</b>	<b>133</b>	<b>171</b>
<b>Reconciliation of the movement in the impairment allowance account</b>		
Opening balance	171	216
Amounts recovered and reversed	(31)	(76)
Increase recognised in net surplus/(deficit)	(7)	31
<b>Closing balance</b>	<b>133</b>	<b>171</b>

# Notes to and forming part of the financial statements

FOR THE YEAR ENDED 30 JUNE 2015

## Note 8: Non-financial assets

All revaluations are conducted in accordance with the revaluation policy stated at Note 1.15.

	2015 \$'000	2014 \$'000
<b>Note 8A: Leasehold improvements</b>		
Work in progress	1,338	–
Fair value	71,876	80,384
Accumulated depreciation	(37,006)	(38,962)
<b>Total leasehold improvements</b>	<b>36,208</b>	<b>41,422</b>

The carrying value of leasehold improvements was reviewed at 30 June 2015. No indicators of impairment were found.

### Note 8B: Plant and equipment

Fair value	58,037	58,793
Accumulated depreciation	(35,183)	(35,524)
<b>Total plant and equipment</b>	<b>22,854</b>	<b>23,269</b>

The carrying value of plant and equipment was reviewed at 30 June 2015. No indicators of impairment were found.

### Note 8C: Intangibles – computer software

#### Internally developed

Work in progress	6,494	4,366
In use	206,053	186,129
Accumulated amortisation	(152,168)	(126,458)
	<b>60,379</b>	<b>64,037</b>

#### Purchased

Work in progress	21,318	22,866
In use	36,263	34,187
Accumulated amortisation	(25,179)	(22,919)
	<b>32,402</b>	<b>34,134</b>
<b>Total intangibles</b>	<b>92,781</b>	<b>98,171</b>

The carrying value of intangibles was reviewed at 30 June 2015. No indicators of impairment were found.

## Note 8: Non-financial assets continued

### Note 8D: Analysis of leasehold improvements, plant and equipment and intangibles

**TABLE A: Reconciliation of the opening and closing balances of leasehold improvements, plant and equipment and intangibles 2015**

	Leasehold improvements \$'000	Plant & equipment \$'000	Computer software internally developed \$'000	Computer software purchased \$'000	Total \$'000
<b>As at 1 July 2014</b>					
Gross book value	80,384	58,793	190,495	57,053	386,725
Accumulated depreciation/ amortisation and impairment	(38,962)	(35,524)	(126,458)	(22,919)	(223,863)
<b>Net book value 1 July 2014</b>	<b>41,422</b>	<b>23,269</b>	<b>64,037</b>	<b>34,134</b>	<b>162,862</b>
Additions:					
by purchase	1,902	5,754	–	535	8,191
internally developed	–	–	22,329	–	22,329
Total additions	1,902	5,754	22,329	535	30,520
Revaluations and impairments recognised in operating result	–	(1)	–	–	(1)
Depreciation/amortisation expense	(7,081)	(6,038)	(25,987)	(2,267)	(41,373)
Write-offs recognised in the operating result	(35)	(130)	–	–	(165)
<b>Net book value 30 June 2015</b>	<b>36,208</b>	<b>22,854</b>	<b>60,379</b>	<b>32,402</b>	<b>151,843</b>
<b>Net book value as of 30 June 2015 represented by:</b>					
Gross book value	73,214	58,037	212,547	57,581	401,379
Accumulated depreciation/ amortisation	(37,006)	(35,183)	(152,168)	(25,179)	(249,536)
<b>Total as at 30 June 2015</b>	<b>36,208</b>	<b>22,854</b>	<b>60,379</b>	<b>32,402</b>	<b>151,843</b>

# Notes to and forming part of the financial statements

FOR THE YEAR ENDED 30 JUNE 2015

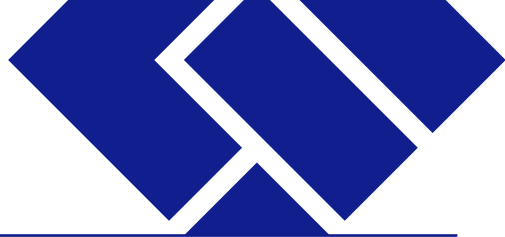
## Note 8: Non-financial assets continued

TABLE B: Reconciliation of the opening and closing balances of leasehold improvements, plant and equipment and intangibles 2014

	Leasehold improvements \$'000	Plant & equipment \$'000	Computer software internally developed \$'000	Computer software purchased \$'000	Total \$'000
<b>As at 1 July 2013</b>					
Gross book value	91,151	54,740	178,105	55,214	379,210
Accumulated depreciation/ amortisation	(43,435)	(33,062)	(93,096)	(22,486)	(192,079)
<b>Net book value 1 July 2013</b>	47,716	21,678	85,009	32,728	187,131
Additions:					
by purchase	7,366	9,928	–	4,587	21,881
internally developed	–	–	15,853	–	15,853
Total additions	7,366	9,928	15,853	4,587	37,734
Revaluations and impairments recognised in operating result	(1,831)	(1,016)	–	–	(2,847)
Depreciation/amortisation expense	(9,081)	(6,909)	(36,820)	(3,180)	(55,990)
Write-offs recognised in the operating result	(2,748)	(412)	(5)	(1)	(3,166)
<b>Net book value 30 June 2014</b>	41,422	23,269	64,037	34,134	162,862
<b>Net book value as of 30 June 2014 represented by:</b>					
Gross book value	80,384	58,793	190,495	57,053	386,725
Accumulated depreciation/ amortisation	(38,962)	(35,524)	(126,458)	(22,919)	(223,863)
<b>Total as at 30 June 2014</b>	41,422	23,269	64,037	34,134	162,862

	2015 \$'000	2014 \$'000
<b>Note 8E: Other non-financial assets</b>		
Prepayments	9,415	9,714
Rent-free asset	516	7,836
	<b>9,931</b>	17,550
<b>Total other non-financial assets are expected to be recovered in:</b>		
No more than 12 months	9,931	12,889
More than 12 months	–	4,661
<b>Total other non-financial assets</b>	<b>9,931</b>	17,550

The carrying value of other non-financial assets was reviewed at 30 June 2015. No indicators of impairment were found.



## Note 9: Payables

	Notes	2015 \$'000	2014 \$'000
<b>Note 9A: Suppliers</b>			
Trade creditors and accruals	14A	<b>24,867</b>	39,025
<b>Total supplier payables</b>		<b>24,867</b>	39,025
Supplier payables expected to be settled within 12 months:			
Related entities		<b>708</b>	154
External parties		<b>24,159</b>	38,871
<b>Total supplier payables</b>		<b>24,867</b>	39,025
<b>Note 9B: Other payables</b>			
Operating lease rent payable		<b>12,292</b>	11,469
Other unearned revenue		<b>144</b>	238
Property lease incentives <sup>1</sup>		<b>30,946</b>	34,563
Salaries and bonuses		<b>16,191</b>	17,637
Separations and redundancies		<b>1,466</b>	4,937
Superannuation		<b>34</b>	561
<b>Total other payables</b>		<b>61,073</b>	69,405
Total other payables are expected to be settled in:			
No more than 12 months		<b>30,127</b>	30,670
More than 12 months		<b>30,946</b>	38,735
<b>Total other payables</b>		<b>61,073</b>	69,405

1. Total property lease incentives are disclosed as deferred rental expenditure at 30 June 2015. The amortisation of these amounts will be made over the life of the lease.

# Notes to and forming part of the financial statements

FOR THE YEAR ENDED 30 JUNE 2015

## Note 10: Provisions

	2015 \$'000	2014 \$'000
<b>Note 10A: Employee provisions</b>		
Annual leave entitlement	18,880	18,314
Long service leave entitlement	36,970	34,370
Restructuring provision	4,150	4,198
<b>Total employee provisions</b>	<b>60,000</b>	<b>56,882</b>

Employee provisions are expected to be settled in:

No more than 12 months	20,365	19,087
More than 12 months	39,635	37,795
<b>Total employee provisions</b>	<b>60,000</b>	<b>56,882</b>

### Note 10B: Other provisions

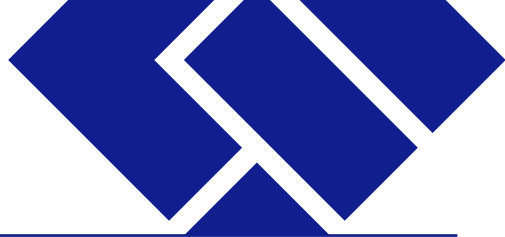
Provision for restoration obligations – leased premises	8,418	9,797
Provision for adverse cost orders	7,437	8,465
<b>Total other provisions</b>	<b>15,855</b>	<b>18,262</b>

Other provisions are expected to be settled in:

No more than 12 months	1,098	1,098
More than 12 months	14,757	17,164
<b>Total other provisions</b>	<b>15,855</b>	<b>18,262</b>

ASIC currently has nine lease agreements (2014: nine) for the leasing of premises which have provisions requiring ASIC to restore the premises to their original condition at the conclusion of the lease. ASIC has made a provision to reflect the present value of the 'make good' obligations.

<b>Reconciliation of the opening and closing balance of other provisions</b>	Provision for Restoration Costs	Provision for Settlement Costs	Total Other Provisions
<b>As at 1 July 2014</b>	<b>9,797</b>	<b>8,465</b>	<b>18,262</b>
Amounts reversed and additions	(811)	(1,028)	(1,839)
Amortisation of restoration provision discount	(568)	–	(568)
<b>Total as at 30 June 2015</b>	<b>8,418</b>	<b>7,437</b>	<b>15,855</b>



## Note 11: Cash flow reconciliation

	2015 \$'000	2014 \$'000
<b>Reconciliation of cash and cash equivalents as per Balance Sheet to Cash Flow Statement</b>		
<b>Cash and cash equivalents as per:</b>		
Cash Flow Statement	9,232	15,129
Statement of Financial Position	9,232	15,129
<b>Reconciliation of net cost of services to net cash from operating activities:</b>		
Net cost of services	(349,449)	(400,423)
Add revenue from Government	311,942	346,802
<b>(Deficit) attributable to the Australian Government</b>	<b>(37,507)</b>	<b>(53,621)</b>
<b>Adjustments for non-cash items</b>		
Depreciation/amortisation	41,373	55,990
Net write-down of non-financial assets	166	3,166
<b>Changes in assets/liabilities</b>		
Decrease in net receivables	7,559	5,521
(Increase)/decrease in other non-financial assets	7,619	(8,677)
Increase/(decrease) in employee provisions	3,118	(8,876)
Increase/(decrease) in supplier payables	(14,158)	9,080
Increase/(decrease) in other provisions and payables	(3,326)	13,839
<b>Net cash from operating activities</b>	<b>4,844</b>	<b>16,422</b>

## Note 12: Contingent liabilities and assets

### Contingent assets

#### Claims for costs

Balance from previous period	806	757
<i>Adjustments to prior period contingent receivables:</i>		
Assets relinquished	(126)	(376)
Revisions to estimates	244	255
New contingent receivables	-	170
<b>Total contingent assets</b>	<b>924</b>	<b>806</b>
<b>Net contingent assets/(liabilities)</b>	<b>924</b>	<b>806</b>

### Quantifiable contingencies (ASIC departmental)

As at the date of this report, there are 7 matters (2014: 10 matters) for which ASIC has received an award of costs in its favour, however agreement with respect to the quantum payable to ASIC has not been reached. ASIC has estimated these matters represent a combined receivable of \$0.924m (2014: \$0.806m), which is disclosed as a contingent asset because realisation of this debt is not virtually certain.

### Unquantifiable contingencies (ASIC departmental)

ASIC is party to many civil litigation matters arising out of its statutory duty to administer and enforce laws for which it is responsible.

# Notes to and forming part of the financial statements

FOR THE YEAR ENDED 30 JUNE 2015

## Note 12: Contingent liabilities and assets continued

In addition, like any corporate body, ASIC may from time to time be the subject of legal proceedings for damages brought against it, or may receive notice indicating that such proceedings may be brought. In either case ASIC, like any other party to civil litigation, may be required to pay the other party's costs if ASIC is unsuccessful. In accordance with AASB 137 Provisions, Contingent Liabilities and Contingent Assets, ASIC has not disclosed the value of these matters on the grounds that it may seriously prejudice the outcome of these cases.

As at the date of this report there are civil matters that may result in an award of costs in favour or against ASIC.

### Civil litigation brought, or threatened to be brought, against ASIC as a defendant

There is, at the date of this report, two matters of this type where proceedings are current. In these matters, ASIC denies liability and is of the view that, save for having to pay legal fees and other out-of-pocket expenses, it is likely that ASIC will:

- successfully defend the actions instituted; and
- not be required to pay any damages.

Conversely, ASIC, like any other party to civil litigation, may be entitled to recover costs arising out of such litigation if it is successful. In addition to the matters specifically referred to in this Note, ASIC has legal action pending in a number of other matters, however, due to the uncertainty over the outcome of outstanding and pending court cases, duration of court cases and the legal costs of the opposing party, ASIC is unable to reliably estimate either its potential payments to, or potential cost recoveries from, opposing litigants. There may also be other matters where ASIC has received an award of costs in its favour, however no contingent asset has been disclosed as recovery of the debt is not probable. There may also be other matters where no contingency has been quantified because the costs awarded for or against ASIC are estimated to be less than \$20,000 each.

## Note 13: Senior management personnel remuneration

The 2014 comparatives have been restated to reflect the following changes in the FRR:

- the reporting threshold of \$195,000 has been removed; and
- the measurement of defined-benefit superannuation has changed.

	2015 \$	2014 \$
<b>Note 13A: Total remuneration expense recognised in relation to Commissioners</b>		
Short-term employee benefits:		
Salary	2,389,413	2,415,412
Car parking fringe benefits	35,904	60,503
Total short-term employee benefits	<u>2,425,317</u>	<u>2,475,915</u>
Post-employment benefits:		
Superannuation	274,417	250,262
Other long-term benefits:		
Annual leave accrued	243,748	240,393
Long service leave accrued	60,438	55,994
<b>Total remuneration expense for Commissioners</b>	<u><b>3,003,920</b></u>	<u><b>3,022,564</b></u>



## Note 13: Senior management personnel remuneration continued

The total number of Commissioners included in the above table is five (2014: five). In 2014 and 2015, an administrative oversight resulted in some Commissioners receiving car parking-related benefits without a corresponding reduction in their remuneration payments. As a result, a number of overpayments were made to these Commissioners (2015: three payments totalling \$35,904; 2014: four payments totalling \$52,010). These payments were recoverable payments under s16A(1) of the *Remuneration Tribunal Act 1973* and were repayable to the Commonwealth. The obligation to repay these amounts was waived by a delegate of the Finance Minister on 30 June 2015.

### Note 13B: Remuneration of senior management personnel

Senior management personnel are those who perform functions controlling operational activities that directly impact the economic function and viability of ASIC and whose employment conditions are equivalent to SES employment conditions of service.

Notes	2015 \$	2014 \$
Short-term employee benefits:		
Salary and performance bonuses	8,049,754	7,996,387
Motor vehicle allowances and other short-term benefits	1,036,737	999,104
Total short-term employee benefits	9,086,491	8,995,491
Post-employment benefits:		
Superannuation	1,121,652	1,092,648
Other long-term benefits:		
Annual leave accrued	770,483	809,757
Long service leave accrued	215,999	224,584
Termination benefits		
Severance benefits	72,757	175,545
<b>Total remuneration expense for senior executives</b>	<b>11,267,382</b>	<b>11,298,025</b>

The total number of senior management personnel included in the above table is 37 (2014: 43).

## Note 14: Financial instruments

	2015 \$'000	2014 \$'000
<b>Note 14A: Categories of financial instruments</b>		
<b>Financial assets</b>		
Loans and receivables:		
Cash and cash equivalents	9,232	15,129
Receivables for goods and services (net of impairment allowance)	704	2,059
<b>Total financial assets</b>	<b>9,936</b>	<b>17,188</b>
<b>Financial liabilities</b>		
At amortised cost:		
Trade creditors	24,867	39,025
<b>Total financial liabilities</b>	<b>24,867</b>	<b>39,025</b>

### Note 14B: Net gains or losses on financial assets

#### Loans and receivables

Impairment	(10)	(31)
<b>Net gain/(expense) from financial assets</b>	<b>(10)</b>	<b>(31)</b>

# Notes to and forming part of the financial statements

FOR THE YEAR ENDED 30 JUNE 2015

## Note 14: Financial instruments continued

### Note 14C: Fair value of financial instruments

The fair value of financial liabilities at amortised cost approximate their fair value. The market value of the financial instruments are all Level 3: Fair Value, derived from inputs that are not based on observable market data.

ASIC does not have any assets pledged or held as collateral in the financial instruments disclosures.

### Note 14D: Credit risk

ASIC is exposed to minimal credit risk as loans and receivables are cash and trade receivables. The maximum exposure to credit risk is the risk that arises from potential default of a debtor. This amount is equal to the total amount of trade receivables (2015: \$839,227, 2014: \$2,229,780). ASIC has assessed the risk of the default on payment for each receivable and has allocated \$132,848 in 2015 (2014: \$170,735) to the impairment allowance account.

ASIC has policies and procedures that guide debt recovery techniques that are to be applied by ASIC employees where debts are past due.

ASIC holds no collateral to mitigate against credit risk.

The following three tables illustrate ASIC's gross exposure to credit risk, excluding any collateral or credit enhancements.

AASB 7 *Financial Instruments: Disclosures* requires that the classification of financial instruments at fair value be determined by reference to the source of inputs used to derive the fair value. ASIC's Financial Instruments are classified as Class 1.

### Credit quality of financial instruments not past due or individually determined as impaired.

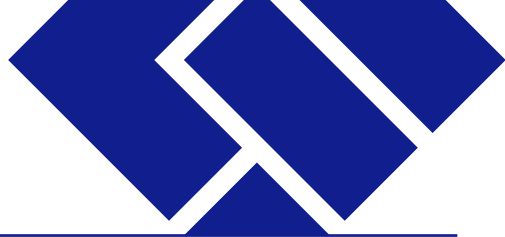
	Not past due nor impaired 2015 \$'000	Not past due nor impaired 2014 \$'000	Past due or impaired 2015 \$'000	Past due or impaired 2014 \$'000
<b>Loans and receivables</b>				
Cash and cash equivalents	9,232	15,129	-	-
Receivables for goods and services (gross)	240	1,943	402	287
<b>Total</b>	<b>9,472</b>	<b>17,072</b>	<b>402</b>	<b>287</b>

### Ageing of financial assets that are past due but not impaired for 2015:

	Overdue by				Total \$'000
	0 to 30 days \$'000	31 to 60 days \$'000	61 to 90 days \$'000	More than 90 days \$'000	
<b>Loans and receivables</b>					
Receivables for goods and services	258	11	-	133	402
<b>Total</b>	<b>258</b>	<b>11</b>	<b>-</b>	<b>133</b>	<b>402</b>

### Ageing of financial assets that are past due but not impaired for 2014:

	Overdue by				Total \$'000
	0 to 30 days \$'000	31 to 60 days \$'000	61 to 90 days \$'000	More than 90 days \$'000	
<b>Loans and receivables</b>					
Receivables for goods and services	100	16	1	170	287
<b>Total</b>	<b>100</b>	<b>16</b>	<b>1</b>	<b>170</b>	<b>287</b>



## Note 14: Financial instruments continued

### Note 14E: Liquidity risk

ASIC's financial liabilities are trade creditors. The exposure to liquidity risk was based on the notion that ASIC will encounter difficulty in meeting its obligations associated with financial liabilities. This is highly unlikely as ASIC is appropriated funding from the Australian Government and ASIC manages its budgeted funds to ensure it has adequate funds to meet payments as they fall due. In addition, ASIC has policies in place to ensure timely payments were made when due and has no past experience of default.

All ASIC's financial liabilities as at 30 June 2015 and 30 June 2014 were payable within one year. As at 30 June 2015, ASIC has no financial liabilities payable on demand (2014: nil).

### Note 14F: Market risk

ASIC's exposure to 'Currency risk' is minimal as only a small number of contracts are in currencies other than Australian dollars.

### Note 14G: Interest rate risk

ASIC's financial instruments are not exposed to interest rate risk.

## Note 15: Financial assets reconciliation

Notes	2015 \$'000	2014 \$'000
<b>Note 15: Financial assets</b>		
<b>Total financial assets as per balance sheet</b>	<b>104,115</b>	117,571
Less: non-financial instrument components:		
Appropriations receivable	91,049	95,713
GST receivable included in financial assets	3,130	4,670
Total non-financial instrument components	94,179	100,383
<b>Total financial assets as per financial instruments note</b>	<b>9,936</b>	17,188

## Note 16: Administered – Expenses

### Note 16A: Grants

Private sector:

Rendering of services – related parties

Insolvency practitioners<sup>1</sup>

	3,067	2,132
<b>Total grants</b>	<b>3,067</b>	2,132

1. ASIC administers payments to registered insolvency practitioners to undertake preliminary investigations of suspected breaches of directors' duties and fraudulent conduct and to report the outcome of their findings to ASIC for further action as appropriate.

### Note 16B: Write-down and impairment of assets

Impairment of receivables

Waiver of fees and charges owing

	42,935	41,745
	2,408	2,843
<b>Total write-down and impairment of assets</b>	<b>45,343</b>	44,588

### Note 16C: Other expenses

Claims – Bank and deposit-taking institution account holders

Claims – Life insurance policy holders

Claims – Corporations Act

Promotional costs for MoneySmart initiatives

	112,688	109,205
	8,461	7,846
	19,096	125,797
	2,250	2,000
<b>Total other expenses</b>	<b>142,495</b>	244,848

# Notes to and forming part of the financial statements

FOR THE YEAR ENDED 30 JUNE 2015

## Note 17: Administered – Income

Revenue	2015 \$'000	2014 \$'000
<b>Taxation revenue</b>		
<b>Note 17A: Fees and fines</b>		
Fees	725,904	673,362
Fines	97,675	89,482
<b>Total fees and fines</b>	<b>823,579</b>	<b>762,844</b>

### Corporations Act, National Consumer Credit Protection Act, Business Names Registration Act and Superannuation Industry (Supervision) Act fees and fines

	2015 \$'000	2015 \$'000	2015 \$'000	2014 \$'000	2014 \$'000	2014 \$'000
	Fees	Fines	Total	Fees	Fines	Total
Mandatory collections <sup>1</sup>						
– Corporations Act	616,385	92,486	708,871	566,634	86,987	653,621
– Business Names	45,189	–	45,189	43,406	–	43,406
– Other	6,154	207	6,361	6,034	250	6,284
Information broker fees <sup>2</sup>	52,313	–	52,313	52,434	–	52,434
Other search fees <sup>2</sup>	5,863	–	5,863	4,854	–	4,854
Court/infringement revenue <sup>3</sup>	–	4,982	4,982	–	2,245	2,245
	<b>725,904</b>	<b>97,675</b>	<b>823,579</b>	<b>673,362</b>	<b>89,482</b>	<b>762,844</b>

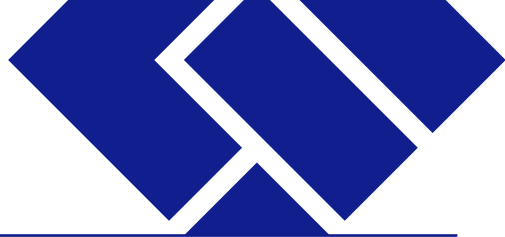
1. Fees and charges arise from actions which are mandatory under the *Corporations Act 2001*, *National Consumer Credit Protection Act 2009*, *Business Names Registration (Fees) Act 2011* and *Superannuation Industry (Supervision) Act 1993*.

2. Fees and charges paid by information brokers and other consumers for information provided by ASIC from Registers.

3. Recovery of fines and penalties for contraventions of the *Corporations Act 2001* and the *National Consumer Credit Protection Act 2009*.

### Note 17B: Non-taxation revenue

<i>Corporations Act 2001</i> unclaimed monies	46,769	84,751
<i>Banking Act 1959</i> unclaimed monies	145,443	130,001
<i>Life Insurance Act 1995</i> unclaimed monies	17,159	16,445
<b>Total non-taxation revenue</b>	<b>209,371</b>	<b>231,197</b>



## Note 18: Administered – Financial assets

Financial assets	Notes	2015 \$'000	2014 \$'000
<b>Note 18A: Cash and cash equivalents</b>			
Total cash and cash equivalents	24	<b>2,157</b>	3,876
<b>Note 18B: Taxation receivables</b>			
Fees and fines receivable		<b>173,118</b>	160,345
Information brokers' fees		<b>8,624</b>	7,377
<b>Total taxation receivables (gross)</b>		<b>181,742</b>	167,722
Less: impairment allowance account:			
Fees and fines		<b>58,028</b>	55,134
<b>Total taxation receivables (net)</b>		<b>123,714</b>	112,588
Receivables were aged as follows:			
Not overdue		<b>86,812</b>	83,755
Overdue by:			
Less than 30 days		<b>20,478</b>	11,910
30 to 60 days		<b>8,702</b>	10,658
61 to 90 days		<b>5,932</b>	5,083
More than 90 days		<b>59,818</b>	56,597
<b>Total taxation receivables (gross)</b>		<b>181,742</b>	168,003
The impairment allowance account is aged as follows:			
Not overdue		<b>431</b>	402
Overdue by:			
Less than 30 days		<b>1,003</b>	959
30 to 60 days		<b>1,453</b>	1,552
61 to 90 days		<b>1,454</b>	1,314
More than 90 days		<b>53,687</b>	50,907
<b>Total impairment allowance account</b>		<b>58,028</b>	55,134
Taxation receivables are due from entities that are not part of the Australian Government.			
<b>Reconciliation of the movement in the impairment allowance account</b>			
Opening balance 1 July 2014		<b>55,134</b>	52,085
Amounts written off		<b>(40,040)</b>	(38,696)
Amounts waived		<b>(2,409)</b>	(2,843)
Increase in impairment allowance recognised as an expense		<b>45,343</b>	44,588
<b>Closing balance 30 June 2015</b>		<b>58,028</b>	55,134
<b>Note 18C: Other receivables</b>			
Other receivables <sup>1</sup>		<b>203</b>	281
<b>Total receivables (gross)</b>		<b>203</b>	281

1. In 2014, this was included as taxation receivables.

# Notes to and forming part of the financial statements

FOR THE YEAR ENDED 30 JUNE 2015

## Note 19: Administered – Payables

	2015 \$'000	2014 \$'000
<b>Note 19A: Suppliers</b>		
Suppliers payables	450	1,377
<b>Total suppliers</b>	<b>450</b>	<b>1,377</b>
<b>Note 19B: Other payables</b>		
Refund of fees payable	12,044	11,857
Unallocated monies <sup>1</sup>	6,140	6,797
Grants payable <sup>2</sup>	1,286	806
<b>Total other payables</b>	<b>19,470</b>	<b>19,460</b>
<b>Total suppliers and other payables</b>	<b>19,920</b>	<b>20,837</b>

All other payables are entities that are not part of the Australian Government.

1. All payables are expected to be settled within 12 months. Settlement is usually made within 30 days.
2. Settlement is made according to the terms and conditions of each grant. This is usually within 30 days of performance and eligibility.

### Note 19C: Provisions

Corporations Act 2001 claims	168,715	180,586
Banking Act 1959 claims	224,333	228,739
Life Insurance Act 1995 claims	24,643	26,523
<b>Total other provisions</b>	<b>417,691</b>	<b>435,848</b>

The estimate of future claims for repayment was calculated using a methodology determined by an independent actuary.

### Reconciliation of the opening and closing balance of other provisions

Carrying amount 1 July 2014	435,848	502,571
Amounts recognised	140,245	242,848
Amounts used	(158,402)	(309,571)
<b>Closing balance 30 June 2015</b>	<b>417,691</b>	<b>435,848</b>

## Note 20: Administered cash flow reconciliation

### Reconciliation of cash and cash equivalents as per Administered Schedule of Assets and Liabilities to the Administered Cash Flow Statement

#### Cash and cash equivalents as per:

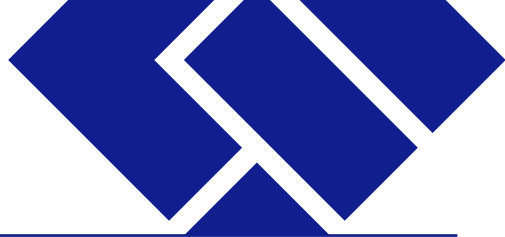
Administered Cash Flow Statement	2,157	3,876
Schedule of Administered Assets and Liabilities	2,157	3,876

#### Reconciliation of net cost of services to net cash from operating activities:

Net contribution by services	842,045	702,473
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#### Changes in assets/liabilities

(Decrease) in other provisions	(18,158)	(64,605)
Increase/(Decrease) in Suppliers and other payables	(917)	3,049
(Increase) in receivables	(11,048)	(8,049)
<b>Net cash provided by operating activities</b>	<b>811,922</b>	<b>632,868</b>



## Note 21: Administered contingent liabilities

### Quantifiable administered contingencies

Quantifiable administered contingencies that are not remote are disclosed below.

#### Banking Act, Life Insurance Act and Corporations Act administration

An actuarial assessment of the amount of claims that are likely to be lodged with ASIC in respect to unclaimed monies was conducted by an independent actuary. ASIC used the actuary's calculation for the likely claims payable, excluding interest. The principal value of this estimate was deducted from the total balance of unclaimed monies to derive the contingent liability at 30 June 2015 for:

<i>Banking Act 1959</i>	\$474.926m (2014: \$439.259m)
<i>Life Insurance Act 1995</i>	\$ 66.313m (2014: \$57.251m)
<i>Corporations Act 2001</i>	\$251.005m (2014: \$219.052m)

### Unquantifiable administered contingencies

There are no unquantifiable administered contingent liabilities.

## Note 22: Administered contingent assets

There are no administered contingent assets.

## Note 23: Administered financial instruments

	2015 \$'000	2014 \$'000
<b>Note 23A: Categories of financial instruments</b>		
<b>Financial assets</b>		
Cash and cash equivalents	<u>2,157</u>	3,876
<b>Financial liabilities</b>		
At amortised cost:		
Grants payable	1,286	806
Suppliers payables	450	1,377
<b>Total financial liabilities held at amortised cost</b>	<u>1,736</u>	2,183

### Note 23B: Fair values of financial instruments

The fair values of financial liabilities at amortised cost approximate their fair value.

### Note 23C: Credit risk

ASIC's administered receivables arise as a result of a statutory obligation not a contractual obligation and are therefore not classified as financial instruments.

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

### Note 23D: Liquidity risk

ASIC's administered financial liabilities are trade creditors. ASIC is able to meet its financial liabilities as and when they become due and payable.

All administered financial liabilities as at 30 June 2015 and 30 June 2014 are payable within one year.

# Notes to and forming part of the financial statements

FOR THE YEAR ENDED 30 JUNE 2015

## Note 24: Administered financial assets reconciliation

	2015 \$'000	2014 \$'000
<b>Note 24: Financial assets</b>		
<b>Total financial assets as per Schedule of Administered Assets and Liabilities</b>	<b>126,074</b>	116,745
Less: non-financial instrument components		
Net statutory receivables <sup>1</sup>	<b>123,714</b>	112,588
Trade and other receivables	<b>203</b>	281
Total non-financial instrument components	<b>123,917</b>	112,869
<b>Total administered financial assets as per financial instruments note</b>	<b>2,157</b>	3,876

1. Statutory receivables relate to outstanding fees and fines under the *Corporations Act 2001*, *National Consumer Credit Protection Act*, *Business Names Registration (Fees) Act* and the *Superannuation Industry (Supervision) Act 1993*. In accordance with the FRR, these are not classified as financial instruments because they relate to a legislative rather than contractual obligation.

## Note 25: Appropriations

**Table A: Annual appropriations ('recoverable GST exclusive')**

### Departmental

#### Ordinary annual services

Annual Appropriation	<b>340,058</b>	382,103
Equity	<b>9,365</b>	11,791
PGPA Act – Section 74	<b>6,109</b>	17,438
PGPA Act – Section 75 <sup>1</sup>	<b>3,247</b>	–
<b>Total Appropriation</b>	<b>358,779</b>	411,332
<b>Appropriations applied (current and prior year)</b>		
Annual Appropriation	<b>346,069</b>	370,951
Equity	<b>7,070</b>	9,896
PGPA Act – Section 75	<b>2,667</b>	–
<b>Total Applied</b>	<b>355,806</b>	380,847
Variance <sup>2</sup>	<b>2,973</b>	30,485
PGPA Act – Section 51 determinations <sup>3</sup>	<b>(631)</b>	–

1. In 2015, this includes \$0.634m in appropriation bill (No.1) 2015 and \$2.613m in equity injection for the reallocation of funding from the Department of Treasury for the North Queensland Insurance Comparison Website.

2. In 2015, there were no material variances for ordinary annual services appropriations. In 2014, the variance relates to deferred outlay for the Enforcement Special Account and savings in the Enhanced Market Supervision project. The variance in equity funding relates to deferred capital expenditure for the implementation of the Insolvency Reform Programme, Flexible Advanced Surveillance Technologies, Competition for Market Services and the Future of Financial Advice reforms.

3. In 2015, the Direction to Permanently Withhold Access to Annual Appropriations enabled the specific amount to be withheld in accordance with the approved Government decisions and movement of funds.



## Note 25: Appropriations continued

<b>Administered</b>		2015	2014
<b>Ordinary annual services</b>	<b>Notes</b>	<b>\$'000</b>	<b>\$'000</b>
Annual Appropriation		7,891	6,329
Appropriations reduced <sup>1</sup>		(1,248)	(2,197)
<b>Total Appropriation</b>		<b>6,643</b>	<b>4,132</b>
Appropriations applied (current and prior year)		5,738	2,829
Variance		905	1,303

1. In 2015, there was no adjustment that met the recognition criteria of a formal addition or reduction in revenue (in accordance with FRR Part 6 Div 3) but at law the appropriations had not been amended before the end of the reporting period.

**Table B: Departmental Capital Budget ('recoverable GST exclusive')**

Departmental Capital Budget

Ordinary annual services <sup>1</sup>	15,215	18,741
Payment for non-financial assets <sup>2</sup>	27,036	22,991
Variance	(11,821)	(4,250)

1. Departmental Capital Budgets are appropriated through Appropriation Acts (No. 1, 3, 5). They form part of ordinary annual services, and are not separately identified in the Appropriation Acts. For more information on ordinary annual services appropriations, please see Table A: Annual appropriations.
2. Payments made on non-financial assets include purchases of assets, expenditure on assets which has been capitalised, costs incurred to make good an asset to its original condition, and the capital repayment component of finance leases.

**Table C: Unspent departmental appropriations ('recoverable GST exclusive')**

**Authority**

Appropriation Act (No. 2) 2012–2013	2,044	3,056
Appropriation Act (No. 2) 2013–2014	1,507	1,895
Appropriation Act (No. 1) 2013–2014	–	95,440
Appropriation Act (No. 1) DCB 2014–2015	320	–
Appropriation Act (No. 1) 2014–2015	86,687	–
Appropriation Act (No. 2) 2014–2015	2,311	–
Appropriation Act (No. 4) 2014–2015	268	–
Enforcement Special Account	29	51,900
<b>Total</b>	<b>155,264</b>	<b>152,291</b>

Unspent departmental appropriations includes cash balance of \$9.232m (2014: \$15.129m).

**Unspent administered appropriations ('recoverable GST exclusive')**

**Authority**

Appropriation Act (No. 1) 2014–2015	2,142	–
<b>Total</b>	<b>2,142</b>	<b>–</b>

Unspent administered appropriations represents cash balances.

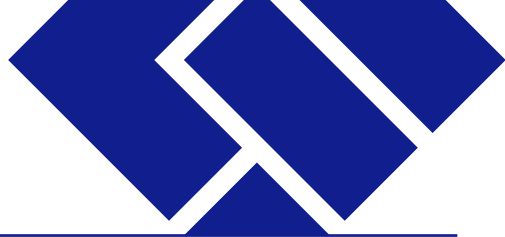
# Notes to and forming part of the financial statements

FOR THE YEAR ENDED 30 JUNE 2015

## Note 25: Appropriations continued

Table D: Special appropriations ('recoverable GST exclusive')

Authority	Type	Purpose	Appropriation applied	
			2015 \$'000	2014 \$'000
<i>s69 Banking Act 1959</i> , Administered	Unlimited	ASIC has responsibility for the administration of unclaimed monies from banking and deposit-taking institutions. ASIC receives special appropriations from the OPA ( <i>s69 Banking Act 1959</i> ) to refund amounts to banking and deposit-taking institution account holders.	117,093	269,076
<i>s216 Life Insurance Act 1995</i> , Administered	Unlimited	ASIC has responsibility for the administration of unclaimed monies from life insurance institutions and friendly societies. ASIC receives special appropriations from the OPA ( <i>s216 Life Insurance Act 1995</i> ) to refund amounts to life insurance policy holders.	10,342	11,793
<i>s77 PGPA Act, Corporations Act 2001</i> (refunds of overpaid Corporations Act fees and charges), Administered	Unlimited	ASIC has responsibility for the administration and collection of Corporations Act fees and charges. All fees and charges are deposited into the OPA as received. Refunds of overpayments are appropriated under <i>s77</i> of the <i>PGPA Act 2013</i> .	9,518	8,321
<i>s77 PGPA Act, Corporations Act 2001</i> (refunds of unclaimed money held under <i>s1341 Corporations Act 2001</i> ), Administered	Unlimited	ASIC has responsibility for the administration of unclaimed monies under <i>s1341</i> of the <i>Corporations Act 2001</i> .	30,028	28,413
<b>Total</b>			<b>166,981</b>	<b>317,603</b>



## Note 26: Expenditure relating to statutory boards and tribunal

Pursuant to Parts 11 and 12 of the *Australian Securities and Investments Commission Act 2001*, ASIC is required to support statutory boards and a tribunal to promote activities that assist ASIC to attain its aims.

The following direct expenditure incurred on behalf of these boards and tribunal are included in the Statement of Comprehensive Income of ASIC:

	2015 \$'000	2014 \$'000
Companies Auditors and Liquidators Disciplinary Board	671	1,004
Superannuation Complaints Tribunal	5,919	6,642

The Superannuation Complaints Tribunal (SCT) is an independent body with distinct responsibilities as set out under the *Superannuation (Resolution of Complaints) Act 1993* and has operated under the budgetary umbrella of ASIC since 1 July 1998.

## Note 27: Assets of deregistered companies vesting in ASIC

Section 601AD of the *Corporations Act 2001* provides that, on deregistration of a company, all of the company's property vests in ASIC. In 2011–12, ASIC began taking a proactive approach to administering vested property and accounts for any proceeds on realisation of those assets in accordance with its statutory duties.

Vested assets are not available to ASIC and are not recognised in the financial statements.

	2015 Quantity	2014 Quantity
Class of asset		
Land	568	571
Shares	211	175
Other	125	175
<b>Closing balance</b>	<b>904</b>	<b>921</b>

Land is comprised of real property as described on the relevant Land Titles Registry. Shares are comprised of parcels of shares in both private and publicly listed companies and include those parcels held by the company as trustee. Other assets include such property as intellectual property (e.g. trademarks) and mortgages.

# Notes to and forming part of the financial statements

FOR THE YEAR ENDED 30 JUNE 2015

## Note 28: Security deposits from dealers, investment advisers and liquidators

The *Corporations Act 2001* and the *Corporations Regulations 2001* require applicants for a dealer's or investment adviser's licence, and applicants for registration as a liquidator, to lodge a security deposit with ASIC. These monies, deposits, stock, bonds or guarantees are not available to ASIC and are not recognised in the financial statements.

	2015 \$'000	2014 \$'000
Security deposits under Corporations Regulations 2001 regulation 7.6.02AA (dealers and investment advisers)		
Cash (at bank)	323	323
Inscribed stock	20	20
Bank guarantees	9,670	10,030
Closing balance	<u>10,013</u>	<u>10,373</u>
Security deposits under Corporations Regulations section 1284(1) (liquidators)		
Insurance bond	1,800	1,800
Closing balance	<u>1,800</u>	<u>1,800</u>

## Note 29: Special Accounts and PGPA Act section 78

### Note 29A: Enforcement Special Account (Departmental)

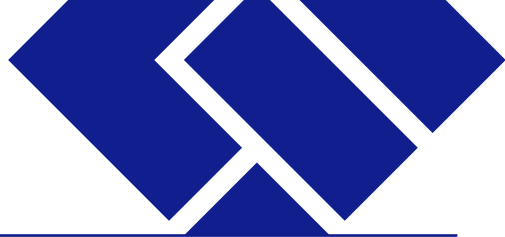
Legal authority – s78 *Public Governance, Performance and Accountability Act 2013* (2014: s20(1) *Financial Management and Accountability Act 1997* and *Financial Management and Accountability Determination 2006/31 – Enforcement Special Account Establishment 2006*).

Appropriation – s78 *Public Governance, Performance and Accountability Act 2013*.

Purpose – the Enforcement Special Account (ESA) is a departmental special account which was established by a determination of the Finance Minister on 13 September 2006 to fund the costs of ASIC arising from the investigation and litigation of matters of significant public interest.

Balance carried forward from previous year	51,900	33,794
Appropriation for the reporting period	27,000	30,000
Costs recovered	428	1,123
Available for payments	<u>79,328</u>	64,917
Cash payments from the Special Account <sup>1</sup>	<u>(17,201)</u>	(13,017)
Balance carried forward to the next period	<u>62,127</u>	<u>51,900</u>
Represented by:		
Cash – held in the Official Public Account	62,127	51,900

1. For the year ended 30 June 2015, ASIC recognised ESA revenue of \$16.477m (2014: \$10.428m), and \$16.773m (2014: \$11.894m) was drawn down in cash during the year.



## Note 29: Special Accounts and PGPA Act section 78 continued

### Note 29B: Deregistered Companies Trust Monies Special Account

Legal authority – s78 Public Governance, Performance and Accountability Act 2013 (2014: s20(1) Financial Management and Accountability Act 1997 and Financial Management and Accountability Determination 2008/02 – ASIC Deregistered Companies Trust Monies Special Account Establishment 2008).

Appropriation – s78 Public Governance, Performance and Accountability Act 2013.

Purpose – the Deregistered Companies Trust Monies Special Account was established by the Finance Minister on 18 February 2008 to manage property vesting in the Commonwealth as a result of the deregistration provisions of the Corporations Act 2001.

	2015 \$'000	2014 \$'000
Balance carried forward from previous year	1,546	1,436
Receipts during the year	362	109
Interest received	35	35
Available for payments	1,943	1,580
Disbursements	(41)	(34)
<b>Closing balance</b>	<b>1,902</b>	<b>1,546</b>

### Note 29C: ASIC Security Deposits Special Account

Legal authority – s78 Public Governance, Performance and Accountability Act 2013 (2014: s20(1) Financial Management and Accountability Act 1997 and Financial Management and Accountability Determination 2008/03 – ASIC Security Deposits Special Account Establishment 2008).

Appropriation – s78 Public Governance, Performance and Accountability Act 2013.

Purpose – the ASIC Security Deposits Special Account was established by a determination of the Finance Minister on 18 February 2008 to manage security deposits lodged with ASIC by registered liquidators, licensed securities dealers, licensed investment advisers and financial services licensees.

Balance carried forward from previous year	445	456
Interest received	9	9
Available for payments	454	465
Disbursements	–	(20)
<b>Closing balance</b>	<b>454</b>	<b>445</b>

### Note 29D: ASIC Investigations, Legal Proceedings, Settlements and Court Orders Special Account

Legal authority – s78 Public Governance, Performance and Accountability Act 2013 (2014: s20(1) Financial Management and Accountability Act 1997 and Financial Management and Accountability Determination 2008/04 – ASIC Investigations, Legal Proceedings, Settlements and Court Orders Special Account Establishment 2008).

Appropriation – s78 Public Governance, Performance and Accountability Act 2013.

Purpose – the ASIC Investigations, Legal Proceedings, Settlements and Court Orders Special Account was established by a determination of the Finance Minister on 18 February 2008 to manage money or other property temporarily held by ASIC for the benefit of a person other than the Commonwealth as a result of investigations conducted by ASIC, legal proceedings to which ASIC is a party, deeds of settlement to which ASIC is a party, enforceable undertakings accepted by ASIC and court orders referring to ASIC.

Balance carried forward from previous year	11	11
Receipts during the year	–	809
Available for payments	11	820
Disbursements	–	(809)
<b>Closing balance</b>	<b>11</b>	<b>11</b>

# Notes to and forming part of the financial statements

FOR THE YEAR ENDED 30 JUNE 2015

## Note 29: Special Accounts and PGPA Act section 78 continued

### Note 29E: Services for Other Entities and Trust Monies Special Account – Australian Securities and Investments Commission

Legal authority – s78 Public Governance, Performance and Accountability Act 2013 (2014: s20(1) Financial Management and Accountability Act 1997 and Financial Management and Accountability Determination 2012/07 establishes a Special Account entitled 'Services for Other Entities and Trust Monies Special Account – Australian Securities and Investments Commission').

Appropriation – s78 Public Governance, Performance and Accountability Act 2013.

Purpose – the Services for Other Entities and Trust Monies Special Account – Australian Securities and Investments Commission (SOETM) was established on 30 May 2012. The SOETM combines the purposes of the Other Trust Monies and the Services for other Government and Non-agency Bodies Special Accounts into a single standard-purpose special account. The SOETM enables ASIC to continue to hold and expend amounts on behalf of persons or entities other than the Commonwealth. The SOETM will typically be used to accommodate small amounts of miscellaneous monies, for example, amounts received in connection with services performed for or on behalf of any persons or entities that are not agencies as prescribed under the PGPA Act, such as other governments.

	2015 \$'000	2014 \$'000
Balance carried forward from previous year	–	–
Receipts during the year	–	189
Available for payments	–	189
Disbursements	–	(189)
<b>Closing balance</b>	–	–

## Note 30: Reporting of outcomes

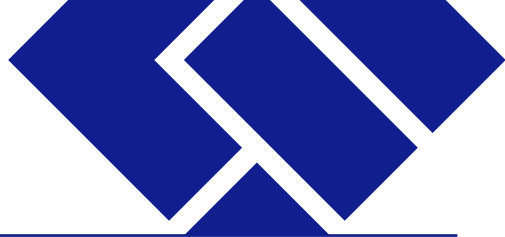
ASIC's outcome during the reporting period was:

Improved confidence in Australia's financial markets through promoting informed investors and financial consumers, facilitating fair and efficient markets and delivering efficient registry systems.

### Note 30: Net (cost)/contribution of outcome delivery

	Outcome 1	
	2015 \$'000	2014 \$'000
<b>Departmental</b>		
Expenses	354,293	405,454
Own-source income	3,612	3,693
<b>Administered</b>		
Expenses	190,905	291,568
Own-source income	1,032,950	994,041
<b>Net contribution of outcome delivery</b>	<b>491,364</b>	<b>300,712</b>

Net costs shown include intra-government costs that are eliminated in calculating the budget outcome.



## Note 31: Administered receipts subject to cost recovery policy

	2015 \$'000	2014 \$'000
<b>Note 31A: Receipts pursuant to cost recovery provisions</b>		
<b>Significant cost recovery arrangements</b>		
Supervision of Australia's financial markets and competition for market services.	<b>21,286</b>	17,776
<b>Total receipts subject to cost recovery policy</b>	<b>21,286</b>	17,776
Receivables	<b>6,215</b>	5,086
Receivables are aged as follows:		
Not overdue	<b>6,062</b>	4,948
Overdue by:		
Less than 30 days	–	136
30 to 60 days	–	2
61 to 90 days	<b>153</b>	–
<b>Total receivables (gross)</b>	<b>6,215</b>	5,086

ASIC is recovering its costs to enhance its supervision of Australia's financial markets and competition for market services.

# Notes to and forming part of the financial statements

FOR THE YEAR ENDED 30 JUNE 2015

## Note 32: Budgetary reports and explanation of major variances

### Note 32A: Departmental Budgetary Reports

The following tables provide a comparison of the original budget as presented in the 2014–15 Portfolio Budget Statements (PBS) to the 2014–15 final outcome as presented in accordance with Australian Accounting Standards for ASIC. The budget is not audited. Explanations of variances greater than 10% are provided.

	Actual	Budget Estimated	Variance
	2015	2015	2015
	\$'000	\$'000	\$'000
<b>Statement of Comprehensive Income</b>			
<b>EXPENSES</b>			
Employee benefits	213,072	212,720	352
Supplier	100,416	108,032	(7,616)
Finance costs	(568)	500	(1,068)
Depreciation and amortisation	41,373	44,596	(3,223)
<b>Total expenses</b>	<b>354,293</b>	<b>365,848</b>	<b>(11,555)</b>
<b>LESS:</b>			
<b>OWN-SOURCE INCOME</b>			
<b>Revenue</b>			
Sale of goods and rendering of services	1,609	1,204	(405)
Other revenue	2,692	840	(1,852)
<b>Total revenue</b>	<b>4,301</b>	<b>2,044</b>	<b>(2,257)</b>
<b>Gains</b>			
Other	354	172	(182)
<b>Total gains</b>	<b>354</b>	<b>172</b>	<b>(182)</b>
<b>Total own-source income</b>	<b>4,655</b>	<b>2,216</b>	<b>(2,439)</b>
<b>Net cost of (contribution by) services</b>	<b>349,638</b>	<b>363,632</b>	<b>13,994</b>
Appropriation revenue	311,942	322,462	10,520
<b>Surplus (deficit) attributable to the Australian Government</b>	<b>(37,696)</b>	<b>(41,170)</b>	<b>(3,474)</b>

Explanations of variances greater than 10%	Affected line items (and schedule)
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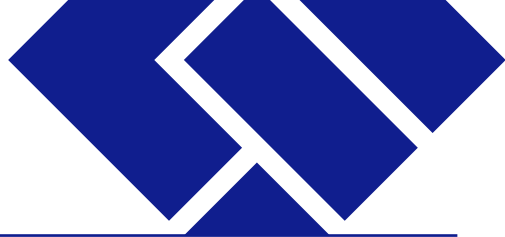
#### Expense

The variance relates to a year-end valuation adjustment of \$1.0m, primarily driven by a reduction in the 10-year Government bond rate.	Finance Cost (Statement of Comprehensive Income)
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#### Own-source income

The variance relates to the award of costs from litigation of \$0.4m, as well as rental income of \$1.0m from subleasing surplus space.	Other Revenue (Statement of Comprehensive Income)
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## Note 32: Budgetary reports and explanation of major variances

continued

	Actual	Budget Estimated Original	Variance
	2015	2015	2015
	\$'000	\$'000	\$'000
<b>Statement of Financial Position</b>			
<b>ASSETS</b>			
<b>Financial assets</b>			
Cash and cash equivalents	9,232	2,216	(7,016)
Trade and other receivables	94,883	92,631	(2,252)
<b>Total financial assets</b>	<b>104,115</b>	<b>94,847</b>	<b>(9,268)</b>
<b>Non-financial assets</b>			
Leasehold improvements	36,208	51,944	15,736
Plant and equipment	22,854	18,474	(4,380)
Intangibles – computer software	92,781	92,298	(483)
Other non-financial assets	9,931	9,069	(862)
<b>Total non-financial assets</b>	<b>161,774</b>	<b>171,785</b>	<b>10,011</b>
<b>Total assets</b>	<b>265,889</b>	<b>266,632</b>	<b>743</b>
<b>LIABILITIES</b>			
<b>Payables</b>			
Suppliers	24,867	42,570	17,703
Other payables	61,073	30,697	(30,376)
<b>Total payables</b>	<b>85,940</b>	<b>73,267</b>	<b>(12,673)</b>
<b>Provisions</b>			
Employee provisions	60,000	81,916	21,916
Other provisions	15,855	9,898	(5,957)
<b>Total provisions</b>	<b>75,855</b>	<b>91,814</b>	<b>15,959</b>
<b>Total liabilities</b>	<b>161,795</b>	<b>165,081</b>	<b>3,286</b>
<b>Net assets</b>	<b>104,094</b>	<b>101,551</b>	<b>(2,543)</b>
<b>EQUITY</b>			
Contributed equity	289,874	283,846	(6,028)
Reserves	6,365	9,213	2,848
Accumulated deficits	(192,145)	(191,508)	637
<b>Total equity</b>	<b>104,094</b>	<b>101,551</b>	<b>(2,543)</b>

# Notes to and forming part of the financial statements

FOR THE YEAR ENDED 30 JUNE 2015

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## Note 32: Budgetary reports and explanation of major variances

continued

<b>Explanations of variances greater than 10%</b>	<b>Affected line items (and schedule)</b>
<b>Financial asset</b>	
Cash includes the first pay run of the following financial year.	Cash (Statement of Financial Position)
<b>Non-financial assets</b>	
The variance relates to the consolidation of space within the Melbourne office tenancy. ASIC received a lease incentive to fund the fitout of the space, with an unused portion applied to reduce future rent payments.	Leasehold improvements (Statement of Financial Position)
Expenditure to maintain and refresh IT infrastructure which had been planned for 2016 was commenced in 2015.	Plant and equipment (Statement of Financial Position)
<b>Liabilities</b>	
The original budget classified all expenses relating to redundancies (\$4m) and short-term wages (\$16.3m) as Employee costs, however in the financial statements these costs are included as other provisions and other payables. The variance of provisions and payables offset each other.	Provisions and Payables (Statement of Financial Position)

## Note 32: Budgetary reports and explanation of major variances *continued*

Statement of	Retained earnings		Asset revaluation		Contributed equity/capital		Total equity	
	Actual	Budget	Actual	Budget	Actual	Budget	Actual	Budget
	Estimate	Estimate	Estimate	Estimate	Estimate	Estimate	Estimate	Estimate
<b>Changes in Equity</b>	<b>Original</b>	<b>Original</b>	<b>Variance</b>	<b>Variance</b>	<b>Variance</b>	<b>Variance</b>	<b>Original</b>	<b>Original</b>
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Opening balance as at 1 July 2014	(154,638)	(150,338)	(4,300)	9,213	(2,847)	262,681	121,556	7,147
Balance carried forward from previous period								
<b>Adjusted opening balance</b>	<b>(154,638)</b>	<b>(150,338)</b>	<b>(4,300)</b>	<b>9,213</b>	<b>(2,847)</b>	<b>262,681</b>	<b>121,556</b>	<b>7,147</b>
<b>Comprehensive income</b>								
Surplus/(deficit) for the period	(37,507)	(41,170)	3,663	(1)	(1)	(37,508)	(41,170)	(3,662)
<b>Total comprehensive income recognised directly in equity</b>	<b>(37,507)</b>	<b>(41,170)</b>	<b>3,663</b>	<b>(1)</b>	<b>(1)</b>	<b>(37,508)</b>	<b>(41,170)</b>	<b>(3,662)</b>
<b>Transactions with owners</b>								
<b>Contributions by owners</b>								
Equity Injection – Appropriation	–	–	–	–	–	11,978	5,950	6,028
Departmental Capital Budget (DCB)	–	–	–	–	–	15,215	15,215	–
<b>Total transactions with owners</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>27,193</b>	<b>21,165</b>	<b>6,028</b>
<b>Estimated closing balance as at 30 June 2015</b>	<b>(192,145)</b>	<b>(191,508)</b>	<b>(637)</b>	<b>9,213</b>	<b>(2,848)</b>	<b>289,874</b>	<b>283,846</b>	<b>9,513</b>
Closing balance attributable to the Australian Government	(192,145)	(191,508)	(637)	9,213	(2,848)	289,874	283,846	9,513
	<b>(192,145)</b>	<b>(191,508)</b>	<b>(637)</b>	<b>9,213</b>	<b>(2,848)</b>	<b>289,874</b>	<b>283,846</b>	<b>9,513</b>

# Notes to and forming part of the financial statements

FOR THE YEAR ENDED 30 JUNE 2015

## Note 32: Budgetary reports and explanation of major variances

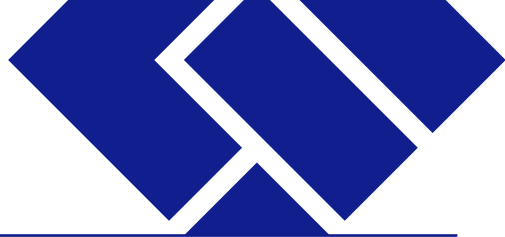
continued

<b>Explanations of variances greater than 10%</b>	<b>Affected line items (and schedule)</b>		
The variance relates to additional funding for the development of the Enhanced Register of Financial Advisers of \$3.4m and reallocation of funding from Treasury for the development of the North Queensland Insurance Comparison Website of \$2.6m.	Equity Injection – Appropriation (Statement of Financial Position)		
	Actual	Budget Estimated Original	Variance
	2015	2015	2015
	\$'000	\$'000	\$'000
<b>Cash Flow Statement</b>			
<b>OPERATING ACTIVITIES</b>			
<b>Cash received</b>			
Goods and services	3,322	1,204	(2,118)
Appropriations	324,215	325,125	910
GST received	13,062	13,941	879
Other	2,787	840	(1,947)
<b>Total cash received</b>	<b>343,386</b>	<b>341,110</b>	<b>(2,276)</b>
<b>Cash used</b>			
Employees	215,403	212,478	(2,925)
Suppliers	105,510	110,827	5,317
GST paid	11,520	13,941	2,421
Cash used – other	6,109	250	(5,859)
<b>Total cash used</b>	<b>338,542</b>	<b>337,496</b>	<b>(1,046)</b>
<b>Net cash from (or used by) operating activities</b>	<b>4,844</b>	<b>3,614</b>	<b>(1,230)</b>
<b>INVESTING ACTIVITIES</b>			
<b>Cash used</b>			
Purchase of property, plant and equipment	36,435	24,779	(11,656)
<b>Total cash used</b>	<b>(36,435)</b>	<b>24,779</b>	<b>(11,656)</b>
Net cash from (or used by) investing activities	(36,435)	24,779	(11,656)
<b>FINANCING ACTIVITIES</b>			
<b>Cash received</b>			
Appropriations – contributed equity	25,694	21,165	(4,529)
<b>Total cash received</b>	<b>25,694</b>	<b>21,165</b>	<b>(4,529)</b>
<b>Net cash from (or used by) financing activities</b>	<b>25,694</b>	<b>21,165</b>	<b>(4,529)</b>
<b>Net increase (or decrease) in cash held</b>	<b>(5,897)</b>	<b>–</b>	<b>5,897</b>
Cash at the beginning of the reporting period	15,129	2,216	(12,913)
<b>Cash at the end of the reporting period</b>	<b>9,232</b>	<b>2,216</b>	<b>(7,016)</b>

<b>Explanations of variances greater than 10%</b>	<b>Affected line items (and schedule)</b>		
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**Cash used**

The variance relates to additional funding for the development of the Enhanced Register of Financial Advisers (\$3.4m) and reallocation of funding from Treasury for the development of the North Queensland Insurance Comparison Website (\$2.2m). The remainder of the variance is a timing difference between obtaining control of the assets and payment of the invoices.	Purchase of property, plant and equipment (Cash Flow Statement)		
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## Note 32: Budgetary reports and explanation of major variances continued

### Note 32B: Administered Budgetary Reports

The following tables provide a comparison of the original budget as presented in the 2014–15 Portfolio Budget Statements (PBS) to the 2014–15 final outcome as presented in accordance with Australian Accounting Standards for the entity. The budget is not audited. Explanations of variances greater than 10% are provided.

	Actual	Budget Estimated Original	Variance
	2015 \$'000	2015 \$'000	2015 \$'000
<b>Schedule of income and expenses administered on behalf of Government</b>			
<b>EXPENSES</b>			
Grants	3,067	3,571	(504)
Write-down and impairment of assets	45,343	43,495	1,848
Other	142,495	79,336	63,159
<b>Total expenses</b>	190,905	126,402	64,503
<b>LESS:</b>			
<b>Own-source revenue</b>			
<b>Taxation revenue</b>			
Fees and fines	823,579	762,743	60,836
<b>Total taxation revenue</b>	823,579	762,743	60,836
<b>Non-taxation revenue</b>			
Unclaimed monies	209,371	124,300	85,071
<b>Total non-taxation revenue</b>	209,371	124,300	85,071
<b>Total revenue</b>	1,032,950	887,043	145,907
<b>Net contribution by services</b>	842,045	760,641	81,404

<b>Explanations of variances greater than 10%</b>	<b>Affected line items (and schedule)</b>
Higher than anticipated lodgements of unclaimed monies from life insurance and authorised deposit-taking institutions.	Non-taxation revenue (Administered Income)
Other expenses relate to claims for unclaimed monies. The provision for future claims was higher than anticipated due to a lower discount rate used to value future cash flows.	Other expenses (Administered Expenses)

# Notes to and forming part of the financial statements

FOR THE YEAR ENDED 30 JUNE 2015

## Note 32: Budgetary reports and explanation of major variances

continued

	Actual	Budget Estimated Original	Variance
<b>Schedule of assets and liabilities administered on behalf of Government</b>	<b>2015</b>	<b>2015</b>	<b>2015</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
<b>ASSETS</b>			
<b>Financial assets</b>			
Cash and cash equivalents	2,157	2,753	(596)
Receivables	123,917	99,132	24,785
<b>Total assets administered on behalf of Government</b>	<b>126,074</b>	<b>101,885</b>	<b>24,189</b>
<b>LIABILITIES</b>			
<b>Payables</b>			
Suppliers	19,920	750	19,170
Other payables	417,691	269,329	148,362
<b>Total liabilities administered on behalf of Government</b>	<b>437,611</b>	<b>270,079</b>	<b>167,532</b>
<b>Net liabilities</b>	<b>(311,537)</b>	<b>(168,194)</b>	<b>(143,343)</b>

### Explanations of variances greater than 10%

A higher collection rate was assumed in the budget than was realised. This is combined with an increase in Annual Review fees, consistent with the increase in taxation revenues.

The higher payables balance relates to a valuation adjustment by an independent actuarial review undertaken at year end.

### Affected line items (and schedule)

Receivables (Administered Schedule of Assets and Liabilities)

Payables (Administered Schedule of Assets and Liabilities)

**End of financial statements**