4

FINANCIAL STATEMENTS

Financial Statements

FOR THE YEAR ENDED 30 JUNE 2016

Notes to and forming part of the financial statements

Australian National Audit Office

INDEPENDENT AUDITOR'S REPORT

To the Minister for Revenue and Financial Services

I have audited the accompanying annual financial statements of the Australian Securities and Investments Commission for the year ended 30 June 2016, 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;
- Administered Schedule of Comprehensive Income;
- Administered Schedule of Assets and Liabilities;
- Administered Reconciliation Schedule;
- Administered Cash Flow Statement; and
- Notes comprising a summary of significant accounting policies and other explanatory information.

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 2016 and its financial performance and cash flows for the year then ended.

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 and is also responsible for such internal control as the Australian Securities and Investments Commission determines is necessary to enable the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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Independent Auditor's Report

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.

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.

Australian National Audit Office

Jocelyn Ashford

Senior Executive Director

Delegate of the Auditor-General

Canberra

2 September 2016

Statement by the Accountable Authority and Chief Financial Officer

In our opinion, the attached financial statements for the year ended 30 June 2016 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 Australian Securities and Investments Commission will be able to pay its debts as and when they fall due.

G. J. Medcraft
Chairman
02 September 2016

E. L. Hodgson
Chief Financial Officer
02 September 2016

Statement of Comprehensive Income

FOR THE YEAR ENDED 30 JUNE 2016

	Notes	2016 $'000	2015 $'000
NET COST OF SERVICES			
Expenses			
Employee benefits	1.1A	**198,521**	198,197
Suppliers	1.1B	**128,065**	115,115
Depreciation and amortisation	3.2A	**44,373**	41,373
Finance costs – unwinding of restoration provision		**70**	(568)
Write-down and impairment of assets	1.1C	**194**	176
Total expenses		**371,223**	354,293
LESS:			
Own-source revenue			
Rendering of services		**1,992**	1,609
Royalties		**185**	189
Resources received free of charge – Auditors' remuneration		**360**	353
Other revenue	1.2A	**2,663**	2,693
Total own-source revenue		**5,200**	4,844
Net Cost of Services		**366,023**	349,449
Total revenue from Government	1.2B	**311,427**	322,465
Deficit		**(54,596)**	(26,984)
OTHER COMPREHENSIVE INCOME			
Items not subject to subsequent reclassification to net cost of services			
Changes in asset revaluation reserve		**10,772**	(1)
Total comprehensive loss		**(43,824)**	(26,985)

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

Statement of Financial Position

AS AT 30 JUNE 2016

	Notes	2016 $'000	2015 $'000
ASSETS			
Financial assets			
Cash and cash equivalents	3.1A	**1,506**	9,232
Trade and other receivables	3.1B	**130,606**	149,866
Total financial assets		**132,112**	159,098
Non-financial assets			
Leasehold improvements	3.2A	**40,706**	36,208
Plant and equipment	3.2A	**18,795**	22,854
Computer software	3.2A	**81,683**	92,781
Other non-financial assets	3.2B	**9,392**	9,931
Total non-financial assets		**150,576**	161,774
Total assets		**282,688**	320,872
LIABILITIES			
Payables			
Suppliers	3.3A	**33,430**	37,159
Other payables	3.3B	**39,342**	48,781
Total payables		**72,772**	85,940
Provisions			
Employee provisions	6.1	**59,602**	60,000
Other provisions	3.4A	**10,630**	15,855
Total provisions		**70,232**	75,855
Total liabilities		**143,004**	161,795
Net assets		**139,684**	159,077
EQUITY			
Contributed equity		**314,305**	289,874
Reserves		**17,137**	6,365
Accumulated deficit		**(191,758)**	(137,162)
Total equity		**139,684**	159,077

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

Statement of Changes in Equity

FOR THE YEAR ENDED 30 JUNE 2016

	2016 $'000	2015 $'000
CONTRIBUTED EQUITY		
Opening balance	**289,874**	262,681
Transactions with owners		
Contributions by owners		
Equity injections – Appropriations	**5,300**	11,978
Departmental capital budget	**19,131**	15,215
Total transactions with owners	**24,431**	27,193
Closing balance as at 30 June	**314,305**	289,874
RETAINED EARNINGS		
Opening balance		
Balance carried forward from previous period	**(137,152)**	(154,638)
Prior period adjustment	**–**	44,470
Adjusted opening balance	**(137,152)**	(110,168)
Comprehensive income		
Deficit for the period	**(54,596)**	(26,984)
Total comprehensive loss	**(54,596)**	(26,984)
Closing balance as at 30 June	**(191,748)**	(137,152)
ASSET REVALUATION RESERVE		
Opening balance	**6,365**	6,366
Comprehensive income		
Other comprehensive income	**10,772**	(1)
Total comprehensive income	**10,772**	(1)
Closing balance as at 30 June	**17,137**	6,365
TOTAL EQUITY		
Opening balance		
Balance carried forward from previous period	**159,087**	114,409
Prior period adjustment	**–**	44,470
Adjusted opening balance	**159,087**	158,879
Comprehensive income		
Other comprehensive income	**10,772**	(1)
Deficit for the period	**(54,596)**	(26,984)
Total comprehensive loss	**(43,824)**	(26,985)
Transactions with owners		
Contributions by owners		
Equity injections – Appropriations	**5,300**	11,978
Departmental capital budget	**19,131**	15,215
Total transactions with owners	**24,431**	27,193
Closing balance as at 30 June	**139,694**	159,087

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

Cash Flow Statement

FOR THE YEAR ENDED 30 JUNE 2016

	Notes	2016 $'000	2015 $'000
OPERATING ACTIVITIES			
Cash received			
Appropriations		**337,277**	324,215
Services		**2,177**	3,322
Net GST received		**12,754**	13,062
Other cash received		**3,034**	2,787
Total cash received		**355,242**	343,386
Cash used			
Employees		**204,558**	215,403
Suppliers		**151,282**	117,030
Transfers to the Official Public Account		**5,210**	6,109
Total cash used		**(361,050)**	(338,542)
Net cash from/(used by) operating activities	5.4A	**(5,808)**	4,844
INVESTING ACTIVITIES			
Cash used			
Purchase of leasehold improvements, plant and equipment and intangibles		**24,051**	36,435
Net cash (used by) investing activities		**(24,051)**	(36,435)
FINANCING ACTIVITIES			
Cash received			
Appropriations – contributed equity		**22,133**	25,694
Net cash from financing activities		**22,133**	25,694
Net increase/(decrease) in cash held		**(7,726)**	(5,897)
Cash and cash equivalents at the beginning of the reporting period		**9,232**	15,129
Cash and cash equivalents at the end of the reporting period	3.1A	**1,506**	9,232

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

Administered Schedule of Comprehensive Income

FOR THE YEAR ENDED 30 JUNE 2016

	Notes	2016 $'000	2015 $'000
NET COST OF SERVICES			
Expenses			
Grants	2.1A	**3,192**	3,067
Write-down and impairment of assets	2.1B	**49,470**	45,343
Other	2.1C	**100,806**	142,495
Total expenses		**153,468**	190,905
LESS:			
Own-source revenue			
Taxation revenue			
Fees and fines	2.2A	**876,225**	823,579
Total taxation revenue		**876,225**	823,579
Non-taxation revenue			
Unclaimed monies	2.2B	**45,942**	209,371
Total non-taxation revenue		**45,942**	209,371
Total revenue		**922,167**	1,032,950
Net contribution by services		**768,699**	842,045

Administered Schedule of Assets and Liabilities

AS AT 30 JUNE 2016

	Notes	2016 $'000	2015 $'000
ASSETS			
Financial assets			
Cash and cash equivalents	4.1A	**2,065**	2,157
Taxation receivables	4.1B, 4.1C	**130,857**	123,917
Total assets administered on behalf of Government		**132,922**	126,074
LIABILITIES			
Payables			
Suppliers and other payables	4.2A	**25,313**	19,920
Other provisions	4.2B	**391,734**	417,691
Total liabilities administered on behalf of Government		**417,047**	437,611
Net liabilities		**(284,125)**	(311,537)

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

Administered Reconciliation Schedule

AS AT 30 JUNE 2016

	2016 $'000	2015 $'000
Opening assets less liabilities as at 1 July	**(311,537)**	(339,940)
Net contribution by services:		
Administered income	**922,167**	1,032,950
Administered expenses	**(153,468)**	(190,905)
	768,699	842,045
Administered transfers (to)/from the Australian Government		
Appropriation transfers from Official Public Account:		
Special (unlimited) and ordinary appropriations		
Appropriation Act No. 1	**5,748**	5,749
Banking Act unclaimed monies	**82,159**	116,816
Life Insurance Act unclaimed monies	**9,992**	10,367
Section 77 PGPA Act	**37,559**	39,575
Total of Appropriation transfers from Official Public Account	**135,458**	172,507
Administered transfers to Official Public Account	**(876,745)**	(986,149)
Closing assets less liabilities as at 30 June	**(284,125)**	(311,537)

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

Administered Cash Flow Statement

FOR THE YEAR ENDED 30 JUNE 2016

	Notes	2016 $'000	2015 $'000
OPERATING ACTIVITIES			
Cash received			
Corporations Act, National Consumer Credit Protection Act, Business Names Registration (Fees) Act and Superannuation Industry (Supervision) Act		**824,243**	766,641
Corporation Act unclaimed monies		**37,760**	46,769
Banking Act unclaimed monies		**6,164**	145,442
Life Insurance Act unclaimed monies		**2,018**	17,159
Net GST received		**–**	589
Total cash received		**870,185**	976,600
Cash used			
Refunds paid to:			
Company shareholders		**32,453**	30,967
Deposit-taking institution account holders		**81,776**	117,093
Life insurance policy holders		**10,024**	10,342
Promotion expenses for MoneySmart Initiatives		**1,876**	3,374
Grants		**2,623**	2,902
Net GST paid		**239**	–
Total cash (used)		**(128,991)**	(164,678)
Net cash from operating activities	5.4B	**741,194**	811,922
Cash and cash equivalents at the beginning of the reporting period		**2,157**	3,876
Cash from Official Public Account for:			
Appropriations		**135,459**	172,508
		137,616	176,384
Less: Cash to Official Public Account for:			
Corporations Act, National Consumer Credit Protection Act and Business Names Registration (Fees) Act fees and charges		**830,803**	776,779
Corporations Act unclaimed monies		**37,759**	46,769
Banking Act unclaimed monies		**6,165**	145,442
Life Insurance Act unclaimed monies		**2,018**	17,159
		(876,745)	(986,149)
Cash and cash equivalents at the end of the reporting period	4.1A	**2,065**	2,157

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

Overview

Objectives of the Australian Securities and Investments Commission (ASIC)

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 is a not-for-profit entity and our objectives, 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.

ASIC is structured to deliver a single outcome, and the result is in the Statement of Comprehensive Income and the Statement of Financial Position:

To allow markets to allocate capital efficiently to fund the real economy by promoting investor and financial consumer trust and confidence, facilitating fair, orderly and transparent markets and delivering efficient and accessible registration.

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

Basis of preparation of the financial statements

The financial statements are general purpose financial statements and are required by s42 of the *Public Governance, Performance and Accountability Act 2013* (PGPA Act).

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 2015; 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; 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.

Overview continued

Prior period adjustment

ASIC receives departmental appropriation to support its enforcement activities through the Enforcement Special Account (ESA). In 2015–16 ASIC made a prior period adjustment relating to the recognition of revenue from Government for enforcement activities. In prior years, ASIC recognised revenue from Government when enforcement activity expenditure met the criteria set out in the Finance Minister's ESA Determination. Revenue from Government is now recognised when the appropriation is legally available to ASIC, as is required by the Australian Accounting Standards and the FRR.

	Notes	2015	Adjustment	2015 (Restated)
Departmental schedule of comprehensive income				
Income				
Revenue from Government	1.2B	311,942	10,523	322,465
Total revenue from Government		311,942	10,523	322,465
(Deficit)		(37,507)	10,523	(26,984)
Statement of Financial Position				
Financial assets				
Trade and other receivables	3.1B	94,883	54,983	149,866
Total financial assets		104,115	54,983	159,098
Total assets		265,889	54,983	320,872
Net assets		104,094	54,983	159,077
Statement of Changes in Equity				
Retained earnings		(192,145)	54,983	(137,162)

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 prior to the signing of the Statement by the Accountable Authority and Chief Financial Officer, were applicable to the current reporting period, but have not had a material financial impact on ASIC:

- *AASB 2013-9 Amendments to Australian Accounting Standards – Conceptual Framework, Materiality and Financial Instruments;*
- *AASB 2014-8 Amendments to Australian Accounting Standards arising from AASB 9 (December 2014) — Application of AASB 9 (December 2009) and AASB 9 (December 2010);*
- *AASB 2015-3 Amendments to Australian Accounting Standards arising from the Withdrawal of AASB 1031 Materiality; and*
- *AASB 1048 Interpretation of Standards.*

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. All other new/revised, amending standards or interpretations that were issued prior to the sign-off date and are applicable to current reporting period did not have a material effect, and are not expected to have a future material effect on the entity's financial statements.[1]

1. ASIC's expected initial application date is when the accounting standard becomes operative at the beginning of the reporting period.

Standard/ Interpretation	Application date for the entity[1]	Nature of impending change/s in accounting policy and likely impact on initial application
AASB 2014-1 *Amendments to Australian Accounting Standards — Part D*	1 July 2016	Part D amends *AASB 1 First-time Adoption of Australian Accounting Standards*, reflecting the issuing of *AASB 14 Regulatory Deferral Accounts*.
AASB 124 Related Parties	1 July 2016	ASIC will apply AASB 124 *Related Party Disclosures* in 2016–17. This Standard requires the disclosure of significant transactions with related parties. Related parties include key managers of the entity, relevant Ministers, and other Australian Government entities.
AASB 9 Financial Instruments	1 July 2018	ASIC expects to apply AASB 9 *Financial Instruments* in 2018–19. This Standard will require most financial assets to be measured at fair value, except for those that are held only for the collection of the principal and interest. Also, wherever there has been a significant increase in credit risk, the Standard will require an expense to be recognised for all expected losses over the life of financial assets. In other cases, an expense will be recognised for losses expected in the year after reporting date.
AASB 15 Revenue from Contracts with Customers	1 July 2019	ASIC expects to apply AASB 15 *Revenue from Contracts with Customers* in 2018–19. The Standard requires revenue from such contracts to be recognised as the entity transfers identifiable goods and services to the customer.
AASB 16 Leases	1 July 2019	ASIC expects to apply AASB 16 *Leases* from 2019–20. This Standard will require the net present value of payments under most operating leases to be recognised as assets and liabilities. Currently ASIC has $179m in operating lease commitments.

Taxation

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

Reporting of administered activities

Administered revenues, expenses, assets, liabilities and cash flows are disclosed in the Administered Schedules 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.

Events after the reporting period

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

1. ASIC's expected initial application date is when the accounting standard becomes operative at the beginning of the reporting period.

1. Departmental financial performance

This section analyses the financial performance of ASIC for the year ended 30 June 2016

1.1 Expenses

	2016 $'000	2015 $'000
1.1A: Employee benefits		
Wages and salaries	**149,419**	149,953
Superannuation[1]		
Defined-benefit schemes	**12,615**	11,498
Defined-contribution schemes	**17,135**	16,355
Leave and other entitlements	**19,352**	18,098
Separation and redundancies[2]	**–**	2,293
Total employee benefits	**198,521**	198,197

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% (2015: 14.6%), the Public Sector Superannuation Plan was 17% (2015: 16%), the PSS Accumulation Scheme was 15.4% (2015: 15.4%), and the superannuation productivity benefit was approximately 2.0% to 3.0% (2015: 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.

Accounting policy

Accounting policies for employee-related expenses are detailed in the People and relationships section.

1. Departmental financial performance continued

	2016 $'000	2015 $'000
1.1B: Suppliers		
Goods and services supplied or rendered		
Legal and forensic costs	**25,923**	10,275
Office computer and software expenses	**23,228**	24,429
Consultants and specialist services	**20,338**	19,486
Property-related outgoings	**7,466**	6,987
Information costs	**6,476**	6,047
Travel	**4,644**	4,337
Learning and development	**2,671**	3,488
Postage and freight	**2,525**	2,437
Security	**2,329**	2,515
Communications	**2,207**	2,251
Recruitment	**1,283**	1,242
Other goods and services	**5,389**	5,654
Total goods and services supplied or rendered	**104,479**	89,148
Goods supplied	**2,833**	2,851
Services rendered	**101,646**	86,297
Total goods and services supplied or rendered	**104,479**	89,148
Other suppliers		
Operating lease rentals from external entities:		
Minimum lease payments	**22,256**	23,623
Workers compensation premiums	**1,101**	2,145
Fringe benefits tax	**229**	199
Total other suppliers	**23,586**	25,967
Total suppliers	**128,065**	115,115
Commitments for minimum lease payments in relation to non-cancellable operating leases are payable as follows:		
Within 1 year	**31,602**	29,580
Between 1 to 5 years	**97,497**	115,720
More than 5 years	**50,317**	54,316
Total operating lease commitments (GST inclusive)	**179,416**	199,616

Leasing commitments

ASIC, in its capacity as lessor, sublets premises in Brisbane, Sydney and Melbourne.

Accounting policy

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.

All borrowing costs are expensed as incurred.

1. Departmental financial performance continued

	Notes	2016 $'000	2015 $'000
1.1C: Write-down and impairment of assets			
Impairment of financial instruments		**20**	10
Write-off of leasehold improvements		**23**	35
Write-off of plant & equipment		**149**	131
Write-off of software		**2**	–
Total write-down and impairment of assets		**194**	176

1.2 Own-source revenue

1.2A: Other revenue			
Operating sublease rent and property recoveries		**1,167**	1,016
Cost recoveries[1]		**750**	428
Professional and witness fees		**39**	24
Other		**707**	1,225
Total other revenues		**2,663**	2,693

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

Accounting policy

Operating lease revenue

Operating sublease revenue is recognised as revenue on commencement of the lease under the Memorandum of Understanding. The leases terms are on a 12 month rolling basis.

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 these resources is recognised as an expense. Resources received free of charge are recorded as either revenue or gains depending on their nature.

1.2B: Revenue from Government			
Appropriations:			
Departmental appropriations		**284,507**	295,465
Departmental special appropriations	5.2	**26,920**	27,000
Total revenue from Government		**311,427**	322,465

Accounting policy

Revenue from Government

Amounts appropriated for departmental appropriations for the period (adjusted for any formal additions and reductions) are recognised as revenue from Government when ASIC gains control of the appropriation. Appropriations receivable are recognised at their nominal amounts.

2. Income and expenses administered on behalf of Government

This section analyses the activities that ASIC does not control but administers on behalf of the Government. Unless otherwise noted, the accounting policies adopted are consistent with those applied for departmental reporting.

2.1 Administered – expenses

	2016 $'000	2015 $'000
2.1A: Grants		
Rendering of services		
Insolvency practitioners[1]	**3,192**	3,067
Total grants	**3,192**	3,067

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.

Accounting policy

ASIC administers a number of grant and subsidy schemes on behalf of the Government. Grant and subsidy liabilities are recognised to the extent that (i) the services required to be performed by the grantee have been performed or (ii) the grant eligibility criteria have been satisfied, but payments due have not been made. When the Government enters into an agreement to make these grants and services but services have not been performed or criteria satisfied, this is considered a commitment.

	2016 $'000	2015 $'000
2.1B: Write-down and impairment of assets		
Impairment of receivables	**46,702**	42,935
Waiver of fees and charges owing	**2,768**	2,408
Total write-down and impairment of assets	**49,470**	45,343
2.1C: Other expenses		
Claims – Bank and deposit taking institution account holders	**54,852**	112,688
Claims – Life Insurance policy holders	**7,840**	8,461
Claims – *Corporations Act 2001*	**35,604**	19,096
Promotional costs for MoneySmart initiatives	**2,510**	2,250
Total other expenses	**100,806**	142,495

Accounting policy

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.

2. Income and expenses administered on behalf of Government

continued

2.2 Administered – income

	2016 $'000	2015 $'000
Taxation revenue		
2.2A: Fees and fines		
Fees	**768,244**	725,904
Fines	**107,981**	97,675
Total fees and fines	**876,225**	823,579

Accounting policy

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

Administered taxation 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 taxation 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 the debt is no longer probable.

Non-taxation revenue		
2.2B: Non-taxation revenue		
Corporations Act 2001 unclaimed monies	**37,759**	46,769
Banking Act 1959 unclaimed monies	**6,165**	145,443
Life Insurance Act 1995 unclaimed monies	**2,018**	17,159
Total non-taxation revenue	**45,942**	209,371

Accounting policy

ASIC receives non-taxation revenue for 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.

3. Departmental financial position

This section analyses ASIC's assets used to conduct its operations and the operating liabilities incurred as a result. Employee related information is disclosed in the People and Relationships section.

3.1 Financial assets

	2016 $'000	2015 $'000
3.1A: Cash and cash equivalents		
Cash on hand or on deposit	**1,506**	9,232
Total cash and cash equivalents	**1,506**	9,232

Accounting policy

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

- deposits on demand in bank accounts; and
- cash in special accounts.

	2016 $'000	2015 $'000
3.1B: Trade and other receivables		
Goods and services receivables:		
Goods and services	**677**	837
Total goods and services receivables	**677**	837
Appropriations receivables:		
Appropriations receivables	**127,691**	146,032
Total appropriations receivables	**127,691**	146,032
Other receivables:		
GST receivable from the Australian Taxation Office	**2,364**	3,130
Total other receivables	**2,364**	3,130
Total trade and other receivables (gross)	**130,732**	149,999
Less impairment allowance	**125**	133
Total trade and other receivables (net)	**130,607**	149,866
Trade and other receivables are expected to be recovered:		
No more than 12 months	**130,607**	149,866
Total trade and other receivables (net)	**130,607**	149,866

3. Departmental financial position continued

	2016 $'000	2015 $'000
Trade and other receivables (gross) are aged as follows:		
Not overdue	**130,672**	149,597
Overdue by:		
0 to 30 days	**2**	258
31 to 60 days	**30**	11
61 to 90 days	**–**	–
More than 90 days	**28**	133
Total trade and other receivables (gross)	**130,732**	149,999

Appropriations receivables includes $44.195m (2015: $62.127m) in ESA receivables. The ESA is a contingency fund subject to certain conditions, ASIC draws down on the ESA account from the OPA only if the conditions for accessing the ESA are satisfied.

	2016 $'000	2015 $'000
The impairment allowance account is aged as follows:		
Overdue by:		
More than 90 days	**125**	133
Total impairment allowance account	**125**	133

Credit terms for goods and services were within 30 days (2015: 30 days).

Accounting policy

Receivables

Trade receivables and other 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.

	2016 $'000	2015 $'000
Reconciliation of the movement in the impairment allowance account		
Opening balance	**133**	171
Amounts recovered and reversed	**14**	(31)
Increase recognised in net surplus/(deficit)	**(22)**	(7)
Closing balance	**125**	133

Accounting policy

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

3. Departmental financial position continued

3.2 Non-financial assets

3.2A: Reconciliation of the opening and closing balances of leasehold improvements, plant & equipment and intangibles

As at 30 June 2016	Leasehold improvements $'000	Plant & equipment $'000	Computer software internally developed $'000	Computer software purchased $'000	Total $'000
As at 1 July 2015					
Gross book value	73,214	58,037	212,547	57,581	401,379
Accumulated depreciation/amortisation and impairment	(37,006)	(35,183)	(152,168)	(25,179)	(249,536)
Total as at 1 July 2015	**36,208**	**22,854**	**60,379**	**32,402**	**151,843**
Additions:					
by purchase	1,146	2,621	-	178	3,945
internally developed	–	–	19,171	–	19,171
Total additions	**1,146**	**2,621**	**19,171**	**178**	**23,116**
Revaluations and impairments recognised in operating result	10,316	456	–	–	10,772
Depreciation/amortisation expense	(6,941)	(6,987)	(27,727)	(2,718)	(44,373)
Write-offs recognised in the operating result	(23)	(149)	–	(2)	(174)
Total as at 30 June 2016	**40,706**	**18,795**	**51,823**	**29,860**	**141,184**
Total as at 30 June 2016 represented by:					
Gross book value	89,577	53,740	223,981	56,840	432,794
Accumulated depreciation/amortisation	(48,871)	(34,945)	(172,158)	(26,980)	(291,610)
Total as at 30 June 2016	**40,706**	**18,795**	**51,823**	**29,860**	**141,184**

The carrying value of leasehold improvements, plant & equipment and computer software were reviewed at 30 June 2016. No indicators of impairment were found.

3. Departmental financial position continued

As at 30 June 2015	Leasehold improvements $'000	Plant & equipment $'000	Computer software internally developed $'000	Computer software purchased $'000	Total $'000
As at 1 July 2014					
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)
Total as at 1 July 2014	41,422	23,269	64,037	34,134	162,862
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)
Total as at 30 June 2015	36,208	22,854	60,379	32,402	151,843
Total as at 30 June 2015 represented by:					
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)
Total as at 30 June 2015	36,208	22,854	60,379	32,402	151,843

The carrying value of leasehold improvements, plant & equipment and computer software were reviewed at 30 June 2015. No indicators of impairment were found.

3. Departmental financial position continued

Accounting policy

Assets are recorded at cost of acquisition, except where stated below.

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 plus transaction costs where appropriate.

Asset recognition threshold

Purchases of leasehold improvements, plant and equipment 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).

The initial cost of an asset includes an estimate of the cost of dismantling and removing the item and restoring the site on which it is located. This is particularly relevant to 'make good' provisions taken up by ASIC where there exists an obligation to restore the premises to their original condition at the conclusion of the lease. These costs are included in the value of ASIC's property expenses with a corresponding provision for the 'make good' recognised.

Revaluations

Following initial recognition at cost, leasehold improvements and 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 did not differ materially from the assets' fair values as at the reporting date. The regularity of independent valuations depended on the volatility of movements in market values for the relevant assets. An independent valuation of ASIC's assets was undertaken as at 30 June 2016.

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 are recognised directly in the surplus/deficit except to the extent that they reversed a previous revaluation increment for that class.

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 down to their estimated residual values over their estimated useful lives to ASIC, using the straight-line method of depreciation.

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

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

	2016	2015
Leasehold improvements	**Residual lease term**	Residual lease term
Plant and equipment	**2 to 80 years**	2 to 80 years

3. Departmental financial position continued

Accounting policy

Impairment

All assets were assessed for impairment at 30 June 2016. Where indications of impairment exist, the asset's recoverable amount is estimated and an impairment adjustment made if the asset's recoverable amount is less than its carrying amount.

The recoverable amount of an asset is the higher of its fair value less costs of disposal and its value in use. Value in use is the present value of the future cash flows expected to be derived from the asset. Where the future economic benefit of an asset is not primarily dependent on the asset's ability to generate future cash flows, and the asset would be replaced if the entity were deprived of the asset, its value in use is taken to be its depreciated replacement cost.

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.

Intangibles

ASIC's intangibles comprise software either purchased or internally developed for internal use. These assets are carried at cost less accumulated amortisation and accumulated 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 (2015: 2 to 10 years).

All software assets were assessed for indications of impairment as at 30 June 2016.

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.

	2016 $'000	2015 $'000
3.2B: Other non-financial assets		
Prepayments	**9,357**	9,415
Rent-free asset	**35**	516
	9,392	9,931
Other non-financial assets are expected to be recovered in:		
No more than 12 months	**9,392**	9,931
More than 12 months	**–**	–
Total other non-financial assets	**9,392**	9,931

No indicators of impairment were found for other non-financial assets.

3. Departmental financial position continued

3.3 Payables

	Notes	2016 $'000	2015 $'000
3.3A: Suppliers			
Trade creditors and accruals	7.2A	**20,657**	24,867
Operating lease rent payable		**12,773**	12,292
Total suppliers		**33,430**	37,159
Supplier payables expected to be settled within 12 months:			
No more than 12 months		**33,430**	37,159
More than 12 months		**–**	–
Total supplier payables		**33,430**	37,159
3.3B: Other payables			
Other unearned revenue		**180**	144
Property lease incentives[1]		**27,999**	30,946
Salaries and bonuses		**10,108**	16,191
Separations and redundancies		**1,050**	1,466
Parental leave		**5**	34
Total other payables		**39,342**	48,781
Total other payables are expected to be settled in:			
No more than 12 months		**11,343**	17,835
More than 12 months		**27,999**	30,946
Total other payables		**39,342**	48,781

1. Total property lease incentives are disclosed as deferred rental expenditure at 30 June 2016. Lease incentives are amortised over the lease term.

Accounting policy

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.

3.4 Other provisions

	2016 $'000	2015 $'000
3.4A: Other provisions		
Provision for restoration obligations – leased premises	**8,695**	8,418
Provision for adverse cost orders	**1,935**	7,437
Total other provisions	**10,630**	15,855
Other provisions are expected to be settled in:		
No more than 12 months	**4,566**	1,098
More than 12 months	**6,064**	14,757
Total other provisions	**10,630**	15,855

ASIC currently has nine lease agreements (2015: 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 these obligations.

4. Assets and liabilities administered on behalf of the Government

This section analyses assets used to conduct operations and the operating liabilities incurred as a result of activities that ASIC does not control but administers on behalf of the Government. Unless otherwise noted, the accounting policies adopted are consistent with those applied for departmental reporting.

4.1 Administered – financial assets

	2016 $'000	2015 $'000
Note 4.1A: Cash and cash equivalents		
Total cash and cash equivalents	**2,065**	2,157
4.1B: Taxation receivables		
Fees and fines receivable	**189,306**	173,118
Information brokers' fees	**6,929**	8,624
Total taxation receivables (gross)	**196,235**	181,742
Less: impairment allowance account:		
Fees and fines	**65,693**	58,028
Total taxation receivables (net)	**130,542**	123,714
Receivables were aged as follows:		
Not overdue	**92,874**	86,812
Overdue by:		
Less than 30 days	**18,760**	20,478
30 to 60 days	**9,405**	8,702
61 to 90 days	**6,054**	5,932
More than 90 days	**69,142**	59,818
Total taxation receivables (gross)	**196,235**	181,742
The impairment allowance account is aged as follows:		
Not overdue	**468**	431
Overdue by:		
Less than 30 days	**1,273**	1,003
30 to 60 days	**1,644**	1,453
61 to 90 days	**1,188**	1,454
More than 90 days	**61,120**	53,687
Total impairment allowance account	**65,693**	58,028

Taxation receivables are due from entities that are not part of the Australian Government.

Credit terms for goods and services were within 30 days (2015: 30 days).

4. Assets and liabilities administered on behalf of the Government continued

	2016 $'000	2015 $'000
Reconciliation of the movement in the impairment allowance account		
Opening balance	**58,028**	55,134
Amounts written off	**(39,037)**	(40,040)
Amounts waived	**(2,768)**	(2,409)
Increase in impairment allowance recognised as an expense	**49,470**	45,343
Closing balance	**65,693**	58,028
4.1C: Other receivables		
GST receivable	**315**	203
Total receivables (gross)	**315**	203

Accounting policy

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.

4.2 Administered – payables

	2016 $'000	2015 $'000
4.2A: Suppliers		
Suppliers payables	**1,167**	450
Total suppliers	**1,167**	450
Other payables		
Refund of fees payable	**16,170**	12,044
Unallocated monies[1]	**6,093**	6,140
Grants payable[2]	**1,883**	1,286
Total other payables	**24,146**	19,470

All other payables are for 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.

4. Assets and liabilities administered on behalf of the Government continued

	2016 $'000	2015 $'000
4.2B: Non-taxation provisions		
Corporations Act 2001 claims	**171,865**	168,715
Banking Act 1959 claims	**197,410**	224,333
Life Insurance Act 1995 claims	**22,459**	24,643
Total other provisions	**391,734**	417,691

Reconciliation of the opening and closing balance of other provisions		
Opening balance	**417,691**	435,848
Amounts recognised	**140,245**	140,245
Amounts used	**(166,202)**	(158,402)
Closing balance	**391,734**	417,691

Accounting policy

Provisions

The 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. ASIC adopted a provision for future claims based on an independent valuation calculated by a registered actuary, under *AASB 137 Provisions, Contingent Liabilities and Contingent Assets.*

Significant accounting judgements and estimates

The provision has been estimated based on the historic claims pattern experienced since 2002 and the outstanding lodgements. The estimate reflects the volatility of unclaimed monies lodgements and claims from year to year, which is impacted by factors including economic events, legislative change, media exposure and the behaviour of claimants, each of which has differed significantly from year to year and over time. The estimated future flow of refunds over time has been discounted to present value at a risk-free rate of interest based on government bond rates with similar terms to the expected refunds. Allowance has been made for payment of compounding interest for all claims from 1 July 2013 on unclaimed balances in accordance with actual legislated interest rates and estimated future interest rates based on economist expectations for inflation in the medium to longer term, noting legislated interest rates are linked to movements in the CPI.

5. Funding

This section identifies ASIC's funding structure.

5.1 Appropriations

5.1A: Annual appropriations ('recoverable GST exclusive')

	Appropriation Act[1]	*PGPA Act*				
Annual appropriations for 2016	**Annual appropriation $'000**	**Section 74 receipts $'000**	**Section 75 receipts $'000**	**Total appropriation $'000**	**Appropriation applied in 2016 (current and prior years) $'000**	**Variance $'000**
Departmental						
Ordinary annual services	311,480	5,210	–	**316,690**	339,793	**(23,103)**
Capital Budget	19,131			**19,131**	16,805	**2,326**
Other Services						
Equity Injections	5,301			**5,301**	5,328	**(27)**
Total Departmental	335,912	5,210	–	**341,122**	361,926	**(20,804)**
Administered						
Ordinary annual services	7,427			7,427	5,777	1,650
Appropriations reduced	–			–		–
Total Administered	7,427			**7,427**	5,777	**1,650**

1. Determination under s51 of the PGPA Act (determination made on 17 June 2016)

	Ordinary annual services $'000	Equity $'000
Appropriation Act (No. 1) 2015–2016	150	
Appropriation Act (No. 2) 2012–2013		1,679
Appropriation Act (No. 2) 2013–2014		1,200

5. Funding continued

Annual appropriations for 2015	*Appropriation Act* Annual appropriation[1] $'000	*PGPA Act* Section 74 receipts $'000	Section 75 receipts $'000	Total appropriation $'000	Appropriation applied in 2015 (current and prior years) $'000	Variance[2] $'000
Departmental						
Ordinary annual services	324,843	6,109	3,247	334,199	348,736	(14,537)
Capital Budget	15,215			15,215	27,036	(11,821)
Other Services						
Equity Injections	9,365			9,365	7,070	2,295
Total Departmental	349,423	6,109	3,247	358,779	382,842	(24,063)
Administered						
Ordinary annual services	7,891			7,891	5,738	2,153
Appropriations reduced[1,3]	(1,248)			(1,248)		(1,248)
Total Administered	6,643			6,643	5,738	905

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.
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.

5. Funding continued

	2016 $'000	2015 $'000
5.1B: Unspent annual appropriations ('recoverable GST exclusive')		
Departmental		
Appropriation Act (No. 2) 2012–2013	**2,064**	2,044
Appropriation Act (No. 2) 2013–2014	**1,507**	1,507
Appropriation Act (No. 1) DCB 2014–2015	**–**	320
Appropriation Act (No. 1) 2014–2015	**–**	86,687
Appropriation Act (No. 2) 2014–2015	**720**	2,311
Appropriation Act (No. 4) 2014–2015	**–**	268
Appropriation Act (No. 1) DCB 2015–2016	**2,647**	–
Appropriation Act (No. 1) 2015–2016	**76,306**	–
Appropriation Act (No. 2) 2015–2016	**1,793**	–
Appropriation Act (No. 4) 2015–2016	**18**	–
Enforcement Special Account	**44,195**	62,127
Total departmental	**129,250**	155,264

Unspent departmental appropriations includes cash balances of $1.506m (2015: $9.232m).

Administered		
Appropriation Act (No. 1) 2014–2015	**–**	2,142
Appropriation Act (No. 1) 2015–2016	**1,692**	–
Appropriation Act (No. 3) 2015–2016	**349**	–
Total administered	**2,041**	2,142

Unspent administered appropriations represents cash balances.

5. Funding continued

5.1C: Special appropriations ('recoverable GST exclusive')

Authority	Type	Purpose	Appropriation applied 2016 $'000	Appropriation applied 2015 $'000
s69 Banking Act 1959, Administered	Unlimited	ASIC has responsibility for the administration of unclaimed monies from banking and deposit taking institutions. ASIC receives special appropriations from the OPA (s69 *Banking Act 1959*) to refund amounts to banking and deposit taking institution account holders.	**81,776**	117,093
s216 Life Insurance Act 1995, 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 (s216 *Life Insurance Act 1995*) to refund amounts to life insurance policy holders.	**10,024**	10,342
s77 PGPA Act, *Corporations Act 2001* (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 s77 of the *PGPA Act 2013*.	**6,799**	9,518
s77 PGPA Act, *Corporations Act 2001* (refunds of unclaimed money held under s1341 *Corporations Act 2001*), Administered	Unlimited	ASIC has responsibility for the administration of unclaimed monies under s1341 of the *Corporations Act 2001*.	**31,175**	30,028
Total			**129,774**	166,981

5. Funding continued

5.2 Special Accounts

	Enforcement Special Account[1]		Deregistered Companies Trust Moneys Special Account[2]		Security Deposits Special Accounts[3]		Investigations, Legal Proceedings, Settlements and Court Orders Special Account[4]	
	2016 $'000	2015 $'000	**2016 $'000**	2015 $'000	**2016 $'000**	2015 $'000	**2016 $'000**	2015 $'000
Balance carried forward from previous year	**62,127**	51,900	**1,902**	1,546	**454**	445	**11**	11
Appropriation for the reporting period	**26,920**	27,000	**493**	362	**–**	–	**–**	–
Costs recovered	**32**	428	**40**	35	**8**	9	**–**	–
Available for payments	**89,079**	79,328	**2,435**	1,943	**462**	454	**11**	11
Cash payments from the Special Account	**(44,884)**	(17,201)	**(146)**	(41)	**–**	–	**–**	–
Balance carried forward to the next period	**44,195**	62,127	**2,289**	1,902	**462**	454	**11**	11

1. Appropriation: s78 *Public Governance, Performance and Accountability Act 2013.*
   Establishing Instrument: 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.
2. Appropriation: s78 *Public Governance, Performance and Accountability Act 2013.*
   Establishing Instrument: 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*.
3. Appropriation: s78 *Public Governance, Performance and Accountability Act 2013.*
   Establishing Instrument: 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.
4. Appropriation: s78 *Public Governance, Performance and Accountability Act 2013.*
   Establishing Instrument: 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.

ASIC has a Services for Other Entities and Trust Monies Special Account – Australian Securities and Investments Commission (SOETM). This account was established under s78 *Public Governance, Performance and Accountability Act 2013*. 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. For the year ended 30 June 2016 the account had a nil balance and there were no transactions debited or credited to it during the current or prior reporting period.

5. Funding continued

5.3 Regulatory charging summary

	2016 $'000	2015 $'000
5.3: Receipts pursuant to cost recovery provisions		
Significant regulatory charging arrangements		
Supervision of Australia's financial markets and competition for market services	**21,200**	21,286
Total receipts subject to regulatory charging arrangements	**21,200**	21,286
Receivables	**5,464**	6,215
Receivables are aged as follows:		
Not overdue	**5,064**	6,062
Overdue by:		
Less than 30 days	**207**	–
30 to 60 days	**–**	–
61 to 90 days	**–**	153
More than 90 days	**193**	–
Total receivables (gross)	**5,464**	6,215

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

5. Funding continued

5.4 Cash flow reconciliation

	2016 $'000	2015 $'000
5.4A: Departmental cash flow reconciliation		
Reconciliation of cash and cash equivalents as per the Statement of Financial Position and Cash Flow Statement		
Cash and cash equivalents as per:		
Cash Flow Statement	**1,506**	9,232
Statement of Financial Position	**1,506**	9,232
Discrepancy	**–**	–
Reconciliation of net cost of services to net cash from operating activities:		
Net cost of services	**(366,023)**	(349,449)
Add revenue from Government	**325,643**	311,942
(Deficit) attributable to the Australian Government	**(40,380)**	(37,507)
Adjustments for non-cash items		
Depreciation/amortisation	**44,373**	41,373
Net write-down of non-financial assets	**174**	165
Movement in assets and liabilities		
Assets		
Decrease in net receivables	**5,044**	7,559
(Increase)/decrease in other non-financial assets	**539**	7,619
Liabilities		
Increase/(decrease) in employee provisions	**(398)**	3,118
Increase/(decrease) in supplier payables	**9,235**	(14,158)
Increase/(decrease) in other provisions and payables	**(24,395)**	(3,326)
Net cash from operating activities	**(5,808)**	4,844

5. Funding continued

	2016 $'000	2015 $'000
5.4B: 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	**2,065**	2,157
Schedule of Administered Assets and Liabilities	**2,065**	2,157
Discrepancy	**–**	–
Reconciliation of net cost of services to net cash from operating activities:		
Net contribution by services	**768,699**	842,045
Movement in assets and liabilities		
Liabilities		
(Decrease) in other provisions	**(25,957)**	(2,895)
Increase/(Decrease) in Suppliers and other payables	**5,392**	–
Assets		
(Increase) in receivables	**(6,940)**	2,894
Net cash from operating activities	**741,194**	842,044

6. People and relationships

This section describes a range of employment and post-employment benefits provided to our people and our relationships with other key people.

6.1 Employee provisions

6.1A: Employee provisions		
Annual leave entitlement	**19,507**	18,880
Long service leave entitlement	**40,095**	36,970
Restructuring provision	**–**	4,150
Total employee provisions	**59,602**	60,000
Employee provisions are expected to be settled in:		
No more than 12 months	**15,233**	20,365
More than 12 months	**44,369**	39,635
Total employee provisions	**59,602**	60,000

6. People and relationships continued

Accounting policy

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.

Other long-term employee benefits are measured as net total of the present value of the defined benefit obligations at the end of the reporting period minus the fair value at the reporting period of plan assets (if any of which the obligations are to be settled directly).

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 independent actuary as at 30 June 2016. 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.

Superannuation

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

The CSS and PSS are defined-benefit schemes of the Australian Government. The PSSap is a defined-contribution scheme.

The liability for defined benefits is recognised in the financial statements of the Australian Government and is settled by the Australian Government in due course. This liability is reported in the Department of Finance's administered schedule and notes.

ASIC makes employer contributions to its employees' defined-benefit superannuation schemes at rates determined by an actuary to be sufficient to meet the current cost to the Government, and ASIC 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.

Significant accounting judgement 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:

* Leave provisions involve assumptions based on the expected tenure of existing staff, patterns of leave claims and payouts, future salary movements and future discount rate.

6. People and relationships continued

6.2 Senior management personnel remuneration

	2016 $	2015 $
6.2A: Total remuneration expense recognised in relation to Commissioners		
Short-term employee benefits:		
Salary	**2,469,977**	2,389,413
Car parking fringe benefits	**–**	35,904
Total short-term employee benefits	**2,469,977**	2,425,317
Post-employment benefits:		
Superannuation	**286,231**	274,417
Other long-term benefits:		
Annual leave accrued	**207,142**	197,551
Long service leave accrued	**67,537**	64,410
Total remuneration expense for Commissioners	**3,030,887**	2,961,695

The total number of Commissioners who are included in the above table is five (2015: five).

6.2B: 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.

	2016 $	2015 $
Short-term employee benefits:		
Salary and performance bonuses	**7,848,385**	8,049,754
Motor vehicle allowances and other short-term benefits	**1,058,929**	1,036,737
Total short-term employee benefits	**8,907,314**	9,086,491
Post-employment benefits:		
Superannuation	**1,196,599**	1,121,652
Other long-term benefits:		
Annual leave accrued	**632,998**	624,454
Long service leave accrued	**206,384**	203,598
Termination benefits		
Severance benefits	**154,042**	72,757
Total remuneration expense for senior management personnel	**11,097,337**	11,108,952

The total number of senior management personnel who are included in the above table is 36 (2015: 37).

7. Managing uncertainties

This section describes how ASIC manages financial risks within its operating environment.

7.1 Contingent assets and liabilities

	2016 $'000	2015 $'000
7.1A: Departmental contingent liabilities and assets		
Contingent assets		
Claims for costs		
Balance from previous period	**924**	806
Adjustments to prior period contingent receivables:		
Assets relinquished	**–**	(126)
Revisions to estimates	**(236)**	244
New contingent receivables	**505**	–
Total contingent assets	**1,193**	924
Net contingent assets	**1,193**	924

Quantifiable contingencies (ASIC departmental)

The above contains 13 matters (2015: seven matters) of contingent assets disclosed in respect to matters 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 $1.193m (2015: $0.924m), 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.

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:

a) successfully defend the actions instituted; and
b) not be required to pay any damages.

7. Managing uncertainties continued

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.

Accounting policy

Contingent liabilities and contingent assets are not recognised in the Statement of Financial Position but are reported in this note. 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.

Significant accounting judgements and estimates

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.

7.1B: Administered contingent liabilities

Quantifiable administered contingencies

Quantifiable administered contingencies that are not remote are disclosed in the Schedule of Administered Items.

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 a registered actuary. ASIC adopted the registered actuary's calculation for the likely claims payable, excluding interest and reported in Note 4.2B.

The contingent liability represents an estimate of the principal unclaimed monies that have been lodged with ASIC but where the likelihood of a successful claim is regarded as remote. No allowance has been made for the compounding interest, which is payable for a successful claim lodged from 1 July 2013 in accordance with legislated interest rates. The contingent liability has been calculated by deducting from the total principal balance, excluding interest, of unclaimed monies lodged but not yet claimed, the undiscounted amount of the provision for future refunds excluding any interest:

Banking Act 1959	$448.984m (2015: $474.926m)
Life Insurance Act 1995	$ 62.771m (2015: $ 66.313m)
Corporations Act 2001	$274.447m (2015: $251.005m)

Unquantifiable administered contingencies

There are no unquantifiable administered contingent liabilities.

Accounting policy

Administered contingent liabilities represent an estimate of unclaimed monies that are likely to be refunded, but not considered remote. There are no administered contingent assets as at 30 June 2016 (2015: nil).

7. Managing uncertainties continued

7.2 Financial instruments

	Notes	2016 $'000	2015 $'000
7.2A: Categories of financial instruments			
Financial assets			
Loans and receivables:			
Cash and cash equivalents		**1,506**	9,232
Receivables for goods and services (net of impairment allowance)		**552**	704
Total financial assets	3.1	**2,058**	9,936
Financial liabilities			
At amortised cost:			
Trade creditors		**20,657**	24,867
Total financial liabilities	3.3	**20,657**	24,867

Accounting policy

Financial assets

ASIC classifies its financial assets as receivables. See Note 3.1B for further details.

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).

	Notes	2016 $'000	2015 $'000
7.2B: Net gains or losses on financial assets			
Loans and receivables			
Impairment		**(20)**	(10)
Net gain/(expense) from financial assets	1.1C	**(20)**	(10)

7.2C: Fair value of financial instruments

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

7.2D: 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 (2016: $677,125, 2015: $ 839,227). ASIC has assessed the risk of the default on payment for each receivable and has allocated $125,376 in 2016 (2015: $132,848) 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 two 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.

7. Managing uncertainties continued

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

	Not past due nor impaired 2016 $'000	Not past due nor impaired 2015 $'000	**Past due or impaired 2016 $'000**	Past due or impaired 2015 $'000
Loans and receivables				
Cash and cash equivalents	**1,506**	9,232	**–**	–
Receivables for goods and services (gross)	**617**	240	**60**	402
Total	**2,123**	9,472	**60**	402

Ageing of financial assets that are past due but not impaired for 2016:

	Overdue by				
	0 to 30 days $'000	**31 to 60 days $'000**	**61 to 90 days $'000**	**More than 90 days $'000**	**Total $'000**
Loans and receivables					
Receivables for goods and services	**2**	**30**	**–**	**28**	**60**
Total	**2**	**30**	**–**	**28**	**60**

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

	Overdue by				
	0 to 30 days $'000	31 to 60 days $'000	61 to 90 days $'000	More than 90 days $'000	Total $'000
Loans and receivables					
Receivables for goods and services	258	11	–	133	402
Total	258	11	–	133	402

7.2E: 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 are made when due and has no past experience of default.

All ASIC's financial liabilities as at 30 June 2016 and 30 June 2015 were payable within one year. As at 30 June 2016, ASIC has no financial liabilities payable on demand (2015: nil).

7.2F: Market risk

ASIC's exposure to 'Currency risk' is minimal as only a small number of contracts are in currencies other than Australian dollars. ASIC's financial instruments are not exposed to interest rate risk.

7. Managing uncertainties continued

7.3 Administered – financial instruments

	2016 $'000	2015 $'000
7.3A: Categories of financial instruments		
Financial assets		
Cash and cash equivalents	**2,065**	2,157
Financial liabilities		
At amortised cost:		
Grants payable	**1,883**	1,286
Suppliers payables	**1,166**	450
Total financial liabilities held at amortised cost	**3,049**	1,736

7.3B: Fair values of financial instruments

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

7.3C: 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.

7.3D: 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 2016 and 30 June 2015 are payable within one year.

7.4 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.

The remaining assets and liabilities in the Statement of Financial Position do not apply the fair value hierarchy.

Accounting policy

ASIC deems transfers between levels of the fair value hierarchy to have occurred at the end of the reporting period. See note 3.2A for further details on ASIC's valuation policy and procedures.

7. Managing uncertainties continued

7.4A: Fair value measurement

	Fair value measurements at the end of the reporting period		For Level 2 and 3 fair value measurements				
Non-financial assets:	**2016 $'000**	2015 $'000	**Category (Level 1,2,3)[1]**	**Valuation techniques[2]**	**Inputs used**	**Range (weighted average)[3]**	**Sensitivity of the fair value measurement to changes in unobservable inputs**
Leasehold improvements	**40,706**	36,208	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	**3,533**	–	2	Market approach	Adjusted market transactions	N/A	
Plant and equipment	**15,262**	22,854	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 relate to asset obsolescence.
Total non-financial assets	**59,501**	59,062					

1 Recurring and non-recurring Level 3 fair value measurements – valuation processes. Transfer from Level 2 to Level 3 occurred at 30 June 2016.

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 2016.

8. Other information

8.1 Expenditure relating to statutory boards and tribunal

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

	2016 $'000	2015 $'000
Companies Auditors and Liquidators Disciplinary Board	**640**	671
Superannuation Complaints Tribunal	**5,238**	5,919

The Superannuation Complaints Tribunal 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.

Accounting policy

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 and administrative expenditure incurred on behalf of this board and the tribunals are included in the Statement of Comprehensive Income of ASIC.

8.2 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.

	2016 Quantity	2015 Quantity
Class of asset		
Land	**468**	568
Shares	**57**	211
Other	**74**	125
Closing balance	**599**	904

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.

8. Other information continued

8.3 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.

	2016 $'000	2015 $'000
Security deposits under Corporations Regulations 2001 reg 7.6.02AA (dealers and investment advisers)		
Cash (at bank)	**323**	323
Inscribed stock	**20**	20
Bank guarantees	**9,630**	9,670
Closing balance	**9,973**	10,013
Security deposits under the *Corporations Act 2001* s1284(1)(liquidators)		
Insurance bond	**1,800**	1,800
Closing balance	**1,800**	1,800

8. Other information continued

8.4 Budgetary reports and explanations of major variances

8.4A: Departmental budgetary reports

The following tables provide a comparison of the original budget as presented in the 2015–16 Portfolio Budget Statements (PBS) to the 2015–16 final outcome as presented in accordance with Australian Accounting Standards for the entity. The budget is not audited. Explanations for variances greater than 10% are provided.

Statement of Comprehensive Income

	Actual 2016 $'000	Original budget 2016 $'000	Variance 2016 $'000
NET COST OF SERVICES			
Expenses			
Employee benefits	198,521	212,187	(13,666)
Suppliers	128,065	97,836	30,229
Depreciation and amortisation	44,373	39,071	5,302
Finance costs– unwinding of restoration provision	70	500	(430)
Write-down and impairment of assets	194	–	194
Total expenses	371,223	349,594	21,629
LESS:			
Own-source revenue			
Rendering of services	1,992	1,282	(710)
Resources received free of charge– Auditors' remuneration	360	172	(188)
Other revenue	2,848	865	(1,983)
Total own-source revenue	5,200	2,319	(2,881)
Net Cost of Services	366,023	347,275	24,510
Total revenue from Government	311,427	311,630	203
Deficit	(54,596)	(35,645)	18,951
OTHER COMPREHENSIVE INCOME			
Items not subject to reclassification to net cost of services			
Changes in asset revaluation reserve	10,772	–	(10,772)
	(43,824)	(35,645)	8,179

8. Other information continued

Explanations of variances greater than 10%	Affected line items (and schedule)
Expense	
The variance in suppliers cost is predominantly driven by an additional $13m of expenditure related to Enforcement Special Account matters.	Suppliers (Statement of Comprehensive Income)
Depreciation and amortisation is higher than budget predominantly due to the deployment of computer software assets relating to Market Supervision and ASIC's enterprise content and records management systems.	Depreciation and amortisation (Statement of Comprehensive Income)
The finance cost variance relates to a year end valuation adjustment supported by an independent valuation.	Finance Cost (Statement of Comprehensive Income)
Own-source income	
The rendering of services variance relates to higher than budgeted receipts for ASIC's Annual Forum and revenue from other government agencies.	Rendering of services (Statement of Comprehensive Income)
The other revenue variance related to higher than budgeted awards of costs from litigation ($0.7m) as well as rental income from subleasing surplus space ($1.2m).	Other Revenue (Statement of Comprehensive Income)

8. Other information continued

Statement of Financial Position

	Actual 2016 $'000	Original budget 2016 $'000	Variance 2016 $'000
ASSETS			
Financial assets			
Cash and cash equivalents	1,506	15,129	13,623
Trade and other receivables	130,606	102,753	(27,853)
Total financial assets	132,112	117,882	(14,230)
Non-financial assets			
Leasehold improvements	40,706	27,920	(12,786)
Plant and equipment	18,795	24,734	5,939
Computer software	81,683	77,602	(4,081)
Other non-financial assets	9,392	17,750	8,358
Total non-financial assets	150,576	148,006	(2,570)
Total assets	282,688	265,888	(16,800)
LIABILITIES			
Payables			
Suppliers	33,430	52,647	19,217
Other payables	39,342	48,797	9,455
Total payables	72,772	101,444	28,673
Provisions			
Employee provisions	59,602	60,391	789
Other provisions	10,630	18,342	7,712
Total provisions	70,232	78,733	8,501
Total liabilities	143,004	180,177	37,173
Net assets	139,684	85,711	(53,973)
EQUITY			
Contributed equity	314,305	310,798	(3,507)
Reserves	17,137	6,366	(10,771)
Accumulated deficits	(191,758)	(231,453)	(39,695)
Total equity	139,684	85,711	(53,973)

8. Other information continued

Explanations of variances greater than 10%	Affected line items (and schedule)
Financial asset	
The variance in cash relates to the timing of the final pay of the financial year (30 June).	Cash (Statement of Financial Position)
The variance in trade and other receivables is due to the budget recognising revenue from Government when enforcement activity expenditure met the criteria set out in the ESA Determination.	Trade and other receivables (Statement of Financial Position)
Non-financial assets / Equity	
The variance in leasehold improvements is driven by the revaluation adjustment for leasehold improvements and plant and equipment, offset by depreciation.	Leasehold improvements / Reserves (Statement of Financial Position)
The variance in accumulated deficits relates to the prior period adjustment in 2016 related to the timing of recognising revenue from Government.	Accumulated deficits (Statement of Financial Position)
Liabilities	
The variance relates to the timing of supplier payment at the end of the financial year.	Suppliers / Other Payables (Statement of Financial Position)
The actual provision held is lower than budget due to payment/ settlement during the year relating to a significant ESA matter, which comprised over 80% of the budgeted provision.	Other provisions (Statement of Financial Position)

8. Other information continued

Statement of Changes in Equity

	Actual 2016 $'000	Original budget 2016 $'000	Variance 2016 $'000
CONTRIBUTED EQUITY			
Opening balance	289,874	289,874	–
Transactions with owners			
Contributions by owners			
Equity injections– Appropriations	5,300	1,793	3,507
Departmental capital budget	19,131	19,131	–
Total transactions with owners	24,431	20,924	3,507
Closing balance as at 30 June	314,305	310,798	3,507
RETAINED EARNINGS			
Opening balance	(137,162)	(195,808)	58,646
Comprehensive income			
Deficit for the period	(54,596)	(35,645)	(18,951)
Total comprehensive loss	(54,596)	(35,645)	(18,951)
Closing balance as at 30 June	(191,758)	(231,453)	39,695
ASSET REVALUATION RESERVE			
Opening balance	6,365	6,366	(1)
Comprehensive income			
Other comprehensive income	10,772	–	–
Total comprehensive income	10,772	–	–
Closing balance as at 30 June	17,137	6,366	10,771
TOTAL EQUITY			
Opening balance	159,077	100,432	58,645
Comprehensive income			
Other comprehensive income	10,772	–	–
Deficit for the period	(54,596)	(35,645)	(18,951)
Total comprehensive loss	(43,824)	(35,645)	(18,951)
Transactions with owners			
Contributions by owners			
Equity injections – Appropriations	5,300	1,793	3,507
Departmental capital budget	19,131	19,131	–
Total transactions with owners	24,431	20,924	3,507
Closing balance as at 30 June	139,684	85,711	43,201

Explanations of variances greater than 10%	**Affected line items (and schedule)**
Subsequent to the PBS, ASIC received additional funding to undertake work on the Financial Advisers Register ($1.5m) and the Streamlining Business Registration measure ($2.0m).	Equity Injection – Appropriation

8. Other information continued

Cash Flow Statement

	Actual 2016 $'000	Original budget 2016 $'000	Variance 2016 $'000
OPERATING ACTIVITIES			
Cash received			
Appropriations	337,277	311,532	(25,745)
Goods and services	2,177	1,282	(895)
GST received	12,754	12,501	(253)
Other	3,034	865	(2,169)
Total cash received	355,242	326,180	(29,063)
Cash used			
Employees	204,558	209,508	4,950
Suppliers	139,762	101,296	(38,466)
GST Paid	11,520	12,500	980
Cash used other	5,210	670	(4,540)
Total cash used	361,050	323,974	(37,076)
Net cash from or (used by) operating activities	(5,808)	2,206	8,013
INVESTING ACTIVITIES			
Cash used			
Purchase of property, plant and equipment	24,051	23,130	(921)
Total cash used	(24,051)	23,130	(921)
Net cash from or (used by) investing activities	(24,051)	23,130	(921)
FINANCING ACTIVITIES			
Cash received	22,133	20,924	(1,209)
Appropriations– contributed equity	22,133	20,924	(1,209)
Total cash received	22,133	20,924	(1,209)
Net cash from or (used by) financing activities			
Net increase or (decrease) in cash held	(7,726)	–	7,726
Cash at the beginning of the reporting period	9,232	15,129	5,897
Cash at the end of the reporting period	1,506	15,129	13,623

Explanations of variances greater than 10%	Affected line items (and schedule)
Cash received / Cash used	
Appropriations received and supplier payments were higher due to Enforcement Special Account spending in 2016.	Appropriations / Suppliers (Cashflow Statement)

8. Other information continued

8.4B: Administered budgetary reports

The following tables provide a comparison of the original budget as presented in the 2015–16 Portfolio Budget Statements (PBS) to the 2015–16 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.

Administered Schedule of Comprehensive Income

	Actual	Original budget	Variance
	2016 **$'000**	**2016** **$'000**	**2016** **$'000**
EXPENSES			
Grants	3,192	3,580	(388)
Write-down and impairment of assets	49,470	45,542	3,928
Other	100,806	40,572	60,234
Total expenses	153,468	89,694	63,774
LESS:			
Own-source revenue			
Taxation revenue			
Fees and fines	876,225	834,230	41,995
Total taxation revenue	876,225	834,230	41,995
Non-taxation revenue			
Unclaimed monies	45,942	41,966	3,976
Total non-taxation revenue	45,942	41,966	3,976
Total revenue	922,167	876,196	45,971
Net contribution by services	768,699	786,502	(17,803)

Explanation of variances greater than 10%	Affected line items (and schedule)
Actuarial valuation of the unclaimed monies provision to reflect change in the claims profile on lodgements that were impacted by legislative change and economic factors that has resulted in lower than expected discount rates.	Other expenses (Administered Expenses)

8. Other information continued

Administered Schedule of Assets and Liabilities

	Actual	Original budget	Variance
	2016 $'000	**2016 $'000**	**2016 $'000**
ASSETS			
Financial assets			
Cash and cash equivalents	2,065	3,876	(1,811)
Receivables	130,857	121,772	9,085
Total assets administered on behalf of Government	132,922	125,648	7,274
LIABILITIES			
Payables			
Suppliers	25,313	20,837	4,476
Other payables	391,734	335,228	56,506
Total liabilities administered on behalf of Government	417,047	356,065	60,982
Net liabilities	(284,125)	(230,417)	(53,708)

Explanations of variances greater than 10%	Affected line items (and schedule)
The Corporations Act fee overpayments to be refunded are higher than estimated as total Corporations Law revenue has increased.	Suppliers (Administered Schedule of Assets and Liabilities)
Movements in the unclaimed monies provision reflect a change in the claims profile on lodgements that were the result of a legislative increase in period monies are designated and the impact of emerging refund experience on anticipated future claim projections and a lower discount rate to value future cash flows.	Payables (Administered Schedule of Assets and Liabilities)

End of financial statements