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5

FINANCIAL STATEMENTS

Financial Statements

FOR THE YEAR ENDED 30 JUNE 2017

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Independent Auditor's Report



INDEPENDENT AUDITOR'S REPORT

To the Minister for Revenue and Financial Services

Opinion

In my opinion, the financial statements of the Australian Securities and Investments Commission for the year ended 30 June 2017:

- (a) comply with Australian Accounting Standards – Reduced Disclosure Requirements 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 2017 and its financial performance and cash flows for the year then ended.

The financial statements of the Australian Securities and Investments Commission, which I have audited, comprise the following statements as at 30 June 2017 and for the year then ended:

- 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 to the financial statements, comprising an Overview, Summary of Significant Accounting Policies and other explanatory information.

Basis for Opinion

I conducted my audit in accordance with the Australian National Audit Office Auditing Standards, which incorporate the Australian Auditing Standards. My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of my report. I am independent of the Australian Securities and Investments Commission in accordance with the relevant ethical requirements for financial statement audits conducted by the Auditor-General and his delegates. These include the relevant independence requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* to the extent that they are not in conflict with the *Auditor-General Act 1997* (the Code). I have also fulfilled my other responsibilities in accordance with the Code. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Accountable Authority's Responsibility for the Financial Statements

As the Accountable Authority of the Australian Securities and Investments Commission the Chairman 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 – Reduced Disclosure Requirements and the rules made under that Act. The Chairman is also responsible for such internal control as the Chairman 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

In preparing the financial statements, the Chairman is responsible for assessing the Australian Securities and Investments Commission's ability to continue as a going concern, taking into account whether the entity's operations will cease as a result of an administrative restructure or for any other reason. The Chairman is also responsible for disclosing matters related to going concern as applicable and using the going concern basis of accounting unless the assessment indicates that it is not appropriate.

Auditor's Responsibilities for the Audit of the Financial Statements

My objective is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion.

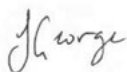
Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian National Audit Office Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with the Australian National Audit Office Auditing Standards, I exercise professional judgement and maintain professional scepticism throughout the audit. I also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtain an understanding of internal control relevant to the audit 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;
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Accountable Authority;
- conclude on the appropriateness of the Accountable Authority's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the entity to cease to continue as a going concern; and
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

Australian National Audit Office



Jodi George

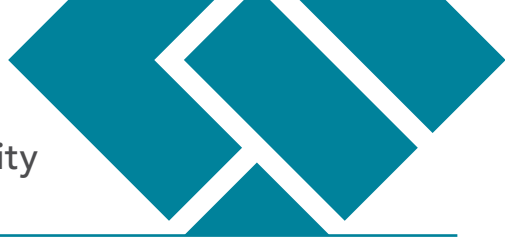
Acting Executive Director

Delegate of the Auditor-General

Canberra

14 August 2017

Statement by the Accountable Authority and Chief Financial Officer



In our opinion, the attached financial statements for the year ended 30 June 2017 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
14 August 2017

E. L. Hodgson
Chief Financial Officer
14 August 2017

Statement of Comprehensive Income

FOR THE YEAR ENDED 30 JUNE 2017

	Notes	2017 \$'000	2016 \$'000
NET COST OF SERVICES			
Expenses			
Employee benefits	1.1A	214,535	198,521
Suppliers	1.1B	133,081	128,065
Depreciation and amortisation	3.2A	43,609	44,373
Finance costs – unwinding of restoration provision		149	70
Write-down and impairment of assets	1.1C	1,086	194
Total expenses		392,460	371,223
LESS:			
Own-source revenue			
Rendering of services		2,004	1,992
Operating sublease rent and property recoveries		1,531	1,167
Other revenue	1.2A	3,726	2,041
Total own-source revenue		7,261	5,200
Net Cost of Services		385,199	366,023
Total revenue from Government	1.2B	341,641	311,427
Deficit		(43,558)	(54,596)
OTHER COMPREHENSIVE INCOME			
Items not subject to subsequent reclassification to net cost of services			
Changes in asset revaluation reserve		–	10,772
Total comprehensive loss		(43,558)	(43,824)

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

Statement of Financial Position

AS AT 30 JUNE 2017

	Notes	2017 \$'000	2016 \$'000
ASSETS			
Financial assets			
Cash and cash equivalents	3.1A	37,199	45,701
Trade and other receivables	3.1B	123,171	86,411
Total financial assets		160,370	132,112
Non-financial assets			
Leasehold improvements	3.2A	33,667	40,706
Plant and equipment	3.2A	24,764	18,795
Computer software	3.2A	78,246	81,683
Other non-financial assets	3.2B	16,573	9,392
Total non-financial assets		153,250	150,576
Total assets		313,620	282,688
LIABILITIES			
Payables			
Suppliers	3.3A	47,521	33,430
Other payables	3.3B	36,649	39,342
Total payables		84,170	72,772
Provisions			
Employee provisions	6.1A	69,039	59,602
Other provisions	3.4A	13,620	10,630
Total provisions		82,659	70,232
Total liabilities		166,829	143,004
Net assets		146,791	139,684
EQUITY			
Contributed equity		364,970	314,305
Reserves		17,137	17,137
Accumulated deficit		(235,316)	(191,758)
Total equity		146,791	139,684

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

Statement of Changes in Equity

FOR THE YEAR ENDED 30 JUNE 2017

	Notes	2017 \$'000	2016 \$'000
CONTRIBUTED EQUITY			
Opening balance		314,305	289,874
Transactions with owners			
Contributions by owners			
Equity injections – appropriations		26,570	5,300
Departmental capital budget		24,095	19,131
Total transactions with owners		50,665	24,431
Closing balance as at 30 June		364,970	314,305
RETAINED EARNINGS			
Opening balance		(191,758)	(137,162)
Comprehensive income			
Deficit for the period		(43,558)	(54,596)
Total comprehensive loss		(43,558)	(54,596)
Closing balance as at 30 June		(235,316)	(191,758)
ASSET REVALUATION RESERVE			
Opening balance		17,137	6,365
Comprehensive income			
Other comprehensive income		–	10,772
Total comprehensive income		–	10,772
Closing balance as at 30 June		17,137	17,137
TOTAL EQUITY			
Opening balance		139,684	159,077
Comprehensive income			
Other comprehensive income		–	10,772
Deficit for the period		(43,558)	(54,596)
Total comprehensive loss		(43,558)	(43,824)
Transactions with owners			
Contributions by owners			
Equity injections – Appropriations		26,570	5,300
Departmental capital budget	5.1A	24,095	19,131
Total transactions with owners		50,665	24,431
Closing balance as at 30 June		146,791	139,684

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

Cash Flow Statement

FOR THE YEAR ENDED 30 JUNE 2017

	Notes	2017 \$'000	2016 \$'000
OPERATING ACTIVITIES			
Cash received			
Appropriations		306,930	319,313
Operating cash received		2,189	2,177
Net GST received		13,432	12,754
Other cash received		3,829	3,066
Total cash received		326,380	337,310
Cash used			
Employees		202,136	204,558
Suppliers		140,763	151,282
Transfers to the Official Public Account		7,238	5,210
Total cash used		(350,137)	(361,050)
Net cash (used by) operating activities		(23,757)	(23,740)
INVESTING ACTIVITIES			
Cash used			
Purchase of leasehold improvements, plant and equipment and intangibles		35,410	24,051
Net cash (used by) investing activities		(35,410)	(24,051)
FINANCING ACTIVITIES			
Cash received			
Appropriations – contributed equity		50,665	22,133
Net cash from financing activities		50,665	22,133
Net (decrease) in cash held		(8,502)	(25,658)
Cash and cash equivalents at the beginning of the reporting period		45,701	71,359
Cash and cash equivalents at the end of the reporting period	3.1A	37,199	45,701

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

Administered Schedule of Comprehensive Income

FOR THE YEAR ENDED 30 JUNE 2017

	Notes	2017 \$'000	2016 \$'000
NET COST OF SERVICES			
Expenses			
Grants	2.1A	3,154	3,192
Write-down and impairment of assets	2.1B	52,993	49,470
Claims for unclaimed monies	2.1C	41,677	98,296
Promotional costs for MoneySmart initiatives		548	2,510
Total expenses		98,372	153,468
LESS:			
Own-source revenue			
Taxation revenue			
Fees and fines	2.2A	920,241	876,225
Total taxation revenue		920,241	876,225
Non-taxation revenue			
Unclaimed monies	2.2B	77,464	45,942
Total non-taxation revenue		77,464	45,942
Total revenue		997,705	922,167
Net contribution by services		899,333	768,699

Administered Schedule of Assets and Liabilities

AS AT 30 JUNE 2017

	Notes	2017 \$'000	2016 \$'000
ASSETS			
Financial assets			
Cash and cash equivalents		1,781	2,065
Taxation receivables	4.1A	135,775	130,542
GST receivable		211	315
Total assets administered on behalf of the Government		137,767	132,922
LIABILITIES			
Payables and provisions			
Suppliers and other payables	4.2A	26,758	25,313
Other provisions	4.2B	351,452	391,734
Total liabilities administered on behalf of the Government		378,210	417,047
Net liabilities		(240,443)	(284,125)

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

Administered Reconciliation Schedule

AS AT 30 JUNE 2017

	Notes	2017 \$'000	2016 \$'000
Opening assets less liabilities as at 1 July		(284,125)	(311,537)
Net contribution by services:			
Administered income		997,705	922,167
Administered expenses		(98,372)	(153,468)
		899,333	768,699
Transfers (to)/from the Australian Government			
Appropriation transfers from Official Public Account:			
Special (unlimited) and ordinary appropriations			
Appropriation/Supply Act No. 1 and No. 3		6,165	5,748
Banking Act unclaimed monies		42,866	82,159
Life Insurance Act unclaimed monies		6,418	9,992
Section 77 PGPA Act		37,480	37,559
Total of appropriation transfers from Official Public Account		92,929	135,458
Administered transfers to Official Public Account		(948,580)	(876,745)
Closing assets less liabilities as at 30 June		(240,443)	(284,125)

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

Administered Cash Flow Statement

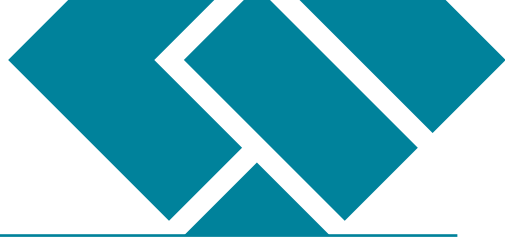
FOR THE YEAR ENDED 30 JUNE 2017

	2017 \$'000	2016 \$'000
OPERATING ACTIVITIES		
Cash received		
Corporations Act, National Consumer Credit Protection Act, Business Names Registration (Fees) Act and Superannuation Industry (Supervision) Act	865,094	824,243
Corporation Act unclaimed monies	66,430	37,760
Banking Act unclaimed monies	9,112	6,164
Life Insurance Act unclaimed monies	1,921	2,018
Total cash received	942,557	870,185
Cash used		
Refunds paid to:		
Company shareholders	32,675	32,453
Deposit-taking institution account holders	42,866	81,776
Life insurance policy holders	6,418	10,024
Promotion expenses for MoneySmart Initiatives	1,411	1,876
Grants	3,718	2,623
Net GST paid	103	239
Total cash used	(87,191)	(128,991)
Net cash from operating activities	855,366	741,194
Cash from Official Public Account for:		
Appropriations	92,929	135,459
Less: Cash to Official Public Account for:		
Corporations Act, National Consumer Credit Protection Act and Business Names Registration (Fees) Act fees and charges	871,117	830,803
Corporations Act unclaimed monies	66,430	37,760
Banking Act unclaimed monies	9,112	6,164
Life Insurance Act unclaimed monies	1,921	2,018
Total cash to Official Public Account	(948,580)	(876,745)
Net (decrease) in cash held	(284)	(92)
Cash and cash equivalents at the beginning of the reporting period	2,065	2,157
Cash and cash equivalents at the end of the reporting period	1,781	2,065

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

Notes to and forming part of the financial statements

FOR THE YEAR ENDED 30 JUNE 2017



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. We are 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
- 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:

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

The financial statements are general purpose financial statements and are required by section 42 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
- ♦ 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.

Change in accounting policy

In 2016–17, the FRR was amended to include that, where an amount standing to the credit of a special account is held by a reporting entity, the amount must be disclosed in the entity's financial statement as cash. In 2015–16, these amounts were held as a receivable. The current year and prior year figures in the financial statements have been amended to reflect the change in accounting policy.

New Australian Accounting Standards

All new accounting standards, amendments to standards and interpretations that were issued before the sign-off date and are applicable to the current reporting period did not have a material effect, and are not expected to have a future material effect, on ASIC's financial statements.

Taxation

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

Notes to and forming part of the financial statements

FOR THE YEAR ENDED 30 JUNE 2017

Overview continued

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 balance date that had a material effect on the departmental or administered financial statements.

1. Departmental financial performance

This section analyses the financial performance of ASIC for the year ended 30 June 2017

1.1 Expenses

	2017 \$'000	2016 \$'000
1.1A: Employee benefits		
Wages and salaries	154,907	149,419
Superannuation ¹		
Defined-benefit schemes	11,681	12,615
Defined-contribution schemes	18,359	17,135
Leave and other entitlements	18,573	19,352
Separation and redundancies ²	11,015	–
Total employee benefits	214,535	198,521

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 16.2% (2016: 14.6%), the Public Sector Superannuation Plan was 16.8% (2016: 17.3%), the PSS Accumulation Scheme was 15.4% (2016: 15.4%), and the superannuation productivity benefit was approximately 2.0% to 3.0% (2016: 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 section 6.

1. Departmental financial performance continued

	2017 \$'000	2016 \$'000
1.1B: Suppliers		
Goods and services supplied or rendered		
Office computer and software expenses	25,805	23,228
Legal and forensic costs	25,004	25,923
Consultants and specialist services	20,144	20,338
Property-related outgoings	7,705	7,466
Information costs	6,790	6,476
Travel	4,780	4,644
Postage and freight	2,754	2,525
Security	2,381	2,329
Communications	2,349	2,207
Learning and development	3,663	2,671
Recruitment	1,879	1,283
Other goods and services	5,632	5,389
Total goods and services supplied or rendered	108,886	104,479
Goods supplied	2,894	2,833
Services rendered	105,992	101,646
Total goods and services supplied or rendered	108,886	104,479
Other suppliers		
Operating lease rentals	21,687	22,256
Workers compensation expense	2,285	1,101
Fringe benefits tax	223	229
Total other suppliers	24,195	23,586
Total suppliers	133,081	128,065
Commitments for minimum lease payments in relation to non-cancellable operating leases are payable as follows:		
Within 1 year	29,471	31,602
Between 1 to 5 years	63,131	97,497
More than 5 years	39,505	50,317
Total operating lease commitments	132,107	179,416

Leasing commitments

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

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.

Notes to and forming part of the financial statements

FOR THE YEAR ENDED 30 JUNE 2017

1. Departmental financial performance continued

	Notes	2017 \$'000	2016 \$'000
1.1C: Write-down and impairment of assets			
Impairment of financial instruments		926	20
Write-off of leasehold improvements		14	23
Write-off of plant and equipment		146	149
Write-off of software		–	2
Total write-down and impairment of assets		1,086	194

1.2 Own-source revenue

Accounting policy

Rendering of services

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

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

Operating lease revenue

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

1.2A: Other revenue

Cost recoveries ¹	2,420	750
Royalties	185	185
Professional and witness fees	30	39
Resources received free of charge – auditors' remuneration	360	360
Other	731	707
Total other revenues	3,726	2,041

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

Accounting policy

Resources received free of charge

Resources received free of charge are recognised as revenue when, and only when, a fair value can be reliably determined and the services would have been purchased if they had not been donated. Use of those resources is recognised as an expense. Resources received free of charge are recorded as either revenue or gains, depending on their nature.

1.2B: Revenue from Government

Appropriations:

Departmental appropriations	314,826	284,507
Departmental special appropriations	5.2 26,815	26,920
Total revenue from Government	341,641	311,427

1. Departmental financial performance continued

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 the 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

	2017 \$'000	2016 \$'000
2.1A: Grants		
Rendering of services		
Insolvency practitioners ¹	3,154	3,192
Total grants	3,154	3,192

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.

Notes to and forming part of the financial statements

FOR THE YEAR ENDED 30 JUNE 2017

2. Income and expenses administered on behalf of the Government continued

	2017 \$'000	2016 \$'000
2.1B: Write-down and impairment of assets		
Impairment of receivables	48,935	46,702
Waiver of fees and charges owing	4,058	2,768
Total write-down and impairment of assets	52,993	49,470
2.1C: Claims for unclaimed monies		
Claims – Bank and deposit-taking institution account holders	829	54,852
Claims – life insurance policy holders	1,084	7,840
Claims – <i>Corporations Act 2001</i>	39,764	35,604
Total other expenses	41,677	98,296

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 the Government continued

2.2 Administered – income

	2017 \$'000	2016 \$'000
Taxation revenue		
<u>2.2A: Fees and fines</u>		
Fees	801,712	768,244
Fines	118,530	107,981
Total fees and fines	920,241	876,225

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
- ♦ 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

<i>Corporations Act 2001</i> unclaimed monies	66,430	37,759
<i>Banking Act 1959</i> unclaimed monies	9,113	6,165
<i>Life Insurance Act 1995</i> unclaimed monies	1,921	2,018
Total non-taxation revenue	77,464	45,942

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.

Notes to and forming part of the financial statements

FOR THE YEAR ENDED 30 JUNE 2017

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 section 6.

3.1 Financial assets

	2017 \$'000	2016 \$'000
3.1A: Cash and cash equivalents¹		
Cash in special accounts	33,064	44,195
Cash on hand or on deposit	4,135	1,506
Total cash and cash equivalents	37,199	45,701
3.1B: Trade and other receivables¹		
Goods and services receivables:		
Goods and services	1,503	677
Total goods and services receivables	1,503	677
Appropriations receivables:		
Appropriations receivable	118,207	83,495
Total appropriations receivable	118,207	83,495
Other receivables:		
GST receivable from the Australian Taxation Office	4,512	2,364
Total other receivables	4,512	2,364
Total trade and other receivables (gross)	124,222	86,536
Less impairment allowance	1,051	125
Total trade and other receivables (net)	123,171	86,411
Trade and other receivables are expected to be recovered:		
No more than 12 months	123,171	86,411

Credit terms for goods and services were within 30 days (2016: 30 days).

1. Special account OPA balances have been reclassified from receivables to cash.

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.



3. Departmental financial position continued

	2017 \$'000	2016 \$'000
Reconciliation of the movement in the impairment allowance account		
As at 1 July	125	133
Amounts recovered and reversed	(84)	(50)
Increase recognised in net cost of services	1,010	42
Total as at 30 June	1,051	125

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.

Notes to and forming part of the financial statements

FOR THE YEAR ENDED 30 JUNE 2017

3. Departmental financial position continued

3.2 Non-financial assets

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

	Leasehold improvements \$'000	Plant and equipment \$'000	Computer software \$'000	Total \$'000
As at 1 July 2016				
Gross book value	89,577	53,740	280,821	424,138
Accumulated depreciation/amortisation and impairment	(48,871)	(34,945)	(199,138)	(282,954)
Total as at 1 July 2016	40,706	18,795	81,683	141,184
Additions:				
by purchase	980	11,903	4,265	17,148
internally developed	–	–	22,114	22,114
Total additions	980	11,903	26,379	39,262
Depreciation/amortisation expense	(8,005)	(5,788)	(29,816)	(43,609)
Write-offs recognised in the operating result	(14)	(146)	–	(160)
Total as at 30 June 2017	33,667	24,764	78,246	136,677
Total as at 30 June 2017 represented by:				
Gross book value	90,386	61,204	307,121	458,711
Accumulated depreciation/amortisation and impairment	(56,719)	(36,440)	(228,875)	(322,034)
Total as at 30 June 2017	33,667	24,764	78,246	136,677

The carrying value of leasehold improvements, plant and equipment and computer software was reviewed at 30 June 2017. 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 that 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, plant and equipment were carried at latest revaluation less accumulated depreciation and accumulated impairment losses. Valuations were 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. As an independent valuation of ASIC's assets was undertaken as at 30 June 2016, a desktop valuation was undertaken this year.

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:

	2017	2016
Leasehold improvements	Residual lease term	Residual lease term
Plant and equipment	2 to 80 years	2 to 80 years

Notes to and forming part of the financial statements

FOR THE YEAR ENDED 30 JUNE 2017

3. Departmental financial position continued

Accounting policy

Impairment

All assets were assessed for impairment at 30 June 2017. Where indications of impairment exist, the asset's recoverable amount is estimated and an impairment adjustment is 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 two to 10 years (2016: two to 10 years).

All software assets were assessed for indications of impairment as at 30 June 2017.

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.

	2017 \$'000	2016 \$'000
3.2B: Other non-financial assets		
Prepayments	16,573	9,357
Rent-free asset	–	35
Total other non-financial assets	16,573	9,392

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

3. Departmental financial position continued

3.3 Payables

	Notes	2017 \$'000	2016 \$'000
3.3A: Suppliers			
Trade creditors and accruals	7.2A	35,802	20,657
Operating lease rent payable		11,719	12,773
Total suppliers		47,521	33,430

Supplier payables are settled per the terms of the purchase order or contract.

3.3B: Other payables

Other unearned revenue	181	180
Property lease incentives ¹	23,666	27,999
Salaries and bonuses	11,348	10,108
Separations and redundancies	1,378	1,050
Other	76	5
Total other payables	36,649	39,342

1. Total property lease incentives are disclosed as deferred rental expenditure at 30 June 2017. Lease incentives are amortised over the lease term.

3.4 Other provisions

	Provision for restructuring \$'000	Provision for restoration costs \$'000	Provision for settlement costs \$'000	Total other provisions \$'000
3.4A: Other provisions				
As at 1 July 2016	–	8,695	1,935	10,630
Additions	1,394	–	3,383	4,777
Amounts reversed	–	(1)	(1,935)	(1,936)
Amortisation of restoration provision discount	–	149	–	149
Total as at 30 June 2017	1,394	8,843	3,383	13,620

Accounting policy

Restoration costs

ASIC currently has seven lease agreements (2016: seven) for the leasing of premises that have provisions requiring ASIC to restore the premises to their original condition at the conclusion of the lease. The provision reflects the current best estimate of these future restoration costs discounted to reflect the present value of the future payments.

Settlement costs

ASIC recognises a provision for the estimated costs that will be paid on settlement of current legal proceedings based on past history of settlement costs.

The accounting policy for the provision for restructuring is contained in Note 6.1.

Notes to and forming part of the financial statements

FOR THE YEAR ENDED 30 JUNE 2017

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

	2017 \$'000	2016 \$'000
4.1A: Taxation receivables		
Fees and fines receivable	195,924	189,306
Information brokers' fees	6,855	6,929
Total taxation receivables (gross)	202,779	196,235
Less: impairment allowance account:		
Fees and fines	67,004	65,693
Total taxation receivables (net)	135,775	130,542

Taxation receivables are due from entities that are not part of the Australian Government. Credit terms for goods and services were within 30 days (2016: 30 days).

Reconciliation of the movement in the impairment allowance account

As at 1 July	65,693	58,028
Amounts written off	(47,624)	(39,037)
Amounts waived	(4,058)	(2,768)
Increase in impairment allowance recognised in net contribution by services	52,993	49,470
Total as at 30 June	67,004	65,693

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

4.2 Administered – payables

	2017 \$'000	2016 \$'000
4.2A: Payables		
Supplier payables	202	1,166
Refund of fees payable ¹	12,625	10,680
Unallocated monies	6,587	6,093
Grants payable ²	1,316	1,883
Other non-current payables ³	6,028	5,491
Total payables	26,758	25,313

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

All payables, with the exception of other non-current payables, are expected to be settled within 12 months. Settlement is usually made within 30 days.

1. 2016 comparatives have been reclassified to other non-current payables to reflect the expected payment terms.
2. Settlement is made according to the terms and conditions of each grant. This is usually within 30 days of performance and eligibility.
3. Other non-current payables are over payments where the settlement period is expected to be greater than 12 months.

4.2B: Non-taxation provisions

<i>Corporations Act 2001</i> claims	178,954	171,865
<i>Banking Act 1959</i> claims	155,373	197,410
<i>Life Insurance Act 1995</i> claims	17,125	22,459
Total other provisions	351,452	391,734

Reconciliation of the opening and closing balance of other provisions

As at 1 July	391,734	417,691
Amounts recognised	41,678	98,296
Amounts used	(81,960)	(124,253)
Total as at 30 June	351,452	391,734

Notes to and forming part of the financial statements

FOR THE YEAR ENDED 30 JUNE 2017

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

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 that 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')

Annual appropriations for 2017

	Annual appropriation \$'000	Adjustments to appropriation ¹ \$'000	Total appropriation \$'000	Appropriation applied in 2017 (current and prior years) \$'000	Variance \$'000
Departmental					
Ordinary annual services	341,588	7,238	348,826	336,389	12,437
Capital budget	24,095	–	24,095	21,998	2,097
Other services					
Equity injections	29,449	–	29,449	15,867	13,582
Total departmental	395,132	7,238	402,370	374,254	28,116
Administered					
Ordinary annual services	5,863	–	5,863	5,730	133
Total administered	5,863	–	5,863	5,730	133

1. Section 74 receipts.

5. Funding continued

Accounting policy

Equity injections

Amounts appropriated that are designed as 'equity injections' for a year (less any formal reductions) and departmental capital budgets (DCB) are recognised directly in contributed equity in that year.

Annual appropriations for 2016

	Annual appropriation ¹ \$'000	Adjustments to appropriation ² \$'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. Determinations under s51 of the PGPA Act (determination made on 17 June 2016). Appropriation Act (No. 1) 2015–2016 reduced by \$0.150m; Appropriation Act (No. 2) 2012–2013 reduced by \$1.679m; Appropriation Act (No. 2) 2013–2014 reduced by \$1.200m.

2. Section 74 receipts.

Notes to and forming part of the financial statements

FOR THE YEAR ENDED 30 JUNE 2017

5. Funding continued

	2017 \$'000	2016 \$'000
5.1B: Unspent annual appropriations ('recoverable GST exclusive')		
Departmental		
Appropriation Act (No. 2) 2012–2013	–	2,064
Appropriation Act (No. 2) 2013–2014	–	1,507
Appropriation Act (No. 2) 2014–2015	–	720
Appropriation Act (No. 1) DCB 2015–2016	–	2,647
Appropriation Act (No. 1) 2015–2016	–	76,306
Appropriation Act (No. 2) 2015–2016	1,006	1,793
Appropriation Act (No. 4) 2015–2016	18	18
Appropriation Act (No. 1) 2016–2017	103,767	–
Appropriation Act (No. 1) DCB 2016–2017	4,744	–
Supply Act (No. 2) 2016–2017	360	–
Appropriation Act (No. 2) 2016–2017	12,447	–
Enforcement Special Account	33,064	44,195
Total departmental	155,406	129,250

Unspent departmental appropriations includes cash balances of \$4.135m (2016: \$1.506m).

Administered		
Appropriation Act (No. 1) 2015–2016	–	1,692
Appropriation Act (No. 3) 2015–2016	–	349
Appropriation Act (No. 1) 2016–2017	1,739	–
Total administered	1,739	2,041

Unspent administered appropriations represents cash balances.

5. Funding continued

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

Authority	Type	Purpose	Appropriation applied	
			2017 \$'000	2016 \$'000
s69 <i>Banking Act 1959</i> , Administered	Unlimited	ASIC has responsibility for the administration of unclaimed monies from banking and deposit-taking institutions. ASIC receives special appropriations from the OPA (s69 <i>Banking Act 1959</i>) to refund amounts to banking and deposit-taking institution account holders.	42,866	81,776
s216 <i>Life Insurance Act 1995</i> , Administered	Unlimited	ASIC has responsibility for the administration of unclaimed monies from life insurance institutions and friendly societies. ASIC receives special appropriations from the OPA (s216 <i>Life Insurance Act 1995</i>) to refund amounts to life insurance policy holders.	6,418	10,024
s77 PGPA Act, <i>Corporations Act 2001</i> , <i>National Consumer Credit Protection Act 2009</i> , Business Names Registration (Fees) Regulations 2010 and <i>Superannuation Industry (Supervision) Act 1993</i> (Refunds of overpaid Corporations Act fees and charges), Administered	Unlimited	ASIC has responsibility for the administration and collection of Corporations Act fees and charges. All fees and charges are deposited into the OPA as received. Refunds of overpayments are appropriated under s77 of the PGPA Act.	5,685	6,799
s77 PGPA Act, <i>Corporations Act 2001</i> (Refunds of unclaimed money held under s1341 <i>Corporations Act 2001</i>), Administered	Unlimited	ASIC has responsibility for the administration of unclaimed monies under s1341 of the <i>Corporations Act 2001</i> .	31,795	31,175
Total			86,764	129,774

Notes to and forming part of the financial statements

FOR THE YEAR ENDED 30 JUNE 2017

5. Funding continued 5.2 Special accounts

	Enforcement Special Account ¹		Deregistered Companies Trust Monies Special Account ²		Security Deposits Special Account ³		Investigations, Legal Proceedings, Settlements and Court Orders Special Account ⁴	
	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
Balance carried forward from previous year	44,195	62,127	2,289	1,902	462	454	11	11
Appropriation for the reporting period	26,815	26,920	1,493	493	–	–	–	–
Costs recovered	819	32	34	40	5	8	–	–
Available for payments	71,829	89,079	3,816	2,435	467	462	11	11
Cash payments from the Special Account	(38,765)	(44,884)	(312)	(146)	–	–	–	–
Balance carried forward to the next period	33,064	44,195	3,504	2,289	467	462	11	11
Balance represented by:	–	–	3,504	2,289	467	462	11	11
Cash held in entity bank accounts	33,064	44,195	–	–	–	–	–	–
Cash held in the Official Public Account	33,064	44,195	3,504	2,289	467	462	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 that 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 of the 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 period ended 30 June 2017, 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

	2017 \$'000	2016 \$'000
5.3: Receipts pursuant to cost recovery provisions		
Significant regulatory charging arrangements		
Supervision of Australia's financial markets and competition for market services	19,353	21,200
Total receipts subject to regulatory charging arrangements	19,353	21,200
Total expenses	16,620	19,617
ASIC is recovering its costs to enhance its supervision of Australia's financial markets and competition for market services. This includes current year expenditure and deferred implementation costs.		
Further information can be found at: http://asic.gov.au/regulatory-resources/markets/market-supervision-and-competition-cost-recovery/market-supervision-and-competition-cost-recovery-implementation-statements/ .		

5.4 Net cash appropriation arrangements

Total comprehensive income/(loss) less depreciation/amortisation expenses previously funded through revenue appropriations	51	549
Plus: depreciation/amortisation expenses previously funded through revenue appropriation	(43,609)	(44,373)
Total comprehensive income – as per the Statement of Comprehensive Income	(43,558)	(43,824)

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	20,567	19,507
Long service leave entitlement	40,867	40,095
Restructuring provision	5,176	–
Redundancy provision	2,429	–
Total employee provisions	69,039	59,602

Notes to and forming part of the financial statements

FOR THE YEAR ENDED 30 JUNE 2017

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.

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.

Restructuring

ASIC recognises a provision for restructuring when the Government has announced a funding measure that will result in a future reduction in functions, resources and staff and the costs associated with these future reductions can be reliably estimated.

6. People and relationships continued

Accounting policy

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:

- ♦ 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.

6.2 Key management personnel remuneration

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of ASIC, directly or indirectly, including any director (whether executive or otherwise) of ASIC. ASIC has determined the key management personnel to be members of the Commission, the Portfolio Minister and Minister for Revenue and Financial Services and other Australian Government entities, and senior executive leaders who report directly to the Chairman. Key management personnel remuneration is reported in the table below:

	2017 \$'000
Short-term employee benefits	3,725
Post-employment benefits	465
Other long-term benefits	423
Termination benefits	–
Total key management personnel remuneration expenses¹	4,613

The total number of key management personnel who are included in the above table is 12.

1. The above key management personnel remuneration excludes the remuneration and other benefits of the Portfolio Minister. The Portfolio Minister's remuneration and other benefits are set by the Remuneration Tribunal and are not paid by ASIC.

6.3 Related party disclosures

Related party relationships

ASIC is an Australian Government controlled entity. Related parties to ASIC are key management personnel, including the Commission members and senior executive leaders who have the responsibilities for planning, directing and controlling ASIC's resources.

Transactions with related parties

Given the breadth of government activities, related parties may transact with the government sector in the same capacity as ordinary citizens. Such transactions include the payment or refund of taxes, receipt of a Medicare rebate or higher education loans. These transactions have not been separately disclosed in this note.

ASIC transacts with other Australian Government controlled entities consistent with normal day-to-day business operations provided under normal terms and conditions, including the payment of workers compensation and insurance premiums, subleasing of office space and payment of superannuation contributions. These are not considered individually significant to warrant separate disclosure as related party transactions.

Notes to and forming part of the financial statements

FOR THE YEAR ENDED 30 JUNE 2017

7. Managing uncertainties

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

7.1 Contingent assets and liabilities

	2017 \$'000	2016 \$'000
7.1A: Departmental contingent liabilities and assets		
Contingent assets		
Claims for costs		
Balance from previous period	1,193	924
Adjustments to prior period contingent receivables:		
Assets relinquished	(580)	–
Revisions to estimates	1,790	(236)
New contingent receivables	478	505
Total contingent assets	2,881	1,193
Net contingent assets	2,881	1,193

Quantifiable contingencies (ASIC departmental)

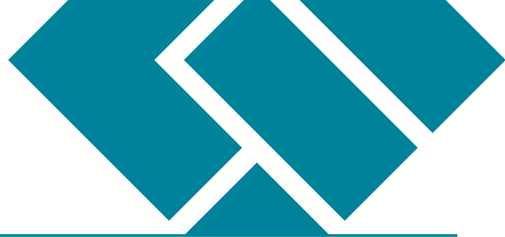
The above contains 14 matters (2016: 13 matters) of contingent assets disclosed in respect of matters for which ASIC has received an award of costs in its favour; however, agreement with respect to the quantum payable to ASIC has not been reached. ASIC has estimated that these matters represent a combined receivable of \$2.881m (2016: \$1.193m), 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 of or against ASIC.



7. Managing uncertainties continued

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

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

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

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

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.

Quantifiable administered contingencies – 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 has 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:

<i>Banking Act 1959</i>	\$455.298m (2016: \$448.984m)
<i>Life Insurance Act 1995</i>	\$62.767m (2016: \$ 62.771m)
<i>Corporations Act 2001</i>	\$297.369m (2016: \$274.447m)

Unquantifiable administered contingencies

There are no unquantifiable administered contingent liabilities.

Accounting policy

Administered contingent liabilities represent a repayment estimate of unclaimed monies that is considered remote. There are no administered contingent assets as at 30 June 2017 (2016: nil).

Notes to and forming part of the financial statements

FOR THE YEAR ENDED 30 JUNE 2017

7. Managing uncertainties continued

7.2 Financial instruments

	Notes	2017 \$'000	2016 \$'000
7.2A: Categories of financial instruments			
Financial assets			
Loans and receivables:			
Cash and cash equivalents	3.1A	4,135	1,506
Receivables for goods and services (net of impairment allowance)	3.1B	452	552
Total financial assets		4,587	2,058
Financial liabilities			
At amortised cost:			
Trade creditors	3.3A	35,802	20,657
Total financial liabilities		35,802	20,657

Accounting policy

Financial assets

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

Financial liabilities

Supplier 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).

7.2B: Net gains or losses on financial assets

Loans and receivables

Impairment	1.1C	(926)	(20)
Net gain/(expense) from financial assets		(926)	(20)

7.3 Administered – financial instruments

	Notes	2017 \$'000	2016 \$'000
7.3A: Categories of financial instruments			
Financial assets			
Cash and cash equivalents		1,781	2,065
Financial liabilities			
At amortised cost:			
Grants payable	4.2A	1,316	1,883
Suppliers payables	4.2A	202	1,166
Total financial liabilities held at amortised cost		1,518	3,049

7. Managing uncertainties continued

7.4 Fair value measurement

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.

7.4A: Fair value measurement

	Fair value measurements at the end of the reporting period	
	2017 \$'000	2016 \$'000
Non-financial assets:		
Leasehold improvements	33,667	40,706
Plant and equipment	24,764	18,795
Total non-financial assets	58,431	59,501

ASIC did not measure any non-financial assets at fair value on a non-recurring basis as at 30 June 2017.

Notes to and forming part of the financial statements

FOR THE YEAR ENDED 30 JUNE 2017

8. Other information

8.1 Expenditure relating to statutory board and tribunal

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 Disciplinary Board and the Superannuation Complaints Tribunal. Employee and administrative expenditure incurred on behalf of this board and the tribunal is included in the Statement of Comprehensive Income of ASIC.

	2017 \$'000	2016 \$'000
Companies Auditors and Liquidators Disciplinary Board	517	640
Superannuation Complaints Tribunal	5,419	5,238

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.

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.

Class of asset		
Land	504	468
Shares	40	57
Other	67	74
Closing balance	611	599

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.

	2017 \$'000	2016 \$'000
Security deposits under Corporations Regulations 2001 regulation 7.6.02AA (dealers and investment advisers)		
Cash (at bank)	323	323
Inscribed stock	20	20
Bank guarantees	9,210	9,630
<i>Closing balance</i>	9,553	9,973
Security deposits under the <i>Corporations Act 2001</i> s1284(1) (liquidators)		
Insurance bond	1,800	1,800
<i>Closing balance</i>	1,800	1,800

Notes to and forming part of the financial statements

FOR THE YEAR ENDED 30 JUNE 2017

8. Other information continued

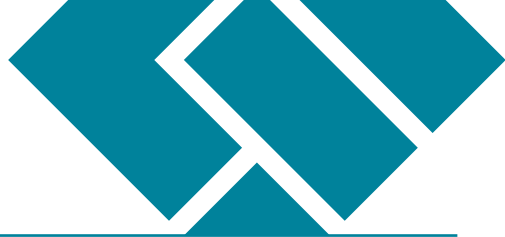
8.4 Budgetary reports and explanations of major variances

8.4A: Departmental budgetary reports

The following tables provide a comparison of the original budget as presented in the 2016–17 Portfolio Budget Statements (PBS) to the 2016–17 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	Original Budget	Variance
	2017	2017	2017
	\$'000	\$'000	\$'000
NET COST OF SERVICES			
Expenses			
Employee benefits	214,535	239,544	(25,009)
Suppliers	133,081	101,943	31,138
Depreciation and amortisation	43,609	37,899	5,710
Finance costs – unwinding of restoration provision	149	500	(351)
Write-down and impairment of assets	1,086	–	1,086
Total expenses	392,460	379,886	12,574
LESS:			
Own-source revenue			
Rendering of services	2,004	3,657	(1,653)
Operating sublease rent and property recoveries	1,531	865	666
Other revenue	3,726	330	3,396
Total own-source revenue	7,261	4,852	2,409
Net cost of services	385,199	375,034	10,165
Total revenue from Government	341,641	340,488	1,153
Deficit	(43,558)	(34,546)	(9,012)
OTHER COMPREHENSIVE INCOME			
Items not subject to reclassification to net cost of services			
Changes in asset revaluation reserve	–	–	–
	(43,558)	(34,546)	(9,012)



8. Other information continued

Explanations of variances greater than 10%

Affected line items (and schedule)

Expense

Funding for new measures, including Improving Outcomes in Financial Services, was utilised more for suppliers expenditure and less for employee benefits than was budgeted. This difference is related to the appropriation legislation for these new measures being delayed.

Employee benefits and Suppliers (Statement of Comprehensive Income)

Depreciation and amortisation is higher than budget predominantly due to the deployment of computer software assets relating to the business operating model, market supervision, and enterprise content and records management systems.

Depreciation and amortisation (Statement of Comprehensive Income)

The variance relates to a lower interest charge component on ASIC's estimated liability for premises restoration/'make good' on leased premises.

Finance cost (Statement of Comprehensive Income)

The 2017 expenditure relates to an impairment charge on amounts owing to ASIC following an assessment of whether the debt is likely to be collected.

Write-down and impairment of assets (Statement of Comprehensive Income)

Own-source income

These variances are mainly due to the reclassification of operating sublease rent and property recoveries from other revenue to a separate line item.

Rendering of services/Operating sublease rent and property recoveries (Statement of Comprehensive Income)

The variance predominantly relates to higher than budgeted awards of costs.

Other revenue (Statement of Comprehensive Income)

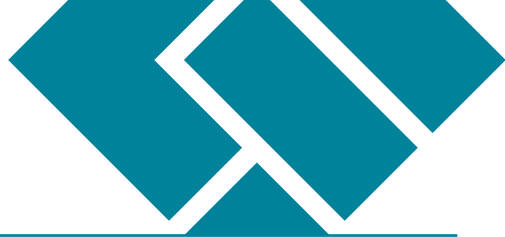
Notes to and forming part of the financial statements

FOR THE YEAR ENDED 30 JUNE 2017

8. Other information continued

Statement of Financial Position

	Actual	Original Budget	Variance
	2017	2017	2017
	\$'000	\$'000	\$'000
ASSETS			
Financial assets			
Cash and cash equivalents	37,199	9,232	27,967
Trade and other receivables	123,171	96,697	26,474
Total financial assets	160,370	105,929	54,441
Non-financial assets			
Leasehold improvements	33,667	25,391	8,276
Plant and equipment	24,764	17,362	7,402
Computer software	78,246	107,992	(29,746)
Other non-financial assets	16,573	10,032	6,541
Total non-financial assets	153,250	160,777	(7,527)
Total assets	313,620	266,706	46,914
LIABILITIES			
Payables			
Suppliers	47,521	36,827	10,694
Other payables	36,649	22,948	13,701
Total payables	84,170	59,775	24,395
Provisions			
Employee provisions	69,039	80,369	(11,330)
Other provisions	13,620	15,832	(2,212)
Total provisions	82,659	96,201	(13,542)
Total liabilities	166,829	155,976	10,853
Net assets	146,791	110,730	36,061
EQUITY			
Contributed equity	364,970	367,850	(2,880)
Reserves	17,137	6,365	10,772
Accumulated deficits	(235,316)	(263,485)	28,169
Total equity	146,791	110,730	36,061



8. Other information continued

Explanations of variances greater than 10%

Affected line items (and schedule)

Financial asset

The variance is due to special account OPA balances being reclassified from receivables to cash.

Cash and cash equivalents
(Statement of Financial Position)

The increase in receivables is mainly due to a combination of an agreement by the Government to move capital funding into future years, as well as timing differences between accruing and paying expenditure

Trade and other receivables
(Statement of Financial Position)

Non-financial assets/Equity

The leasehold improvements balance is higher than budget as a result of a valuation adjustment recognised in June 2016.

Leasehold improvements/Reserves
(Statement of Financial Position)

The plant and equipment variance relates to increased expenditure on hardware purchases for a number of infrastructure projects, which was budgeted as computer software.

Plant and equipment
(Statement of Financial Position)

Variance is the result of a change to the original budget to move equity appropriation into future years, as well as expenditure budgeted as computer software being used for hardware purchases.

Computer software
(Statement of Financial Position)

Variance relates to higher than budgeted prepayments.

Other non-financial assets
(Statement of Financial Position)

Notes to and forming part of the financial statements

FOR THE YEAR ENDED 30 JUNE 2017

8. Other information continued

Statement of Changes in Equity

	Actual	Original budget	Variance
	2017	2017	2017
	\$'000	\$'000	\$'000
CONTRIBUTED EQUITY			
Opening balance	314,305	314,306	(1)
Transactions with owners			
Contributions by owners			
Equity injections – appropriations	26,570	29,449	(2,879)
Departmental capital budget	24,095	24,095	–
Total transactions with owners	50,665	53,544	(2,879)
Closing balance as at 30 June	364,970	367,850	(2,880)
RETAINED EARNINGS			
Opening balance	(191,758)	(228,939)	37,181
Comprehensive income			
Deficit for the period	(43,558)	(34,546)	(9,012)
Total comprehensive loss	(43,558)	(34,546)	(9,012)
Closing balance as at 30 June	(235,316)	(263,485)	28,169
ASSET REVALUATION RESERVE			
Opening balance	17,137	6,365	10,772
Comprehensive income			
Other comprehensive income	–	–	–
Total comprehensive income	–	–	–
Closing balance as at 30 June	17,137	6,365	10,772
TOTAL EQUITY			
Opening balance	139,684	91,732	47,952
Comprehensive income			
Other comprehensive income	–	–	–
Deficit for the period	(43,558)	(34,546)	(9,012)
Total comprehensive loss	(43,558)	(34,546)	(9,012)
Transactions with owners			
Contributions by owners			
Equity injections – appropriations	26,570	29,449	(2,879)
Departmental capital budget	24,095	24,095	–
Total transactions with owners	50,665	53,544	(2,879)
Closing balance as at 30 June	146,791	110,730	36,061
Explanations of variances greater than 10%	Affected line items (and schedule)		
Movement of funds from 2012–13 and 2013–14 for insolvency practitioners law reforms.	Equity injection – appropriation		
Variance is predominantly driven by higher expenditure relating to Enforcement Special Account matters.	Deficit for the period – Retained earnings		

8. Other information continued

Cash Flow Statement

	Actual	Original budget	Variance
	2017	2017	2017
	\$'000	\$'000	\$'000
OPERATING ACTIVITIES			
Cash received			
Appropriations	306,930	344,105	(37,175)
Operating cash received	2,189	3,657	(1,468)
Net GST received	13,432	12,188	1,244
Other cash received	3,829	865	2,964
Total cash received	326,380	360,815	(34,435)
Cash used			
Employees	202,136	239,544	(37,408)
Suppliers	140,763	118,892	21,871
Cash used other	7,238	280	6,958
Total cash used	350,137	358,716	(8,579)
Net cash (used by) operating activities	(23,757)	2,099	(25,856)
INVESTING ACTIVITIES			
Cash used			
Purchase of property, plant and equipment	35,410	54,543	19,133
Total cash used	(35,410)	(54,543)	19,133
Net cash (used by) investing activities	(35,410)	(54,543)	19,133
FINANCING ACTIVITIES			
Cash received			
Appropriations – contributed equity	50,665	53,544	(2,879)
Total cash received	50,665	53,544	(2,879)
Net cash from financing activities	50,665	53,544	(2,879)
Net increase or (decrease) in cash held	(8,502)	1,100	(9,602)
Cash at the beginning of the reporting period	45,701	8,132	37,569
Cash at the end of the reporting period	37,199	9,232	27,967

Notes to and forming part of the financial statements

FOR THE YEAR ENDED 30 JUNE 2017

8. Other information continued

Explanations of variances greater than 10%

Affected line items (and schedule)

Cash received

The variance predominantly relates to higher than budgeted awards of costs from litigation.

Other
(Cashflow Statement)

Cash used

Funding for new measures, including Improving Outcomes in Financial Services, was utilised more for suppliers expenditure and less for employee benefits than was budgeted. This difference is related to the appropriation legislation for these new measures being delayed.

Employees
(Cashflow Statement)

The remaining variance in suppliers expense relates to higher expenditure on Enforcement Special Account matters.

Suppliers
(Cashflow Statement)

This relates to s74 revenue recognition, which does not appear in cash flow budget numbers.

Other
(Cashflow Statement)

Variance is the result of timing difference, with a change to the original budget to move equity appropriation into future years.

Purchase of property,
leasehold improvements,
plant and equipment
and intangibles
(Cashflow Statement)

8. Other information continued

Administered Schedule of Comprehensive Income			
	Actual	Original budget	Variance
	2017	2017	2017
	\$'000	\$'000	\$'000
EXPENSES			
Grants	3,154	3,591	(437)
Write-down and impairment of assets	52,993	47,495	5,498
Claims for unclaimed monies	41,677	37,299	4,378
Promotional costs for MoneySmart initiatives	548	577	(29)
Total expenses	98,372	88,962	9,410
LESS:			
Own-source revenue			
Taxation revenue			
Fees and fines	920,241	898,766	21,475
Total taxation revenue	920,241	898,766	21,475
Non-taxation revenue			
Unclaimed monies	77,464	43,016	34,448
Total non-taxation revenue	77,464	43,016	34,448
Total revenue	997,705	941,782	55,923
Net contribution by services	899,333	852,820	46,513
Explanations of variances greater than 10%	Affected line items (and schedule)		
The increase in write-offs is due to an increase in the number of companies that have been deregistered due to not meeting their obligations in payment of their annual review fees.	Write-down and impairment of assets (Administered expenses)		
<i>Corporations Act 2001</i> claims increase is consistent with the increase in lodgements received by ASIC during the year. This has also been impacted by the Unclaimed Monies national media campaign.	Other claims for unclaimed monies (Administered expenses)		
Unclaimed monies lodgement revenue is inherently unpredictable in nature. In March and April 2017, ASIC received uncharacteristically high value lodgements under the <i>Corporations Act 2001</i> combined with an increase in lodgements received from ADIs not anticipated under the change in legislation relating to the time period of inactivity on accounts.	Unclaimed monies (Administered non-taxation revenue)		

Notes to and forming part of the financial statements

FOR THE YEAR ENDED 30 JUNE 2017

8. Other information continued

Administered Schedule of Assets and Liabilities

	Actual	Original budget	Variance
	2017	2017	2017
	\$'000	\$'000	\$'000
ASSETS			
Financial assets			
Cash and cash equivalents	1,781	2,464	(683)
Taxation receivables	135,775	149,016	(13,241)
GST receivable	211	–	211
Total assets administered on behalf of the Government	137,767	151,480	(13,713)
LIABILITIES			
Payables			
Suppliers	26,758	19,922	6,836
Other payables	351,452	323,991	27,461
Total liabilities administered on behalf of the Government	378,210	343,913	34,297
Net liabilities	(240,443)	(192,433)	(48,010)

Explanations of variances greater than 10%	Affected line items (and schedule)
Cash strategies have been managed to reduce cash holdings for s77 PGPA Act refunds for overpayment of fees and charges under the <i>Corporations Act 2001</i> , pursuant to the 'just in time principle' detailed in EM 2014-27.	Cash and cash equivalents (Administered Schedule of Assets and Liabilities)
Overpayments for companies and business names combined with unidentified payments received by ASIC. The value of the liability is impacted by the timing of receipt of overpayments and payment terms for refunds	Suppliers (Administered Schedule of Assets and Liabilities)

End of financial statements