



7

Financial Statements

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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 2018:

- (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 2018 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 2018 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;
- Overview; and
- Notes to and forming part of the financial statements.

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* (the Code) to the extent that they are not in conflict with the *Auditor-General Act 1997*. 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 Chair 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 Chair is also responsible for such internal control as the Chair 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.

In preparing the financial statements, the Chair 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 Chair is also responsible for disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the assessment indicates that it is not appropriate.

Independent Auditor's Report

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



Bola Oyetunji

Senior Executive Director

Delegate of the Auditor-General

Canberra

14 August 2018

Statement by the Accountable Authority and Chief Financial Officer

In our opinion, the attached financial statements for the year ended 30 June 2018 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.



J.R.F. Sipton
Chair
14 August 2018



E. L. Hodgson
Chief Financial Officer
14 August 2018

Statement of Comprehensive Income

FOR THE YEAR ENDED 30 JUNE 2018

	Notes	2018 \$'000	2017 \$'000
NET COST OF SERVICES			
Expenses			
Employee benefits	1.1A	209,526	214,535
Suppliers	1.1B	149,915	133,081
Depreciation and amortisation	3.2A	40,709	43,609
Finance costs – unwinding of restoration provision		30	149
Write-down and impairment of assets	1.1C	930	1,170
Total expenses		401,110	392,544
LESS:			
Own-source revenue			
Rendering of services		1,943	2,004
Operating sublease rent and property recoveries		2,674	1,531
Other revenue	1.2A	36,258	3,726
Total own-source revenue		40,875	7,261
Gains			
Reversal of write-downs and impairment	3.1B	1,294	84
Total gains		1,294	84
Net Cost of Services		358,941	385,199
Total revenue from Government	1.2B	348,041	341,641
Surplus/(Deficit)		(10,900)	(43,558)
OTHER COMPREHENSIVE INCOME			
Items not subject to subsequent reclassification to net cost of services			
Changes in asset revaluation reserve		-	-
Total comprehensive income/(loss)		(10,900)	(43,558)

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

Statement of Financial Position

AS AT 30 JUNE 2018

	Notes	2018 \$'000	2017 \$'000
ASSETS			
Financial assets			
Cash and cash equivalents	3.1A	62,703	37,199
Trade and other receivables	3.1B	122,430	123,171
Total financial assets		185,133	160,370
Non-financial assets			
Leasehold improvements	3.2A	26,057	33,667
Plant and equipment	3.2A	22,102	24,764
Computer software	3.2A	90,445	78,246
Prepayments		13,846	16,573
Total non-financial assets		152,450	153,250
Total assets		337,583	313,620
LIABILITIES			
Payables			
Suppliers	3.3A	42,485	47,521
Other payables	3.3B	40,540	36,649
Total payables		83,025	84,170
Provisions			
Employee provisions	6.1A	68,455	69,039
Other provisions	3.4A	14,685	13,620
Total provisions		83,140	82,659
Total liabilities		166,165	166,829
Net assets		171,418	146,791
EQUITY			
Contributed equity		404,419	364,970
Reserves		17,137	17,137
Accumulated deficit		(250,138)	(235,316)
Total equity		171,418	146,791

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

Statement of Changes in Equity

FOR THE YEAR ENDED 30 JUNE 2018

	Notes	2018 \$'000	2017 \$'000
CONTRIBUTED EQUITY			
Opening balance		364,970	314,305
Transactions with owners			
Contributions by owners			
Equity injections – Appropriations		22,185	26,570
Departmental capital budget		17,264	24,095
Total transactions with owners		39,449	50,665
Closing balance as at 30 June		404,419	364,970
RETAINED EARNINGS			
Opening balance		(235,316)	(191,758)
s51 withholding of prior year appropriations		(3,922)	–
Comprehensive income			
Surplus/(Deficit) for the period		(10,900)	(43,558)
Total comprehensive loss		(10,900)	(43,558)
Closing balance as at 30 June		(250,138)	(235,316)
ASSET REVALUATION RESERVE			
Opening balance		17,137	17,137
Comprehensive income			
Other comprehensive income		–	–
Total comprehensive income		–	–
Closing balance as at 30 June		17,137	17,137
TOTAL EQUITY			
Opening balance		146,791	139,684
s51 withholding of prior year appropriations		(3,922)	–
Comprehensive income			
Other comprehensive income		–	–
Surplus/(Deficit) for the period		(10,900)	(43,558)
Total comprehensive loss		(10,900)	(43,558)
Transactions with owners			
Contributions by owners			
Equity injections – Appropriations		22,185	26,570
Departmental capital budget	5.1A	17,264	24,095
Total transactions with owners		39,449	50,665
Closing balance as at 30 June		171,418	146,791

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

Cash Flow Statement

FOR THE YEAR ENDED 30 JUNE 2018

	Notes	2018 \$'000	2017 \$'000
OPERATING ACTIVITIES			
Cash received			
Appropriations		390,181	306,930
Operating cash received		1,920	2,189
Net GST received		15,882	13,432
Cost recoveries		32,649	2,420
Other cash received		11,449	1,409
Total cash received		452,081	326,380
Cash used			
Employees		210,220	202,136
Suppliers		164,096	140,763
Transfers to the Official Public Account		47,827	7,238
Total cash used		(422,143)	(350,137)
Net cash from/(used by) operating activities		29,938	(23,757)
INVESTING ACTIVITIES			
Cash used			
Purchase of leasehold improvements, plant and equipment and intangibles		46,448	35,410
Net cash (used by) investing activities		(46,448)	(35,410)
FINANCING ACTIVITIES			
Cash received			
Appropriations – contributed equity		42,014	50,665
Net cash from financing activities		42,014	50,665
Net increase/(decrease) in cash held		25,504	(8,502)
Cash and cash equivalents at the beginning of the reporting period		37,199	45,701
Cash and cash equivalents at the end of the reporting period	3.1A	62,703	37,199

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

Administered Schedule of Comprehensive Income

FOR THE YEAR ENDED 30 JUNE 2018

	Notes	2018 \$'000	2017 \$'000
NET COST OF SERVICES			
Expenses			
Grants	2.1A	3,552	3,154
Write-down and impairment of assets	2.1B	53,948	52,993
Claims for Unclaimed Monies	2.1C	65,813	41,677
Promotional costs for MoneySmart initiatives		547	548
Total expenses		123,860	98,372
LESS:			
Own-source revenue			
Taxation revenue			
Supervisory cost recovery levies		247,372	–
Fees		760,857	740,122
Total taxation revenue		1,008,229	740,122
Non-taxation revenue			
Fees and fines	2.2A	219,023	180,119
Unclaimed monies	2.2B	88,477	77,464
Total non-taxation revenue		307,500	257,583
Total revenue		1,315,729	997,705
Net contribution by services		1,191,869	899,333

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

Administered Schedule of Assets and Liabilities

AS AT 30 JUNE 2018

	Notes	2018 \$'000	2017 \$'000
ASSETS			
Financial assets			
Cash and cash equivalents		1,641	1,781
Cost recovery levies receivable	4.1A	247,372	–
Fees and fines receivable	4.1A	137,812	128,920
Trade and other receivables	4.1B	6,424	7,066
Total assets administered on behalf of Government		393,249	137,767
LIABILITIES			
Payables and provisions			
Suppliers and other payables	4.2A	29,872	26,758
Other provisions	4.2B	348,936	351,452
Total liabilities administered on behalf of Government		378,808	378,210
Net assets/(liabilities)		14,441	(240,443)

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

Administered Reconciliation Schedule

AS AT 30 JUNE 2018

	2018 \$'000	2017 \$'000
Opening assets less liabilities as at 1 July	(240,443)	(284,125)
Net contribution by services:		
Administered income	1,315,730	997,705
Administered expenses	(123,860)	(98,372)
	1,191,870	899,333
Transfers (to)/from the Australian Government		
Appropriation transfers from Official Public Account:		
Special (unlimited) and ordinary appropriations		
Appropriation Act No. 1	5,566	6,165
Banking Act unclaimed monies	28,109	42,866
Life Insurance Act unclaimed monies	3,609	6,418
Section 77 PGPA Act	39,011	37,480
Total of appropriation transfers from Official Public Account	76,296	92,929
Administered transfers to Official Public Account	(1,013,282)	(948,580)
Closing assets less liabilities as at 30 June	14,441	(240,443)

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

Administered Cash Flow Statement

FOR THE YEAR ENDED 30 JUNE 2018

	2018 \$'000	2017 \$'000
OPERATING ACTIVITIES		
Cash received		
Corporations Act, National Consumer Credit Protection Act, Business Names Registration (Fees) Act and Superannuation Industry (Supervision) Act	920,811	865,094
Corporation Act unclaimed monies	63,652	66,430
Banking Act unclaimed monies	6,512	9,112
Life Insurance Act unclaimed monies	18,312	1,921
Total cash received	1,009,287	942,557
Cash used		
Refunds paid to:		
Company shareholders	36,613	32,675
Deposit-taking institution account holders	28,109	42,866
Life insurance policy holders	3,609	6,418
Promotion expenses for MoneySmart Initiatives	560	1,411
Grants	3,578	3,718
Net GST paid	(28)	103
Total cash used	(72,441)	(87,191)
Net cash from operating activities	936,846	855,366
Cash from Official Public Account for:		
Appropriations	76,296	92,929
Less: Cash to Official Public Account for:		
Corporations Act, National Consumer Credit Protection Act and Business Names Registration (Fees) Act fees and charges	924,806	871,117
Corporations Act unclaimed monies	63,652	66,430
Banking Act unclaimed monies	6,512	9,112
Life Insurance Act unclaimed monies	18,312	1,921
Total cash to Official Public Account	(1,013,282)	(948,580)
Net (decrease) in cash held	(140)	(284)
Cash and cash equivalents at the beginning of the reporting period	1,781	2,065
Cash and cash equivalents at the end of the reporting period	1,641	1,781

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

Notes to and forming part of the financial statements

FOR THE YEAR ENDED 30 JUNE 2018

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*. In addition, ASIC collects taxation revenue under the *ASIC Supervisory Cost Recovery Levy Act 2017*, the *ASIC Supervisory Cost Recovery Levy (Collection) Act 2017*, the *ASIC Supervisory Cost Recovery Levy (Consequential Amendments) Act 2017*, the *ASIC Supervisory Cost Recovery Levy Regulations 2017*; and the *ASIC Supervisory Cost Recovery Levy (Consequential Amendments) Regulations 2017*. 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 programs is dependent on Government policy and on continuing funding by Parliament for ASIC's administration and programs.

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; and
- › Australian Accounting Standards – Reduced Disclosure Requirement 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 2017–18, Corporations Law fines and infringements, late fees, late payment fees, information brokers fees and search fees were reclassified as Non-taxation revenue and recognised as either current revenue (similar to other penalties on taxes and fines) or sales of goods and services. The balance of the Corporations Law revenue received is classified as Taxation revenue, due to the compulsory and unrequited nature of the receipts. The prior year figures in the financial statements have been amended to reflect this change.

New Australian Accounting Standards

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

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 balance date that had a material effect on the Departmental or Administered financial statements.

Note 1. Departmental financial performance

This section analyses the financial performance of ASIC for the year ended 30 June 2018

1.1 Expenses

	2018 \$'000	2017 \$'000
1.1A: Employee benefits		
Wages and salaries	155,664	154,907
Superannuation ¹		
Defined-benefit schemes	11,380	11,681
Defined-contribution schemes	19,684	18,359
Leave and other entitlements	19,974	18,573
Separation and redundancies ²	2,824	11,015
Total employee benefits	209,526	214,535

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% (2017: 16.2%), the Public Sector Superannuation Plan was 16.8% (2017: 16.8%), the PSS Accumulation Scheme was 15.4% (2017: 15.4%), and the superannuation productivity benefit was approximately 2.0% to 3.0% (2017: 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 Note 6 People and relationships.

Note 1. Departmental financial performance continued

	2018 \$'000	2017 \$'000
1.1B: Suppliers		
Goods and services supplied or rendered		
Office computer and software expenses	28,394	25,805
Legal and forensic costs	27,835	25,004
Consultants and specialist services	27,249	20,144
Property-related outgoings	9,161	7,705
Information costs	9,489	6,790
Travel	5,048	4,780
Postage and freight	2,951	2,754
Security	1,985	2,381
Communications	2,227	2,349
Learning and development	3,445	3,663
Recruitment	1,463	1,879
Other goods and services	6,698	5,632
Total goods and services supplied or rendered	125,945	108,886
Goods supplied	2,244	2,894
Services rendered	123,701	105,992
Total goods and services supplied or rendered	125,945	108,886
Other suppliers		
Operating lease rentals	21,926	21,687
Workers compensation expense	1,930	2,285
Fringe benefits tax	114	223
Total other suppliers	23,970	24,195
Total suppliers	149,915	133,081
Commitments for minimum lease payments in relation to non-cancellable operating leases are payable as follows:		
Within 1 year	26,902	29,471
Between 1 to 5 years	43,445	63,131
More than 5 years	32,597	39,505
Total operating lease commitments	102,944	132,107

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.

Note 1. Departmental financial performance continued

	2018 \$'000	2017 \$'000
1.1C: Write-down and impairment of assets		
Impairment of trade receivables ¹	859	1,010
Write-off of leasehold improvements	–	14
Write-off of plant & equipment	71	146
Total write-down and impairment of assets	930	1,170

1. Comparatives have changed for Impairment of trade receivables and Reversal of write-downs and impairment, separately disclosing the movement in the doubtful debts provision as an expense and the amount of doubtful debts recovered as a gain.

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; and
- › 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 leases terms are on a 12 month rolling basis.

1.2A: Other revenue

Cost recoveries ²	34,094	2,420
Royalties	168	185
Professional and witness fees	37	30
Resources received free of charge – auditors' remuneration	360	360
Other	1,599	731
Total other revenues	36,258	3,726

2. 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.

Note 1. Departmental financial performance continued

	Notes	2018 \$'000	2017 \$'000
1.2B: Revenue from Government			
Appropriations:			
Departmental appropriations		321,762	314,826
Departmental special appropriations	5.2	26,279	26,815
Total revenue from Government		348,041	341,641

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.

Note 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

2.1A: Grants

Rendering of services			
Insolvency practitioners ¹		3,552	3,154
Total grants		3,552	3,154

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.

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

	2018 \$'000	2017 \$'000
2.1B: Write-down and impairment of assets		
Impairment of receivables	51,251	48,935
Waiver of fees and charges owing	2,697	4,058
Total write-down and impairment of assets	53,948	52,993
2.1C: Unclaimed Monies		
Claims – Bank and deposit taking institution account holders	2,969	829
Claims – Life Insurance policy holders	13,133	1,084
Claims – <i>Corporations Act 2001</i>	49,711	39,764
Total other expenses	65,813	41,677

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.

Refer to Note 2.2 for the policy pertaining to the impairment of receivables and fee waivers.

In determining whether a fee should be waived in whole or part, ASIC considers the extent to which the company's officers or its representatives contributed to the circumstances of the matter, in accordance with Part 7 of the Finance Minister's Delegation under section 63 of the PGPA Act.

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

2.1 Administered – income

Accounting Policy

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

Administered revenue is generated from fees and fines under the following legislation:

- › *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.

- › ASIC undertakes the collection of certain levies on behalf of the Government. These comprise of:
 - › the *ASIC Supervisory Cost Recovery Levy Act 2017;*
 - › the *ASIC Supervisory Cost Recovery Levy (Collection) Act 2017;*
 - › the *ASIC Supervisory Cost Recovery Levy (Consequential Amendments) Act 2017;*
 - › the *ASIC Supervisory Cost Recovery Levy Regulations 2017;* and
 - › the *ASIC Supervisory Cost Recovery Levy (Consequential Amendments) Regulations 2017.*

Administered revenue arising from levies is recognised on an accrual basis.

The collectability of debts is reviewed at balance date. Provisions are made when collection of the debt is judged to be less, rather than more, likely.

	2018 \$'000	2017 \$'000
Non-taxation revenue		
<u>2.2A: Fees and fines</u>		
Fines ^{1,2}	155,196	118,530
Searches and information brokers fees ¹	63,827	61,590
Total fees and fines	219,023	180,120

1. 2017 comparatives have been changed to reflect revenues reclassified into Taxation and Non-taxation revenue.

2. Fines include late fees, court fines, penalties and infringement notices.

2.2B: Unclaimed monies

<i>Corporations Act 2001</i> unclaimed monies	63,652	66,430
<i>Banking Act 1959</i> unclaimed monies	6,513	9,113
<i>Life Insurance Act 1995</i> unclaimed monies	18,312	1,921
Total unclaimed monies	88,477	77,464

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

Accounting Policy

ASIC receives non-taxation revenue for unclaimed monies under the *Banking Act 1959*, *Life Insurance Act 1995* and *Corporations Act 2001*, as well as fines and search fees. This revenue is not available to ASIC and is transferred to the OPA.

Note 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

	2018 \$'000	2017 \$'000
3.1A: Cash and cash equivalents		
Cash in special accounts	59,135	33,064
Cash on hand or on deposit	3,568	4,135
Total cash and cash equivalents	62,703	37,199
3.1B: Trade and other receivables		
Goods and services receivables:		
Goods and services	1,551	1,503
Total goods and services receivables	1,551	1,503
Appropriations receivables:		
Appropriations receivable	117,407	118,207
Total appropriations receivable	117,407	118,207
Other receivables:		
GST receivable from the Australian Taxation Office	4,088	4,512
Total other receivables	4,088	4,512
Total trade and other receivables (gross)	123,046	124,222
Less impairment allowance	616	1,051
Total trade and other receivables (net)	122,430	123,171
Trade and other receivables are expected to be recovered:		
No more than 12 months	122,430	123,171
Credit terms for goods and services were within 30 days (2017: 30 days)		

Note 3. Departmental financial position continued

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.

	2018 \$'000	2017 \$'000
Reconciliation of the movement in the impairment allowance account		
As at 1 July	1,051	125
Amounts recovered and reversed	(1,294)	(84)
Increase recognised in net cost of services	859	1,010
Total as at 30 June	616	1,051

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.

3.2 Non-financial assets

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

	Leasehold improvements \$'000	Plant & equipment \$'000	Computer software \$'000	Total \$'000
As at 1 July 2017				
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 1 July 2017	33,667	24,764	78,246	136,677
Additions:				
by purchase	694	4,536	9,210	14,440
internally developed	–	–	28,267	28,267
Total additions	694	4,536	37,477	42,707
Depreciation/amortisation expense	(8,304)	(7,127)	(25,278)	(40,709)
Write-offs recognised in the operating result	–	(71)	–	(71)
Total as at 30 June 2018	26,057	22,102	90,445	138,604
Total as at 30 June 2018 represented by:				
Gross book value	91,079	58,939	344,598	494,616
Accumulated depreciation/ amortisation and impairment	(65,022)	(36,837)	(254,153)	(356,012)
Total as at 30 June 2018	26,057	22,102	90,445	138,604

The carrying value of leasehold improvements, plant & equipment and computer software was reviewed at 30 June 2018. No indicators of impairment were found.

Note 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, 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. 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:

	2018	2017
Leasehold improvements	Residual lease term	Residual lease term
Plant and equipment	2 to 80 years	2 to 80 years

Note 3. Departmental financial position continued

Accounting Policy

Impairment

All assets were assessed for impairment at 30 June 2018. 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 current 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 (2017: 2 to 10 years).

All software assets were assessed for indications of impairment as at 30 June 2018.

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 current replacement cost as determined by an independent valuer and is subject to management assessment between formal valuations.

Note 3. Departmental financial position continued

3.3 Payables

		2018 \$'000	2017 \$'000
3.3A: Suppliers			
Trade creditors and accruals	7.2A	32,723	35,802
Operating lease rent payable		9,762	11,719
Total suppliers		42,485	47,521
Supplier payables are settled per the terms of the purchase order or contract.			
3.3B: Other payables			
Other unearned revenue		7,176	181
Property lease incentives ¹		19,335	23,666
Salaries and bonuses		12,335	11,348
Separations and redundancies		1,674	1,378
Other		20	76
Total other payables		40,540	36,649

1. Total property lease incentives are disclosed as deferred rental expenditure at 30 June 2018. Lease incentives are amortised over the lease term.

3.4 Other provisions

3.4A: Other provisions

	Provision for restructuring \$'000	Provision for restoration costs \$'000	Provision for settlement costs \$'000	Total other provisions \$'000
As at 1 July 2017	1,394	8,843	3,383	13,620
Additions	–	–	1,287	1,287
Amounts reversed	(252)	–	–	(252)
Amortisation of restoration provision discount	–	30	–	30
Total as at 30 June 2018	1,142	8,873	4,670	14,685

Accounting Policy

Restoration costs

ASIC currently has seven lease agreements (2017: seven) for the leasing of premises which 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 People and relationships.

Note 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

	2018 \$'000	2017 \$'000
4.1A: Taxation receivables		
Cost recovery levies receivable	247,372	–
Fees and fines receivable ¹	207,414	195,924
Total taxation receivables (gross)	454,786	195,924
Less: impairment allowance account:		
Fees and fines	69,602	67,004
Total taxation receivables (net)	385,184	128,920
Taxation receivables are due from entities that are not part of the Australian Government. Credit terms for goods and services were within 30 days (2017: 30 days)		
4.1B: Trade and other receivables		
Information brokers' fees ¹	6,241	6,855
GST receivable ¹	183	211
Total receivables (gross)	6,424	7,066
1. 2017 comparatives have been changed to reflect revenues reclassified into Taxation and Non-taxation revenue.		

Reconciliation of the movement in the impairment allowance account		
As at 1 July	67,004	65,693
Amounts written off	(48,653)	(47,624)
Amounts waived	(2,697)	(4,058)
Increase in impairment allowance recognised in net contribution by services	53,948	52,993
Total as at 30 June	69,602	67,004

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

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

	2018 \$'000	2017 \$'000
4.2A: Payables		
Supplier payables	191	202
Refund of fees payable	15,295	12,625
Unallocated monies	6,634	6,587
Grants payable ¹	1,290	1,316
Other non-current payables ²	6,462	6,028
Total payables	29,872	26,758

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. Settlement is made according to the terms and conditions of each grant. This is usually within 30 days of performance and eligibility.
2. Other non-current payables are over payments of fees, where the settlement period is expected to be greater than 12 months.

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

	2018 \$'000	2017 \$'000
4.2B: Non-taxation provisions		
<i>Corporations Act 2001</i> claims	192,054	178,954
<i>Banking Act 1959</i> claims	130,233	155,373
<i>Life Insurance Act 1995</i> claims	26,649	17,125
Total other provisions	348,936	351,452
Reconciliation of the opening and closing balance of other provisions		
As at 1 July	351,452	391,734
Amounts recognised	65,815	41,678
Amounts used	(68,331)	(81,960)
Total as at 30 June	348,936	351,452

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 taking into account 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.

Note 5. Funding

This section identifies ASIC's funding structure.

5.1 Appropriations

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

Annual appropriations for 2018	Annual appropriation ¹ \$'000	Adjustments to appropriation ² \$'000	Total appropriation \$'000	Appropriation applied in 2018 (current and prior years) \$'000	Variance \$'000
Departmental					
Ordinary annual services	348,041	47,827	395,868	364,885	30,983
Capital Budget	20,868	–	20,868	14,236	6,632
Other Services					
Equity Injections	22,185	–	22,185	27,777	(5,592)
Total Departmental	391,094	47,827	438,921	406,898	32,023
Administered					
Ordinary annual services	7,302	–	7,302	5,439	1,863
Total Administered	7,302	–	7,302	5,439	1,863

1. Determination under section 51 of the PGPA Act. Appropriation Act (No. 1) DCB 2017–2018 reduced by \$3.604m.

2. Section 74 receipts

Accounting Policy

Equity Injections

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

Note 5. Funding continued

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	327,887	20,939
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	365,752	36,618
Administered					
Ordinary annual services	5,863	–	5,863	5,730	133
Total Administered	5,863	–	5,863	5,730	133

1. Section 74 receipts

	2018 \$'000	2017 \$'000
5.1B: Unspent annual appropriations ('recoverable GST exclusive')		
Departmental		
Appropriation Act (No. 2) 2015–2016	–	1,006
Appropriation Act (No. 4) 2015–2016	–	18
Appropriation Act (No. 1) 2016–2017 ²	3,922	103,767
Appropriation Act (No. 1) DCB 2016–2017	–	4,744
Supply Act (No. 2) 2016–2017	229	360
Appropriation Act (No. 2) 2016–2017	3,634	12,447
Appropriation Act (No. 1) 2017–2018	97,146	–
Appropriation Act (No. 1) DCB 2017–2018 ³	11,375	–
Appropriation Act (No. 2) 2017–2018	4,376	–
Appropriation Act (No. 3) 2017–2018	7,818	–
Enforcement Special Account	59,135	33,064
Total departmental	187,635	155,406

Unspent departmental appropriations include cash balances of \$3.586m (2017: \$4.135m).

2. Includes \$3.922m quarantined under section 51 of the PGPA Act.

3. Includes \$3.604m quarantined under section 51 of the PGPA Act.

Administered		
Appropriation Act (No. 1) 2016–2017	–	1,739
Appropriation Act (No. 1) 2017–2018	3,345	–
Total administered	3,345	1,739

Unspent administered appropriations represent cash balances.

Note 5. Funding continued

5.1C: Special appropriations ('recoverable GST exclusive')			Appropriation applied	
Authority	Type	Purpose	2018 \$'000	2017 \$'000
<i>s69 Banking Act 1959, Administered</i>	Unlimited	ASIC has responsibility for the administration of unclaimed monies from banking and deposit taking institutions. ASIC receives special appropriations from the OPA (section 69 <i>Banking Act 1959</i>) to refund amounts to banking and deposit taking institution account holders.	28,109	42,866
<i>s216 Life Insurance Act 1995, Administered</i>	Unlimited	ASIC has responsibility for the administration of unclaimed monies from life insurance institutions and friendly societies. ASIC receives special appropriations from the OPA (section 216 <i>Life Insurance Act 1995</i>) to refund amounts to life insurance policy holders.	3,609	6,418
<i>s77 PGPA Act, Corporations Act 2001, National Consumer Credit Protection Act 2009, Business Names Registration (Fees) Regulations 2010 and Superannuation Industry (Supervision) Act 1993. (Refunds of overpaid Corporations Act fees and charges), Administered</i>	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 section 77 of the PGPA Act 2013.	4,040	5,685
<i>s77 PGPA Act, Corporations Act 2001 (Refunds of unclaimed money held under s1341 Corporations Act 2001), Administered</i>	Unlimited	ASIC has responsibility for the administration of unclaimed monies under s1341 of the <i>Corporations Act 2001</i> .	34,971	31,795
Total			70,729	86,764

Note 5. Funding continued

5.2 Special Accounts

	Enforcement Special Account ¹		Deregistered Companies Trust Monies Special Account ²		Security Deposits Special Accounts ³			Investigations, Legal Proceedings, Settlements and Court Orders Special Account ⁴			ASIC Trust and Other Monies Special Account 2018 ⁵	
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Balance carried forward from previous year	33,064	44,195	3,504	2,289	467	462	11	11	11	11	-	-
Appropriation for the reporting period	26,279	26,815	791	1,493	-	-	-	-	-	-	327	-
Costs recovered	29,355	819	39	34	5	5	-	-	-	-	10	-
Available for payments	88,698	71,829	4,334	3,816	472	467	11	11	11	11	337	-
Cash payments from the Special Account	(29,563)	(38,765)	(225)	(312)	-	-	-	-	-	-	(21)	-
Adjustments	-	-	(4,109)	-	(472)	-	(11)	-	-	-	4,592	-
Balance carried forward to the next period	59,135	33,064	-	3,504	-	467	-	-	11	11	4,908	-
Balance represented by:												
Cash held in entity bank accounts	-	-	-	3,504	-	467	-	-	11	11	4,908	-
Cash held in the Official Public Account	59,135	33,064	-	-	-	-	-	-	-	-	-	-
	59,135	33,064	-	3,504	-	467	-	-	11	11	4,908	-

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. This special account expired on 31 March 2018 due to the sunseting provisions of the Legislations Act 2003.
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. This special account expired on 31 March 2018 due to the sunseting provisions of the Legislations Act 2003.
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. This special account expired on 31 March 2018 due to the sunseting provisions of the Legislations Act 2003.
5. Appropriation: s78 Public Governance, Performance and Accountability Act 2013. Establishing Instrument: s78 Public Governance, Performance and Accountability Act 2013. Purpose – the ASIC Trust and Other Monies Special Account was established by a determination of the Finance Minister on 31 March 2018, to consolidate the three Special Accounts above, which expired due to the sunseting provisions of the Legislations Act 2003.

Note 5. Funding continued

ASIC also 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 period ended 30 June 2018, the account had a nil balance and there were no transactions debited or credited to it during the current or prior reporting period.

5.3 Regulatory charging summary

	2018 \$'000	2017 \$'000
Amounts applied		
Departmental		
Appropriation applied	247,372	–
Total amounts applied	247,372	–
Expenses		
Departmental	247,372	
Administered		
Supervision of Australia's financial markets and competition for market services	–	16,620
Total expenses	247,372	16,620
External Revenue		
Administered		
Supervision of Australia's financial markets and competition for market services	–	19,353
ASIC Supervisory Cost Recovery Levy	247,372	–
Total external revenue	247,372	19,353

Regulatory charging activities

The Government has introduced new laws to change the way ASIC is funded. Under the new arrangements, those who create the need for ASIC's regulation will bear the costs under the industry funding model.

ASIC's costs associated with regulatory activities will be recovered from industry as outlined in ASIC's Cost Recovery Implementation Statement. Activities include:

- › Stakeholder engagement
- › Education
- › Guidance
- › Surveillance
- › Enforcement
- › Policy advice.

The cost recovery implementation statement for the above activities is available at:

<https://download.asic.gov.au/media/4749888/cris-levies-for-asic-industry-funding-2017-18-published-29-may-2018.pdf>

Note 5. Funding continued

5.4 Net cash appropriation arrangements

	2018 \$'000	2017 \$'000
Total comprehensive income/(loss) less depreciation/amortisation expenses previously funded through revenue appropriations	29,809	51
Plus: depreciation/amortisation expenses previously funded through revenue appropriation	(40,709)	(43,609)
Total comprehensive (loss) – as per the Statement of Comprehensive Income	(10,900)	(43,558)

Note 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	21,203	20,567
Long service leave entitlement	41,278	40,867
Restructuring provision	3,822	5,176
Redundancy provision	2,152	2,429
Total employee provisions	68,455	69,039

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.

Note 6. People and relationships continued

Accounting Policy continued

Superannuation

ASIC employees are members of the Commonwealth Superannuation Scheme (CSS), the Public Sector Superannuation Scheme (PSS), the PSS Accumulation Plan (PSSap) or other 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 which will result in a future reduction in functions, resources and staff and the costs associated with these future reductions can be reliably estimated.

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.

Note 6. People and relationships continued

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. 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 Chair. Key management personnel remuneration is reported in the table below:

	2018 \$'000	2017 \$'000
Short-term employee benefits	3,902	3,725
Post-employment benefits	437	465
Other long-term benefits	406	423
Termination benefits	-	-
Total key management personnel remuneration expenses¹	4,745	4,613

The total number of key management personnel who are included in the above table is 13 (2017: 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 that 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, sub-leasing of office space and payment of superannuation contributions. These are not considered individually significant to warrant separate disclosure as related party transactions.

Note 7. Managing uncertainties

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

7.1 Contingent assets and liabilities

	2018 \$'000	2017 \$'000
7.1A: Departmental contingent liabilities and assets		
Contingent assets		
Claims for costs		
Balance from previous period	2,881	1,193
Adjustments to prior period contingent receivables:		
Assets relinquished	(487)	(580)
Revisions to estimates	(1,000)	1,790
New contingent receivables	4,845	478
Total contingent assets	6,239	2,881
Net contingent assets	6,239	2,881

Quantifiable contingencies (ASIC departmental)

The above contains 12 matters (2017: 14 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 \$6.239m (2017: \$2.881m), 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.

Note 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; and
- › not be required to pay any damages.

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

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 number 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:

<i>Banking Act 1959</i>	\$463.273m (2017: \$455.298m)
<i>Life Insurance Act 1995</i>	\$69.098m (2017: \$ 62.767m)
<i>Corporations Act 2001</i>	\$318.626m (2017: \$297.369m)

Unquantifiable administered contingencies

There are no unquantifiable administered contingent liabilities.

Note 7. Managing uncertainties continued

Accounting Policy

Administered contingent liabilities represent a repayment estimate of unclaimed monies that are considered remote. There are no administered contingent assets as at 30 June 2018 (2017: nil).

7.2 Financial instruments

	Notes	2018 \$'000	2017 \$'000
7.2A: Categories of financial instruments			
Financial assets			
Loans and receivables:			
Cash and cash equivalents	3.1A	3,568	4,135
Receivables for goods and services (net of impairment allowance)	3.1B	935	452
Total financial assets		4,503	4,587
Financial liabilities			
At amortised cost:			
Trade creditors	3.3A	32,723	35,802
Total financial liabilities		32,723	35,802

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	1.1C	(859)	(1,010)
Net gain/(expense) from financial assets		(859)	(1,010)

1. Comparatives have changed for Impairment of financial instruments to separately disclose the movement in the doubtful debts provision and the amount of doubtful debts recovered.

Note 7. Managing uncertainties continued

7.3 Administered – financial instruments

	Notes	2018 \$'000	2017 \$'000
7.3A: Categories of financial instruments			
Financial assets			
Cash and cash equivalents		1,641	1,781
Receivables for goods and services	4.1B	6,241	6,855
Total financial assets		7,882	8,636
Financial liabilities			
At amortised cost:			
Grants payable	4.2A	1,290	1,316
Suppliers payables	4.2A	191	202
Total financial liabilities held at amortised cost		1,481	1,518

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	
Non-financial assets:		
Leasehold improvements	26,057	33,667
Plant and equipment	22,102	24,764
Total non-financial assets	48,159	58,431

ASIC did not measure any non-financial assets at fair value on a non-recurring basis as at 30 June 2018.

Note 8. Other information

8.1 Expenditure relating to statutory boards 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 tribunals are included in the Statement of Comprehensive Income of ASIC.

	2018 \$'000	2017 \$'000
Companies Auditors Disciplinary Board	525	517
Superannuation Complaints Tribunal	6,185	5,419

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

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.

	2018 Quantity	2017 Quantity
Class of asset		
Land	521	504
Shares	76	40
Other	74	67
<i>Closing balance</i>	<u>671</u>	<u>611</u>

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.

Note 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.

	2018 \$'000	2017 \$'000
<hr/>		
Security deposits under <i>Corporations Regulations 2001</i> regulation 7.6.02AA (dealers and investment advisers)		
Cash (at bank)	303	323
Inscribed stock	20	20
Bank guarantees	8,920	9,210
<i>Closing balance</i>	<u>9,243</u>	<u>9,553</u>
Security deposits under the <i>Corporations Act 2001</i> s1284(1) (liquidators)		
Insurance bond	1,800	1,800
<i>Closing balance</i>	<u>1,800</u>	<u>1,800</u>

Note 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 2017–18 Portfolio Budget Statements (PBS) to the 2017–18 final outcome as presented in accordance with Australian Accounting Standards for the entity. The budget is not audited. Explanations for variances greater than +/-10% and greater than +/- \$5m are provided.

	Actual	Original Budget	Variance
	2018 \$'000	2018 \$'000	2018 \$'000
NET COST OF SERVICES			
Expenses			
Employee benefits	209,526	244,483	(34,957)
Suppliers	149,915	96,780	53,135
Depreciation and amortisation	40,709	35,977	4,732
Finance costs – unwinding of restoration provision	30	500	(470)
Write-down and impairment of assets	930	–	930
Total expenses	401,110	377,740	23,370
LESS:			
Own-source revenue			
Rendering of services	1,943	3,698	(1,755)
Operating sublease rent and property recoveries	2,674	865	1,809
Other revenue	36,258	330	35,928
Total own-source revenue	40,875	4,893	35,982
Gains			
Reversal of write-downs and impairment	1,294	–	1,294
Total gains	1,294	–	1,294
Net Cost of Services	358,941	372,847	(13,906)
Total revenue from Government	348,041	340,223	7,818
Surplus/(Deficit)	(10,900)	(32,624)	21,724
OTHER COMPREHENSIVE INCOME			
Items not subject to reclassification to net cost of services			
Changes in asset revaluation reserve	–	–	–
Total comprehensive income/(loss)	(10,900)	(32,624)	21,724

Note 8. Other information continued

Explanations of major variances

Affected line items

Expense

Funding measures, including the Royal Commission, Improving Financial Capability and Improving Outcomes in Financial Services, were utilised more for suppliers' expenditure and less for employee benefits than was budgeted. It was more efficient to use contractors rather than employees for a number of short term projects within terminating funding measures.

Suppliers

Own-source income

The variance relates to higher than budgeted awards of costs in ASIC's favour as a result of legal proceedings.

Other revenue

Statement of Financial Position

	Actual	Original Budget	Variance
	2018 \$'000	2018 \$'000	2018 \$'000
ASSETS			
Financial assets			
Cash and cash equivalents	62,703	2,606	60,097
Trade and other receivables	122,430	116,314	6,116
Total financial assets	185,133	118,920	66,213
Non-financial assets			
Leasehold improvements	26,057	32,267	(6,210)
Plant and equipment	22,102	9,941	12,161
Computer software	90,445	106,871	(16,426)
Other non-financial assets	13,846	9,392	4,454
Total non-financial assets	152,450	158,471	(6,021)
Total assets	337,583	277,391	60,192
LIABILITIES			
Payables			
Suppliers	42,485	30,456	12,029
Other payables	40,540	20,040	20,500
Total payables	83,025	50,496	32,529
Provisions			
Employee provisions	68,455	70,765	(2,310)
Other provisions	14,685	8,888	5,797
Total provisions	83,140	79,653	3,487
Total liabilities	166,165	130,149	36,016
Net assets	171,418	147,242	24,176
EQUITY			
Contributed equity	404,419	410,902	(6,483)
Reserves	17,137	17,137	-
Accumulated deficits	(250,138)	(280,797)	30,659
Total equity	171,418	147,242	24,176

Note 8. Other information continued

Explanations of major variances

Affected line items

Financial asset

The variance is due to the Special Account OPA balances being reclassified from receivables to cash, as well as the higher closing balance due to significant court cost recoveries.

Cash and cash equivalents

Non-financial assets

The uncertainty of future leasing arrangements led to underspending in Leasehold improvements. The surplus budget was transferred internally to Plant and equipment and Computer software.

Leasehold improvements, Plant and equipment and Computer software

Payables

The variance is due to higher than budgeted supplier expenses, which remained unpaid at financial year end, with the normal payment terms falling in July 2018.

Suppliers

The variance is due to higher than expected court cost recoveries received in advance in relation to Enforcement Special Account matters. In addition, restructuring provisions were classified as Other payables in the budget.

Other payables/Employee provision

Note 8. Other information continued

Statement of Changes in Equity

	Actual	Original Budget	Variance
	2018 \$'000	2018 \$'000	2018 \$'000
CONTRIBUTED EQUITY			
Opening balance	364,970	367,849	(2,879)
Transactions with owners			
Contributions by owners			
Equity injections – Appropriations	22,185	22,185	–
Departmental capital budget	17,264	20,868	(3,604)
Total transactions with owners	39,449	43,053	(3,604)
Closing balance as at 30 June	404,419	410,902	(6,483)
RETAINED EARNINGS			
Opening balance	(235,316)	(248,173)	12,857
s51 withholding of prior year appropriations	(3,922)	–	(3,922)
Comprehensive income			
Surplus/(Deficit) for the period	(10,900)	(32,624)	21,724
Total comprehensive loss	(10,900)	(32,624)	21,724
Closing balance as at 30 June	(250,138)	(280,797)	30,659
ASSET REVALUATION RESERVE			
Opening balance	17,137	17,137	–
Comprehensive income			
Other comprehensive income	–	–	–
Total comprehensive income	–	–	–
Closing balance as at 30 June	17,137	17,137	–
TOTAL EQUITY			
Opening balance	146,791	136,813	9,978
s51 withholding of prior year appropriations	(3,922)	–	(3,922)
Comprehensive income			
Other comprehensive income	–	–	–
Surplus/(Deficit) for the period	(10,900)	(32,624)	21,724
Total comprehensive loss	(10,900)	(32,624)	21,724
Transactions with owners			
Contributions by owners			
Equity injections – Appropriations	22,185	22,185	–
Departmental capital budget	17,264	20,868	(3,604)
Total transactions with owners	39,449	43,053	(3,604)
Closing balance as at 30 June	171,418	147,242	24,176

Explanations of major variances

Variance is predominantly driven by higher court costs awarded relating to Enforcement Special Account matters.

Affected line items

Surplus/(Deficit) for the period – Retained earnings

8. Other information continued

Cash Flow Statement

	Actual	Original Budget	Variance
	2018 \$'000	2018 \$'000	2018 \$'000
OPERATING ACTIVITIES			
Cash received			
Appropriations	390,181	344,400	45,781
Operating cash received	1,920	3,698	(1,778)
Net GST received	15,882	13,972	1,910
Cost recoveries	32,649	–	32,649
Other cash received	11,449	865	10,584
Total cash received	452,081	362,935	89,146
Cash used			
Employees	210,220	244,483	(34,263)
Suppliers	164,096	116,590	47,506
Transfers to the Official Public Account	47,827	2,316	45,511
Total cash used	422,143	363,389	58,754
Net cash from/(used by) operating activities	29,938	(454)	30,392
INVESTING ACTIVITIES			
Cash used			
Purchase of property, plant and equipment	46,448	42,599	3,849
Total cash used	(46,448)	(42,599)	(3,849)
Net cash (used by) investing activities	(46,448)	(42,599)	(3,849)
FINANCING ACTIVITIES			
Cash received			
Appropriations – contributed equity	42,014	43,053	(1,039)
Total cash received	42,014	43,053	(1,039)
Net cash from financing activities	42,014	43,053	(1,039)
Net increase/(decrease) in cash held	25,504	–	25,504
Cash at the beginning of the reporting period	37,199	2,606	34,593
Cash at the end of the reporting period	62,703	2,606	60,097

8. Other information continued

Explanations of major variances

Affected line items

Cash received

The variance is driven by the s.74 receipts from higher than expected court cost recoveries.

As well as Operating sublease recoveries being reclassified from Operating cash to Other cash, there has also been an unbudgeted increase in this category with an additional tenancy being sublet during the financial year.

Appropriations/Cost recoveries

Other cash received

Cash used

Funding measures, for the Royal Commission, Improving Financial Capability and Improving Outcomes in Financial Services, were utilised more for suppliers' expenditure and less for employee benefits than was budgeted. It was more efficient to use contractors rather than employees for a number of short term projects within terminating funding measures.

Employees/Supplies

Note 8. Other information continued

8.4B: Administered budgetary reports

The following tables provide a comparison of the original budget as presented in the 2017–18 Portfolio Budget Statements (PBS) to the 2017–18 final outcome as presented in accordance with Australian Accounting Standards for the entity. The budget is not audited. Explanations of variances greater than +/-10% and greater than +/- \$5m are provided.

Administered Schedule of Comprehensive Income

	Actual	Original Budget	Variance
	2018	2018	2018
	\$'000	\$'000	\$'000
EXPENSES			
Grants	3,552	3,583	(31)
Write-down and impairment of assets	53,948	50,812	3,136
Claims for Unclaimed Monies	65,813	42,120	23,693
Promotional costs for MoneySmart initiatives	547	574	(27)
Total expenses	123,860	97,089	26,771
LESS:			
Own-source revenue			
Taxation revenue			
Supervisory cost recovery levies	247,372	–	247,372
Fees	760,857	930,470	(169,613)
Total taxation revenue	1,008,229	930,470	77,759
Non-taxation revenue			
Fees and fines	219,023	–	219,023
Unclaimed monies	88,477	44,091	44,386
Total non-taxation revenue	307,500	44,091	263,409
Total revenue	1,315,729	974,561	341,168
Net contribution by services	1,191,869	877,472	314,397

Explanations of major variances

The increase in claims is due to the unexpected lodgements received under the *Life Insurance Act 1995* and the *Corporations Act 2001*.

The first levy invoice will be issued in January 2019, for supervisory services provided by ASIC during the 2017–18 financial year. As the budget was prepared on a cash basis it did not include the estimate of revenue presented in the 2017–18 financial statements.

Refer to Changes in Accounting Policy in the Overview.

Legislative changes to the *Life Insurance Act 1959* and *Banking Act 1959* in 2015 increased the period of inactivity from 3 to 7 years for the lodgement of unclaimed monies. The budget reflected ASIC's expectation to receive minimal unclaimed monies revenue during this transitional period. Lodgements were higher than expected across all classes of unclaimed monies, including a significant lodgement under section 1343 Disposal of Securities of the *Corporations Act 2001*.

Affected line items

Claims for Unclaimed Monies/
Non-taxation revenue
Unclaimed Monies
Supervisory cost recovery levies
Fees (taxation), Fees and fines
(non-taxation)
Unclaimed monies

Note 8. Other information continued

Administered Schedule of Assets and Liabilities

	Actual	Original Budget	Variance
	2018 \$'000	2018 \$'000	2018 \$'000
ASSETS			
Financial assets			
Cash and cash equivalents	1,641	2,580	(939)
Cost recovery levies receivable	247,372	–	247,372
Fees and fines receivable	137,812	–	137,812
Trade and other receivables	6,424	139,464	(133,040)
Total assets administered on behalf of Government	393,249	142,044	251,205
LIABILITIES			
Payables			
Suppliers	29,872	23,271	6,601
Other payables	348,936	323,309	25,627
Total liabilities administered on behalf of Government	378,808	346,580	32,228
Net assets/(liabilities)	14,441	(204,536)	218,977

Explanations of major variances

The first levy invoice will be issued in January 2019, for the 2017–18 Financial year. The budget was prepared on a cash basis and actuals were prepared on an accrual basis.

The variance is due to the reclassification of receivables.

Aged creditors were higher than budget, due to timing of payments.

Affected line items

Cost recovery levies receivable

Fees and fines receivable,
Trade and other receivables

Suppliers

