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Financial statements

Financial statements

FOR THE YEAR ENDED 30 JUNE 2012

Contents for the financial statements

Independent Auditor's Report	69	Schedule of Contingencies	77
Statement by Chief Executive and Chief Financial Officer	71	Administered Schedule of Comprehensive Income	78
Statement of Comprehensive Income	72	Administered Schedule of Assets and Liabilities	79
Balance Sheet	73	Administered Reconciliation Schedule	79
Statement of Changes in Equity	74	Administered Cash Flow Statement	80
Cash Flow Statement	75	Administered Schedule of Commitments and Contingencies	81
Schedule of Commitments	76		

Notes to and forming part of the financial statements

Note 1: Summary of significant accounting policies	82	Note 22: Administered contingent liabilities	113
Note 2: Events after the balance sheet date	89	Note 23: Administered contingent assets	113
Note 3: Expenses	89	Note 24: Administered financial instruments	114
Note 4: Income	91	Note 25: Administered financial assets reconciliation	114
Note 5: Financial assets	92	Note 26: Appropriations	115
Note 6: Non-financial assets	93	Note 27: Expenditure relating to statutory boards and tribunal	121
Note 7: Payables	97	Note 28: Assets of deregistered companies vesting in ASIC	122
Note 8: Provisions	98	Note 29: Security deposits from dealers, investment advisers and liquidators	122
Note 9: Cash flow reconciliation	99	Note 30: Special Accounts and FMA Act section 39	123
Note 10: Contingent liabilities and assets	99	Note 31: Compensation and debt relief	126
Note 11: Related party disclosures	101	Note 32: Reporting of outcomes	127
Note 12: Remuneration of Commissioners	101	Note 33: Administered receipts subject to cost recovery policy	129
Note 13: Remuneration of senior executives	103	Note 34: Net cash appropriation arrangements	130
Note 14: Remuneration of auditors	107	Note 35: Compliance with statutory conditions for payments from Consolidated Revenue Fund	130
Note 15: Financial instruments	107		
Note 16: Financial assets reconciliation	109		
Note 17: Administered – Expenses	109		
Note 18: Administered – Income	110		
Note 19: Administered – Financial assets	111		
Note 20: Administered – Payables	112		
Note 21: Administered cash flow reconciliation	112		

Independent Auditor's Report



INDEPENDENT AUDITOR'S REPORT

To the Parliamentary Secretary to the Treasurer

I have audited the accompanying financial statements of the Australian Securities and Investments Commission for the year ended 30 June 2012, which comprise: a Statement by the Chief Executive and Chief Financial Officer; Statement of Comprehensive Income; Balance Sheet; Statement of Changes in Equity; Cash Flow Statement; Schedule of Commitments; Schedule of Contingencies; Administered Schedule of Comprehensive Income; Administered Schedule of Assets and Liabilities; Administered Reconciliation Schedule; Administered Cash Flow Statement; Administered Schedule of Commitments and Contingencies; and Notes to and forming part of the financial statements, comprising a Summary of significant accounting policies and other explanatory information.

Chairman's Responsibility for the Financial Statements

The Chairman of the Australian Securities and Investments Commission is responsible for the preparation of financial statements that give a true and fair view in accordance with the Finance Minister's Orders made under the *Financial Management and Accountability Act 1997*, including the Australian Accounting Standards, and for such internal control as the Chairman determines is necessary to enable the preparation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Australian Securities and Investments Commission's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the

Independent Auditor's Report

purpose of expressing an opinion on the effectiveness of the Australian Securities and Investments Commission's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made by the Chairman of the Australian Securities and Investments Commission, as well as evaluating the overall presentation of the financial statements.

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

Independence

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

Opinion

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

- (a) have been prepared in accordance with the Finance Minister's Orders made under the *Financial Management and Accountability Act 1997*, including the Australian Accounting Standards; and
- (b) give a true and fair view of the matters required by the Finance Minister's Orders including the Australian Securities and Investments Commission's financial position as at 30 June 2012 and of its financial performance and cash flows for the year then ended.

Australian National Audit Office



Carla Jago
Executive Director
Delegate of the Auditor-General

Canberra

10 August 2012

Statement by Chief Executive and Chief Financial Officer

In our opinion, the attached financial statements for the year ended 30 June 2012 are based on properly maintained financial records and give a true and fair view of the matters required by the Finance Minister's Orders made under the *Financial Management and Accountability Act 1997*, as amended.

This statement is made in accordance with a resolution of the Commission members.



G. J. Medcraft

Chairman
9 August 2012

C. Iglesias

Chief of Operations
9 August 2012



R. Johnson-Kelly

Acting Chief Financial Officer
9 August 2012

Statement of Comprehensive Income

FOR THE YEAR ENDED 30 JUNE 2012

EXPENSES	Notes	2012 \$'000	2011 \$'000
Employee benefits	3A	217,848	221,497
Supplier expenses	3B	120,078	121,354
Depreciation and amortisation	3C,34	45,665	41,511
Finance costs	3D	514	487
Write-down and impairment of assets	3E	383	602
Total expenses (A)	32B	384,488	385,451
LESS:			
OWN-SOURCE INCOME			
Own-source revenue			
Rendering of services	4A	3,559	4,412
Royalties	4B	185	203
Other revenue	4C	30,846	19,329
Total own-source revenue		34,590	23,944
Gains			
Other gains	4D	181	176
Total gains		181	176
Total own-source income (B)		34,771	24,120
Net cost of services (A) – (B)		349,717	361,331
Revenues from Government	4E	304,259	324,038
(Deficit) attributable to the Australian Government		(45,458)	(37,293)
OTHER COMPREHENSIVE INCOME			
Changes in asset revaluation reserve		2,740	–
Total comprehensive (loss) attributable to the Australian Government	34	(42,718)	(37,293)

The above Statement of Comprehensive Income should be read in conjunction with the accompanying notes.

Balance Sheet

AS AT 30 JUNE 2012

	Notes	2012 \$'000	2011 \$'000
ASSETS			
Financial assets			
Cash and cash equivalents	5A	8,777	4,734
Trade and other receivables	5B	89,481	76,557
<i>Total financial assets</i>		<u>98,258</u>	<u>81,291</u>
Non-financial assets			
Leasehold improvements	6A,6D	55,612	63,263
Plant and equipment	6B,6D	26,428	25,870
Intangibles	6C,6D	130,977	113,709
Other non-financial assets	6E,6D	8,799	4,722
<i>Total non-financial assets</i>		<u>221,816</u>	<u>207,564</u>
Total assets		<u>320,074</u>	<u>288,855</u>
LIABILITIES			
Payables			
Suppliers	7A	39,159	24,435
Other payables	7B	60,552	62,800
<i>Total payables</i>		<u>99,711</u>	<u>87,235</u>
Provisions			
Employee provisions	8A	56,694	53,838
Other provisions	8B	8,888	9,144
<i>Total provisions</i>		<u>65,582</u>	<u>62,982</u>
Total liabilities		<u>165,293</u>	<u>150,217</u>
<i>Net assets</i>		<u>154,781</u>	<u>138,638</u>
EQUITY			
Contributed equity		202,425	143,564
Reserves		9,213	6,473
Accumulated (deficit)		(56,857)	(11,399)
<i>Total equity</i>		<u>154,781</u>	<u>138,638</u>

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

Statement of Changes in Equity

FOR THE YEAR ENDED 30 JUNE 2012

	Notes	Accumulated surplus/(deficit)		Asset revaluation reserve		Contributed equity		Total equity	
		2012 \$'000	2011 \$'000	2012 \$'000	2011 \$'000	2012 \$'000	2011 \$'000	2012 \$'000	2011 \$'000
Opening balance		(11,399)	25,894	6,473	6,473	143,564	84,626	138,638	116,993
Comprehensive income									
Revaluation									
Leasehold improvements		–	–	809	–	–	–	809	–
Plant and equipment		–	–	1,931	–	–	–	1,931	–
(Deficit) for the period		(45,458)	(37,293)					(45,458)	(37,293)
Total comprehensive (loss) / income attributable to the Australian Government	34,6D	(45,458)	(37,293)	2,740	–	–	–	(42,718)	(37,293)
Transactions with owners									
Contributions by owners									
Equity injections – Appropriations		–	–	–	–	4,465	36,138	4,465	36,138
Departmental capital budget		–	–	–	–	58,646	22,800	58,646	22,800
Distribution to owners									
Returns of capital:									
Finance Minister's determination No. 1 of 2011–12 Schedule 1		–	–	–	–	(4,250)	–	(4,250)	–
Sub-total transactions with owners		–	–	–	–	58,861	58,938	58,861	58,938
Closing balance attributable to the Australian Government		(56,857)	(11,399)	9,213	6,473	202,425	143,564	154,781	138,638

The above Statement of Changes in Equity should be read in conjunction with the accompanying notes.

Cash Flow Statement

FOR THE YEAR ENDED 30 JUNE 2012

	Notes	2012 \$'000	2011 \$'000
OPERATING ACTIVITIES			
Cash received			
Appropriations		319,312	355,069
Services		8,895	9,059
Net GST received		19,221	19,085
Other cash received		31,032	19,533
Total cash received		378,460	402,746
Cash used			
Employees		211,883	217,135
Suppliers		129,007	139,382
Transfers to the Official Public Account		36,042	26,123
Total cash used		(376,932)	(382,640)
Net cash from / (used by) operating activities	9	1,528	20,106
INVESTING ACTIVITIES			
Cash used			
Purchase of leasehold improvements, plant and equipment and intangibles		56,346	67,982
Net cash (used) by investing activities		(56,346)	(67,982)
FINANCING ACTIVITIES			
Cash received			
Appropriations – contributed equity		58,861	52,421
Net cash from financing activities		58,861	52,421
Net increase / (decrease) in cash held		4,043	4,545
Cash and cash equivalents at the beginning of the reporting period		4,734	189
Cash and cash equivalents at the end of the reporting period	5A	8,777	4,734

The above Cash Flow Statement should be read in conjunction with the accompanying notes.

Schedule of Commitments

AS AT 30 JUNE 2012

BY TYPE	2012 \$'000	2011 \$'000
Commitments payable		
Capital commitments		
Intangibles ¹	2,543	1,700
Total capital commitments	2,543	1,700
Other commitments		
Operating leases ²	225,767	263,100
Other commitments (goods and services)	46,337	79,280
Total other commitments	272,104	342,380
Less: commitments receivable		
GST recoverable on commitments	24,968	31,280
Total commitments receivable	24,968	31,280
Net commitments by type	249,679	312,800
BY MATURITY		
Commitments payable		
Capital commitments		
One year or less	2,543	1,700
Total capital commitments	2,543	1,700
Operating lease commitments		
One year or less	30,556	31,227
From one to five years	121,885	127,349
Over five years	73,326	104,524
Total operating lease commitments	225,767	263,100
Other commitments (goods and services)		
One year or less	42,599	54,286
From one to five years	3,737	24,994
Total other commitments	46,336	79,280
Less: commitments receivable		
GST recoverable on commitments		
One year or less	6,650	10,201
From one to five years	11,651	11,577
Over five years	6,666	9,502
Total commitments receivable	24,967	31,280
Net commitments by maturity	249,679	312,800

1 Outstanding contractual payments for purchases of intangibles.

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

Nature of lease

Leases for office accommodation
Motor vehicles – senior executives
Office equipment

General description of leasing arrangement

Subject to fixed increases and annual or bi-annual rent reviews.
No contingent rentals exist. There are no purchase options available to ASIC.
No contingent rentals exist. There are no purchase options available to ASIC.

Commitments are GST inclusive where relevant.

The above Schedule of Commitments should be read in conjunction with Note 1 of the Financial Statements.

Schedule of Contingencies

AS AT 30 JUNE 2012

	Notes	2012 \$'000	2011 \$'000
CONTINGENT ASSETS			
Claims for costs		709	1,452
Total contingent assets	10	709	1,452
CONTINGENT LIABILITIES			
Claims for costs		350	480
Total contingent liabilities	10	350	480

Details of all contingent liabilities and assets, including those not included above because they cannot be quantified, are disclosed in Note 10: Contingent liabilities and assets.

The above Schedule of Contingencies should be read in conjunction with the accompanying notes.

Administered Schedule of Comprehensive Income

FOR THE YEAR ENDED 30 JUNE 2012

EXPENSES	Notes	2012 \$'000	2011 \$'000
Grants ¹	17A	1,823	2,349
Write-down and impairment of assets	17B	43,040	33,079
Other expenses	17C	37,371	37,115
Total expenses administered on behalf of Government		82,234	72,543
LESS:			
OWN-SOURCE INCOME			
Own-source revenue			
Non-taxation revenue			
Corporations Act, National Consumer Credit Protection Act and Business Names Registration (Fees) Act fees and fines ²	18	663,610	622,105
Banking Act unclaimed moneys ³	18	61,227	57,291
Life Insurance Act unclaimed moneys ⁴	18	8,769	5,505
Total own-source revenue administered on behalf of Government		733,606	684,901
Net cost of services		651,372	612,358

ASIC's functions in administering revenues and expenses on behalf of the Government are described below:

- 1 ASIC administers payments to registered insolvency practitioners. These payments are used to fund preliminary investigations of suspected breaches of directors' duties and fraudulent misconduct. The outcomes of the findings made by insolvency practitioners are reported to ASIC.
- 2 ASIC collects and administers revenue under the *Corporations Act 2001*, the *National Consumer Credit Protection Act 2009*, the *National Consumer Credit Protection (Fees) Regulations 2010*, the *Corporations (Fees) Act 2001* and *Corporations (Review Fees) Act 2003*. From 28 May 2012, ASIC also collects and administers revenue from the *Business Names Registration (Fees) Act 2012* and prescribed fees under the *Business Name Registration (Fees) Regulations 2012*. This revenue is not available to ASIC and is remitted to the Official Public Account (OPA).
- 3 ASIC has responsibility for the administration of unclaimed monies received from banking and deposit taking institutions. Moneys received from banking and deposit taking institution accounts that remain inactive for seven years are transferred to the Commonwealth, and are deposited into the OPA.
- 4 ASIC also administers moneys received from life insurance institutions and friendly societies. Moneys received in respect of matured life insurance policies that have not been claimed for more than seven years are transferred to the Commonwealth and are deposited into the OPA.

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

Administered Schedule of Assets and Liabilities

AS AT 30 JUNE 2012

ASSETS	Notes	2012 \$'000	2011 \$'000
Financial assets			
Cash and cash equivalents	19A	1,373	3,167
Receivables	19B	104,716	97,738
<i>Total assets administered on behalf of Government</i>	25	106,089	100,905
LIABILITIES			
Payables			
Suppliers	20	15,045	10,608
<i>Total liabilities administered on behalf of Government</i>		15,045	10,608
Net assets/(liabilities)		91,044	90,297

Administered Reconciliation Schedule

AS AT 30 JUNE 2012

	2012 \$'000	2011 \$'000
Opening administered assets less administered liabilities	90,297	82,137
Surplus (deficit) items:		
Plus: Administered income	733,606	684,901
Less: Administered expenses	(82,234)	(72,543)
Administered transfers to/from Australian Government:		
Appropriation transfers from Official Public Account:		
Special and ordinary appropriations (unlimited)	41,146	46,272
Transfers to Official Public Account	(691,771)	(650,470)
Closing administered assets less administered liabilities	91,044	90,297

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

Administered Cash Flow Statement

FOR THE YEAR ENDED 30 JUNE 2012

	Notes	2012 \$'000	2011 \$'000
OPERATING ACTIVITIES			
Cash received			
Corporations Act, National Consumer Credit Protection Act and Business Names Registration (Fees) Act fees and charges		618,270	580,938
Banking Act unclaimed moneys		61,227	57,291
Life Insurance Act unclaimed moneys		8,769	5,505
Net GST received		83	236
Total cash received		688,349	643,970
Cash used			
Refunds paid to:			
Deposit taking institution account holders		32,769	34,001
Life insurance policy holders		4,602	3,114
Grants		2,147	2,507
Total cash (used)		(39,518)	(39,622)
Net cash from operating activities	21	648,831	604,348
Net increase in cash held		648,831	604,348
Cash and cash equivalents at the beginning of the reporting period		3,167	3,017
Cash from Official Public Account for:			
– Appropriations		41,146	46,272
		44,313	49,289
Less: Cash to Official Public Account for:			
– Corporations Act, National Consumer Credit Protection Act and Business Names Registration (Fees) Act fees and charges		621,775	587,674
– Banking Act unclaimed moneys		61,227	57,291
– Life Insurance Act unclaimed moneys		8,769	5,505
		(691,771)	(650,470)
Cash and cash equivalents at end of the reporting period	19A	1,373	3,167

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

Administered Schedule of Commitments and Contingencies

AS AT 30 JUNE 2012

ADMINISTERED COMMITMENTS

As at 30 June 2012 ASIC has \$0.171m administered commitments payable (2011: \$0.257m). The commitments payable at 30 June 2012 relate to services from registered insolvency practitioners to investigate suspected breaches of the directors' duties and fraudulent misconduct. The administered commitments payable at 30 June 2012 were due within 1 year.

As at 30 June 2012 ASIC has \$0.016m administered commitments receivable (2011: \$0.023m). The administered commitments receivable at 30 June 2012 relate to GST refundable.

ADMINISTERED CONTINGENT ASSETS

There were no administered contingent assets as at 30 June 2012 (2011: nil).

ADMINISTERED CONTINGENT LIABILITIES	Note	2012 \$'000	2011 \$'000
Liabilities – Refunds to claimants			
Banking Act administration	22	39,099	38,193
Life Insurance Act unclaimed monies	22	5,815	5,157
Total administered contingent liabilities		44,914	43,350

Details of each class of contingent liabilities in the above table are disclosed in Note 22.

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

Notes to and forming part of the financial statements

FOR THE YEAR ENDED 30 JUNE 2012

Note 1: Summary of significant accounting policies

1.1 Objectives of the Australian Securities and Investments Commission

The Australian Securities and Investments Commission (ASIC) is an independent Commonwealth Government body operating under the *Australian Securities and Investments Commission Act 2001* (ASIC Act) to administer the *Corporations Act 2001*, and other legislation, throughout Australia. ASIC's objectives as outlined in the section 1(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* and the *Business Names Registration (Fees) Regulations 2011*. 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's financial results are reported in the context of the Government's outcomes (Note 32 refers). Any intra-government costs included in arriving at the amount shown as 'net cost/contribution of outcome' are eliminated in calculating the Federal budget outcome for the Government overall.

Government outcomes are the intended results, impacts or consequences of actions by the Australian Government on the Australian community. ASIC is structured to meet the following outcomes:

Outcome 1: Improved confidence in financial market integrity and protection of investors and consumers through research, policy, education, compliance and deterrence that mitigates emerging risks.

Outcome 2: Streamlined and cost-effective interaction and access to information for business and the public, through registry, licensing and business facilitation services.

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

ASIC is an agency prescribed under Schedule 1, Part 1 of the *Financial Management and Accountability Regulations 1997* (FMA Regulations).

1.2 Basis of preparation of the financial statements

The financial statements and notes are required by section 49 of the *Financial Management and Accountability Act 1997* (FMA Act) and are general purpose financial statements.

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

- ♦ Finance Minister's Orders (FMOs) for reporting periods ending on or after 1 July 2011; and
- ♦ Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) that apply for the reporting period.

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

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

Unless an alternative treatment is specifically required by an accounting standard or the FMOs, assets and liabilities are recognised in the Balance Sheet when and only when it is probable that future economic benefits will flow to ASIC or a future sacrifice of economic benefits will be required and the amounts of the assets or liabilities can be reliably measured.

Note 1: Summary of significant accounting policies (continued)

However, assets and liabilities arising under executor contracts are not recognised unless required by an accounting standard. Liabilities and assets that are not recognised are reported in the Schedule of Commitments or the Schedule of Contingencies (other than unquantifiable contingencies, which are reported at Note 10).

Unless alternative treatment is specifically required by an accounting standard, income and expenses are recognised in the Statement of Comprehensive Income when and only when the flow, consumption or loss of economic benefits has occurred and can be reliably measured.

Administered revenues, expenses, assets, liabilities and cash flows reported in the Schedule of Administered Items and related notes are accounted for on the same basis and using the same policies as for ASIC items, except where stated in Note 1.20.

1.3 Changes in accounting policy

There have been no changes in accounting policies during the year ended 30 June 2012.

1.4 Significant accounting judgements and estimates

ASIC changed its depreciation method from diminishing value to straight line. The depreciation calculated under the diminishing value method was \$46.926m and the current straight-line method depreciation was \$45.665m as reported in the Statement of Comprehensive Income.

1.5 New Australian Accounting Standards

Adoption of new Australian Accounting Standard requirements

No accounting standard has been adopted earlier than the application date as stated in the standard. The following new accounting standards, amendments to standards and interpretations were issued by the Australian Accounting Standards Board prior to the signing date are applicable to the current reporting period, but have not had a material financial impact on ASIC.

- ♦ AASB 1054 Australian Additional Disclosure – May 2011 (Compilation)
- ♦ AASB 2010-4 Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project (AASB 1, AASB 7, AASB 101 & AASB 134 and Interpretation 13) – June 2010
- ♦ AASB 2010-6 Amendments to Australian Accounting Standards – Disclosures on Transfers of Financial Assets (AASB 1 & AASB 7) – November 2010
- ♦ AASB 2011-5 Amendments to Australian Accounting Standards – Extending Relief from Consolidation, the Equity Method and Proportionate Consolidation (AASB 127, AASB 128 & AASB 131) – July 2011
- ♦ AASB 2011-3 Amendments to Australian Accounting Standards – Orderly Adoption of Changes to the ABS GFS Manual and Related Amendments (AASB 1049) – May 2011 (Compilation)
- ♦ AASB 2011-9 Amendments to Australian Accounting Standards – Presentation of Items of Other Comprehensive Income (AASB 1, AASB 5, AASB 7, AASB 101, AASB 112, AASB 120, AASB 121, AASB 132, AASB 133, AASB 134, AASB 1039 & AASB 1049) – September 2011 (Compilation)
- ♦ AASB 2011-13 Amendments to Australian Accounting Standard – Improvements to AASB 1049 – December 2011 (Compilation)

Other new standards or revised standards that were issued prior to the signing date and are applicable to the current reporting period did not have a financial impact, and are not expected to have a future financial impact on ASIC.

Future Australian Accounting Standard requirements

New standards, amendments to standards or interpretations that have been issued by the Australian Accounting Standards Board and are effective for future reporting periods, are expected to have a material financial impact on ASIC.

- ♦ AASB 13 Fair Value Measurement
- ♦ AASB 2011-8 Amendments to Australian Accounting Standards arising from AASB 13
- ♦ AASB 9 Financial Instruments
- ♦ AASB 2010-7 Amendments to Australian Accounting Standards arising from AASB 9

Notes to and forming part of the financial statements

FOR THE YEAR ENDED 30 JUNE 2012

Note 1: Summary of significant accounting policies (continued)

1.6 Revenue

Revenues from Government

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

Appropriations receivable are recognised at their nominal amounts.

Other types of revenue

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

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

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

Receivables for services rendered, which have 30-day terms, are recognised at the nominal amounts due less any impairment allowance. Collectability of debts is reviewed at the end of the reporting period. Allowances are made when collectability of the debt is no longer probable.

Parental leave payments scheme

ASIC has offset amounts received under the Parental Leave Payments Scheme (for payment to employees) by amounts paid to employees under that scheme, because these transactions are only incidental to the main revenue-generating activities of ASIC. Amounts received by ASIC not yet paid to employees would be presented gross as cash and a liability (payable).

1.7 Gains

Resources received free of charge

Resources received free of charge are recognised as gains 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, i.e. whether they have been generated in the course of the ordinary activities of ASIC.

Contributions of assets at no cost of acquisition or for nominal consideration are recognised as gains at their fair value when the asset qualifies for recognition, unless received from another Government entity as a consequence of a restructuring of administrative arrangements.

Sale of assets

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

1.8 Transactions with the Government as owner

Departmental capital budget (DCB)

Introduced from 1 July 2010, the DCB funds ASIC's business-as-usual asset replacements (i.e. assets below \$10m), payout of make-good provisions and completion of the information technology programme.

Equity injections

Equity injections are used to fund the replacement of major project assets (i.e. assets over \$10 million) and new assets approved through the Commonwealth budget process.

Other distributions to owners

The FMOs require that distributions to owners be debited to contributed equity unless they are of the nature of a dividend.

1.9 Employee benefits

Liabilities for services rendered by employees are recognised at the reporting date to the extent that they have not been settled.

Liabilities for 'short-term employee benefits' (as defined in AASB 119 *Employee Benefits*) and termination benefits due within twelve months of balance date are measured at their nominal amounts.

The nominal amount is calculated with regard to the rates expected to be paid on settlement of the liability.

All other employee benefit liabilities are measured at the present value of the estimated future cash outflows to be made in respect of services provided by employees up to the reporting date.

Note 1: Summary of significant accounting policies (continued)

Leave

The liability for employee benefits includes provision for annual leave and long service leave. No provision has been made for sick leave as all sick leave is non-vesting and the average sick leave taken in future years by employees of ASIC is estimated to be less than the annual entitlement for sick leave.

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

The liability for long service leave has been determined by reference to the work of an actuary as at 30 June 2008. Actuarial reviews of long service leave are undertaken on a five-yearly basis. The estimate of the present value of the liability takes into account attrition rates and pay increases through promotion and inflation.

Separation and redundancy

Provision is made for separation and redundancy benefit payments. ASIC recognises a provision for termination when it has developed a detailed formal plan for the terminations.

Superannuation

The majority of employees of ASIC are members of the Commonwealth Superannuation Scheme (CSS), the Public Sector Superannuation Scheme (PSS) or the PSS Accumulation Plan (PSSap).

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

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

There are a small number of employees covered under state government and private superannuation schemes. The majority of employees employed in the state government superannuation scheme were originally employed by the various state governments and were transferred to ASIC at its inception in 1989.

ASIC makes employer contributions to the Australian Government and the various state superannuation schemes at rates determined by an actuary to be sufficient to meet the cost to the Government of the superannuation entitlements of ASIC's employees. ASIC expenses contributions to defined-benefit and defined-contribution plans. The liability for superannuation recognised as at balance date represents the outstanding contributions payable as at 30 June.

1.10 Leases

A distinction is made between finance leases and operating leases. Finance leases effectively transfer from the lessor to the lessee substantially all the risks and rewards incidental to ownership of leased assets. An operating lease is a lease that is not a finance lease. In operating leases, the lessor effectively retains substantially all such risks and benefits.

Where an asset is acquired by means of a finance lease, the asset is capitalised at either the fair value of the leased property or, if lower, the present value of minimum lease payments at the inception of the contract and a liability is recognised at the same time and for the same amount.

The discount rate used is the interest rate implicit in the lease. Leased assets are depreciated over the period of the lease. Lease payments are allocated between the principal component and the interest expense.

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

1.11 Finance costs

All finance costs are expensed as incurred.

1.12 Cash

Cash and cash equivalents includes notes and coins held and any deposits in bank accounts with an original maturity of three months or less that are readily convertible to known amounts of cash and subject to insignificant risk of changes in value. Cash is recognised at its nominal amount.

1.13 Financial assets

ASIC's financial assets are classified as 'loans and receivables' for the purposes of AASB139 *Financial Instruments: Recognition and Measurement*.

Financial assets are recognised and derecognised at transaction date.

Notes to and forming part of the financial statements

FOR THE YEAR ENDED 30 JUNE 2012

Note 1: Summary of significant accounting policies (continued)

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset, or, where appropriate, a shorter period.

Income is recognised on an effective interest rate basis.

Loans and receivables

Trade receivables and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Receivables are measured at amortised cost using the effective interest method less impairment. Interest is recognised by applying the effective interest rate.

Impairment of financial assets

Financial assets are assessed for impairment at each balance date.

Financial assets held at amortised cost – if there is objective evidence that an impairment loss has been incurred for 'loans and receivables' financial assets, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the asset's original effective interest rate. The carrying amount is reduced by way of an allowance account. The loss is recognised in the Statement of Comprehensive Income.

1.14 Financial liabilities

Financial liabilities are classified as 'other financial liabilities' for the purposes of AASB139 *Financial Instruments: Recognition and Measurement*.

Financial liabilities are recognised and derecognised at transaction date.

Other financial liabilities

Other financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs. These liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through

the expected life of the financial liability, or, where appropriate, a shorter period.

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

1.15 Contingent liabilities and contingent assets

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

1.16 Acquisition of assets

Assets are recorded at cost on acquisition except as stated below. The cost of acquisition includes the fair value of assets transferred in exchange and liabilities undertaken. Financial assets are initially measured at their fair value plus transaction costs where appropriate.

Assets acquired at no cost, or for nominal consideration, are initially recognised as assets and income at their fair value at the date of acquisition, unless acquired as a consequence of restructuring of administrative arrangements. In the latter case, assets are initially recognised as contributions by owners at the amounts at which they were recognised in the transferor agency's accounts immediately prior to the restructuring.

Asset recognition threshold

Purchases of leasehold improvements, plant and equipment are recognised initially at cost in the Balance Sheet, 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, if it is contractually required. 'Make good' provisions in property leases are accounted for on this basis. These costs are included in the value of ASIC's leasehold improvements with a corresponding restoration provision recognised.

Note 1: Summary of significant accounting policies (continued)

1.17 Leasehold improvements, plant and equipment

Revaluations

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

Asset class	Fair value measured at
Leasehold improvements	Depreciated replacement cost
Plant and equipment	Market selling price

Following initial recognition at cost, leasehold improvements, plant and equipment are carried at fair value less accumulated depreciation and accumulated impairment losses. Valuations are conducted with sufficient frequency to ensure that the carrying amounts of assets do not differ materially from the assets' fair values as at the reporting date. The regularity of independent valuations depends upon the volatility of movements in market values for the relevant assets.

Revaluation adjustments are made on a class basis. Any revaluation increment is credited to equity under the heading of asset revaluation reserve except to the extent that it reverses 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 reverse a previous revaluation increment for that class.

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

Depreciation

From 1 July 2011 all depreciable leasehold improvements, plant and equipment assets are written-off to their estimated residual values over their estimated useful lives to ASIC using the straight-line method. In 2010-11 computer equipment was depreciated using the declining-balance method.

Depreciation rates (useful lives), residual values and depreciation 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:

	2012	2011
Leasehold improvements	Lease term	Lease term
Computer equipment	1 to 10 years	1 to 5 years
Plant and equipment (owned)	2 to 95 years	2 to 95 years

Impairment

Leasehold improvements, plant and equipment are assessed for impairment at the end of each financial year. 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 to sell 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 ASIC 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.

1.18 Intangibles

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

Software is amortised on a straight-line basis over its anticipated useful life. The useful lives of ASIC's software is 2 to 10 years (2011: 2 to 10 years).

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

1.19 Taxation

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

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

Notes to and forming part of the financial statements

FOR THE YEAR ENDED 30 JUNE 2012

Note 1: Summary of significant accounting policies (continued)

1.20 Reporting of administered activities

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

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

Administered cash transfers to and from the Official Public Account (OPA)

Revenue collected by ASIC for use by the Government rather than ASIC is administered revenue. Collections are transferred to the OPA maintained by the Department of Finance and Deregulation (DoFD). Conversely, cash is drawn from the OPA to make payments under Parliamentary appropriation on behalf of Government. These transfers to and from the OPA are adjustments to the administered cash held by ASIC on behalf of the Government and reported as such in the Schedule of Administered Cash Flows and in the Administered Reconciliation Schedule. Accordingly the Schedule of Administered Items largely reflects the Government's transactions, through ASIC, with parties outside the Government.

Revenue

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

Administered revenue is generated from annual review fees, other fees and search products prescribed under the *Corporations (Fees) Act 2001*, *Corporations (Review Fees) Act 2003*, the *National Consumer Credit Protection (Fees) Regulation 2010* and the *Business Names Registration (Fees) Regulation 2011*. Administered fee revenue is recognised on an accruals basis when:

- ♦ the client or the client group can be identified in a reliable manner;
- ♦ an amount of prescribed fee or other statutory charge is payable by the client or client group under legislative provisions; and

- ♦ the amount of the prescribed fee or other statutory charge payable by the client or the client group can be reliably measured.

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

Receivables

Administered revenue is recognised at its 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* (FMO 31.1).

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 the result of estimation techniques to determine an estimate of current Corporations Act debts which are unlikely to be collected in future. Large debt amounts are individually reviewed while the impairment allowance of the remaining debts is estimated using sampling methodologies.

Administered receivables that are irrecoverable at law or are uneconomic to pursue are written off under section 34 of the FMA Act.

Unclaimed moneys – administered items

Banking Act administration

ASIC is responsible for the administration of unclaimed moneys from banking and deposit taking institutions.

In accordance with the *Banking Act 1959* moneys from bank and deposit taking institution accounts that are inactive for seven or more years are transferred to the Commonwealth and are deposited into the OPA. Refunds are paid to successful claimants out of the OPA.

Note 1: Summary of significant accounting policies (continued)

1.20 Reporting of administered activities (continued)

Life Insurance Act administration

ASIC is responsible for the administration of unclaimed moneys from life insurance institutions.

In accordance with the *Life Insurance Act 1995* moneys in respect of matured life insurance policies that have not been claimed within seven years are transferred to the Commonwealth from life insurance companies and friendly societies, and are deposited into the OPA. Refunds are paid to successful claimants out of the OPA.

1.21 Expenditure of boards and tribunal

Pursuant to Parts 11 and 12 of the *Australian Securities and Investments Commission Act 2001* and the *Superannuation (Resolution of Complaints) Act 1993*, ASIC is required to support the Companies Auditors and Liquidators Disciplinary Board and the

Superannuation Complaints Tribunal. Employee and administrative expenditure incurred on behalf of this board and the tribunal are included in the Statement of Comprehensive Income of ASIC (Note 27 refers).

1.22 Comparative figures

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

1.23 Rounding

Amounts have been rounded to the nearest \$1,000 except in relation to the following:

- ♦ remuneration of senior executive officers;
- ♦ remuneration of auditors; and
- ♦ compensation and debt relief.

1.24 Insurance

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

Note 2: Events after the balance sheet date

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

Note 3: Expenses

	2012 \$'000	2011 \$'000
Note 3A: Employee benefits		
Wages and salaries	167,173	170,808
Superannuation ¹		
Defined-benefit schemes	10,223	12,630
Defined-contribution schemes	14,157	13,515
Leave and other entitlements	25,167	13,773
Separation and redundancies ²	1,128	10,771
Total employee benefits	217,848	221,497

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 15.9% (2011: 17.7%), the Public Sector Superannuation Scheme was 11.1% (2011: 12.9%), the PSS Accumulation Scheme was 15.4% (2011: 15.4%), and the superannuation productivity benefit was approximately 2.0% to 3.0% (2011: 2.0% to 3.0%).

2 The majority of separation and redundancies are calculated on the basis of two weeks pay for every year of service for each employee with a minimum of four weeks and a maximum of 48 weeks.

Notes to and forming part of the financial statements

FOR THE YEAR ENDED 30 JUNE 2012

Note 3: Expenses (continued)

	2012 \$'000	2011 \$'000
Note 3B: Suppliers		
Goods and services		
Legal and forensic costs	15,332	25,152
Office, computer and software expenses	23,305	19,167
Property-related outgoings	8,837	8,413
Consultants and specialist services	12,221	7,320
Travel	4,519	4,210
Communications	5,814	5,507
Recruitment	1,066	1,244
Information costs	6,818	7,929
Learning and development	4,998	4,166
Security	2,368	3,002
Postage and freight	1,892	2,062
Other goods and services	6,671	5,472
Total goods and services	93,841	93,644
Goods and services are made up of:		
Provision of goods – related entities	7	13
Provision of goods – external parties	2,818	3,912
Rendering of services – related entities	4,473	3,764
Rendering of services – external parties	86,543	85,955
Total goods and services	93,841	93,644
Other supplier expenses		
Operating lease rentals from external entities:		
Minimum lease payments	23,860	25,081
Sublease payments	757	680
Workers compensation premiums	1,373	1,651
Fringe benefits tax	247	298
Total other supplier expenses	26,237	27,710
Total supplier expenses	120,078	121,354
Note 3C: Depreciation and amortisation		
Depreciation:		
Leasehold improvements	9,373	9,784
Plant and equipment	5,494	8,727
Total depreciation	14,867	18,511
Amortisation:		
Intangibles – Computer software	30,798	23,000
Total amortisation	30,798	23,000
Total depreciation and amortisation	45,665	41,511

Note 3: Expenses (continued)

	Note	2012 \$'000	2011 \$'000
Note 3D: Finance costs			
Unwinding of restoration provision discount	8B	514	487
Total finance costs		514	487
Note 3E: Write-down and impairment of assets			
Impairment of financial instruments		46	149
Write-off of leasehold improvements, plant and equipment and intangibles		337	453
Total write-down and impairment of assets		383	602

Note 4: Income

	2012 \$'000	2011 \$'000
Revenue		
Note 4A: Rendering of services		
Rendering of services – related entities	848	817
Rendering of services – external parties	2,711	3,595
Total rendering of services	3,559	4,412
Note 4B: Royalties		
ASIC publications	185	203
Total royalties	185	203
Note 4C: Other revenues		
Cost recoveries ¹	3,550	656
Receipt from the Companies and Unclaimed Moneys Special Account ²	26,129	18,012
Professional and witness fees	118	114
Recovery of property-related expenses relating to prior year	143	237
AusAID revenue ³	25	83
Receipt from the Department of Treasury ⁴	81	82
Recovery of doubtful debts relating to prior year	308	–
Workers compensation refunds relating to prior year	316	–
Miscellaneous	176	145
Total other revenue	30,846	19,329

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

2 Project costs recovered from the Companies and Unclaimed Moneys Special Account on approval of the Minister.

3 Amount received by ASIC in respect of its participation in AusAID projects.

4 Amount received by ASIC in respect of its participation in the Financial Services Working Group.

Notes to and forming part of the financial statements

FOR THE YEAR ENDED 30 JUNE 2012

Note 4: Income (continued)

Gains	Notes	2012 \$'000	2011 \$'000
Note 4D: Other gains			
Resources received free of charge	14	181	176
Total other gains		181	176

As a prescribed agency ASIC receives audit services from the Australian National Audit Office free of charge.
The fair value of that service is \$181,000 (2011: \$176,000) for the reporting period.

Revenues from Government

Note 4E: Revenues from Government

Appropriations:

Departmental outputs		292,184	296,198
Departmental Special Account	30A	12,075	27,840
Total revenues from Government		304,259	324,038

Note 5: Financial assets

	Notes	2012 \$'000	2011 \$'000
Note 5A: Cash and cash equivalents			
Cash on hand or on deposit		8,777	4,734
Total cash and cash equivalents	15A	8,777	4,734

Note 5B: Trade and other receivables

Goods and Services:

Goods and services – related entities		173	637
Goods and services – external parties		4,271	12,453
Total receivables for goods and services		4,444	13,090

Credit terms for goods and services were within 30 days. (2011: 30 days)

Appropriations receivable:

Appropriations receivable	16	80,999	60,404
Total appropriations receivable		80,999	60,404

Other receivables:

GST receivable from the Australian Taxation Office	16	4,226	3,513
Total other receivables		4,226	3,513
Total trade and other receivables (gross)		89,669	77,007

Less impairment allowance account:

Goods and services		188	450
Total impairment allowance account		188	450
Total trade and other receivables (net)		89,481	76,557

Receivables are expected to be recovered in:

No more than 12 months		89,481	76,557
Total trade and other receivables (net)		89,481	76,557

Note 5: Financial assets (continued)

	2012 \$'000	2011 \$'000
Receivables are aged as follows:		
Not overdue	88,948	74,581
Overdue by:		
Less than 30 days	185	32
30 to 60 days	37	1,871
More than 90 days	499	523
Total receivables (gross)	89,669	77,007
The impairment allowance account is aged as follows:		
Overdue by:		
More than 90 days	188	450
Total impairment allowance account	188	450
Reconciliation of the movement in the impairment allowance account		
Opening balance	450	336
Amounts recovered and reversed	(308)	(335)
Increase recognised in net surplus / (deficit)	46	449
Closing balance	188	450

Note 6: Non-financial assets

	2012 \$'000	2011 \$'000
Note 6A: Leasehold improvements		
Work in progress	55	6,214
Fair value	90,652	82,771
Accumulated depreciation	(35,095)	(25,722)
Total leasehold improvements	55,612	63,263

All revaluations are conducted in accordance with the revaluation policy stated at Note 1.17. In 2011–12, Rodney Hyman Asset Services Pty Ltd an independent valuer with over 40 years experience conducted a formal revaluation of ASIC's leasehold improvements.

As a result of the revaluation, an increment of \$0.809m for leasehold improvements was credited to the asset revaluation reserve and included in the Statement of Comprehensive Income.

The carrying value of leasehold improvements was reviewed at 30 June 2012. No indicators of impairment were found for leasehold improvements at 30 June 2012.

Notes to and forming part of the financial statements

FOR THE YEAR ENDED 30 JUNE 2012

Note 6: Non-financial assets (continued)

	2012 \$'000	2011 \$'000
Note 6B: Plant and equipment		
Fair value	54,789	52,751
Accumulated depreciation	(28,361)	(26,881)
Total plant and equipment	26,428	25,870

An independent valuation was undertaken by the Rodney Hyman Asset Services Pty Ltd as at 30 June 2012. As a result of the revaluation, an increment of \$1.931m for plant and equipment was credited to the asset revaluation reserve and included in the Statement of Comprehensive Income.

The carrying value of plant and equipment assets was reviewed at 30 June 2012. No indicators of impairment were found for plant and equipment at 30 June 2012.

	2012 \$'000	2011 \$'000
Note 6C: Intangibles – computer software		
<i>Internally developed</i>		
– work in progress	16,661	15,377
– in use	144,366	103,026
– accumulated amortisation	(61,200)	(36,415)
	99,827	81,988
<i>Purchased</i>		
– work in progress	18,132	14,758
– in use	31,012	30,572
– accumulated amortisation	(17,994)	(13,609)
	31,150	31,721
Total intangibles	130,977	113,709

The carrying value of intangible assets was reviewed at 30 June 2012. No indicators of impairment were found for intangibles at 30 June 2012.

Note 6: Non-financial assets (continued)

Note 6D: Analysis of leasehold improvements, plant and equipment and intangibles

TABLE A: Reconciliation of the opening and closing balances of leasehold improvements, plant and equipment and intangibles (2011–12)

	Leasehold improvements \$'000	Plant & equipment \$'000	Computer software internally developed \$'000	Computer software purchased \$'000	Total \$'000
As at 1 July 2011					
Gross book value	88,985	52,751	118,403	45,330	305,469
Accumulated depreciation/ amortisation and impairment	(25,722)	(26,881)	(36,415)	(13,609)	(102,627)
Net book value 1 July 2011	63,263	25,870	81,988	31,721	202,842
Additions:					
by purchase	913	4,408	–	4,301	9,622
internally developed	–	–	43,815	–	43,815
Total additions	913	4,408	43,815	4,301	53,437
Revaluations and impairments recognised in operating result	809	1,931	–	–	2,740
Depreciation/amortisation expense	(9,373)	(5,494)	(25,962)	(4,836)	(45,665)
Write-offs recognised in the operating result	–	(287)	(14)	(36)	(337)
Net book value 30 June 2012	55,612	26,428	99,827	31,150	213,017
Net book value as of 30 June 2012 represented by:					
Gross book value	90,707	54,789	161,027	49,144	355,667
Accumulated depreciation/ amortisation	(35,095)	(28,361)	(61,200)	(17,994)	(142,650)
	55,612	26,428	99,827	31,150	213,017

Notes to and forming part of the financial statements

FOR THE YEAR ENDED 30 JUNE 2012

Note 6: Non-financial assets (continued)

Note 6D: Analysis of leasehold improvements, plant and equipment and intangibles (continued)

TABLE B: Reconciliation of the opening and closing balances of leasehold improvements, plant and equipment and intangibles (2010–11)

	Leasehold improvements \$'000	Plant & equipment \$'000	Computer software internally developed \$'000	Computer software purchased \$'000	Total \$'000
Gross book value	86,473	44,769	64,514	45,888	241,644
Accumulated depreciation/ amortisation	(18,401)	(20,876)	(20,304)	(7,487)	(67,068)
Net book value 1 July 2010	68,072	23,893	44,210	38,401	174,576
Additions:					
by purchase	5,021	10,773	–	4,190	19,984
internally developed	–	–	50,246	–	50,246
Total additions	5,021	10,773	50,246	4,190	70,230
Reclassification	–	–	5,057	(5,057)	–
Depreciation/amortisation expense	(9,784)	(8,727)	(17,187)	(5,813)	(41,511)
Write-offs recognised in the operating result	(46)	(69)	(338)	–	(453)
Net book value 30 June 2011	63,263	25,870	81,988	31,721	202,842
Net book value as of 30 June 2011 represented by:					
Gross book value	88,985	52,751	118,403	45,330	305,469
Accumulated depreciation/ amortisation	(25,722)	(26,881)	(36,415)	(13,609)	(102,627)
	63,263	25,870	81,988	31,721	202,842

	2012 \$'000	2011 \$'000
Note 6E: Other non-financial assets		
Prepayments	8,799	4,722
Total other non-financial assets	8,799	4,722
Total other non-financial assets are expected to be recovered in:		
No more than 12 months	7,528	4,136
More than 12 months	1,271	586
Total other non-financial assets	8,799	4,722

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

Note 7: Payables

	Note	2012 \$'000	2011 \$'000
Note 7A: Suppliers			
Trade creditors and accruals	15A	39,159	24,435
Total supplier payables		39,159	24,435
Supplier payables expected to be settled within 12 months:			
Related entities		680	120
External parties		38,479	24,315
Total supplier payables		39,159	24,435
Note 7B: Other payables			
Unearned revenue – Government appropriations ¹		3,788	4,183
Operating lease rent payable		9,165	7,143
Other unearned revenue ²		6,491	10,028
Property lease incentives ³		26,876	30,373
Salaries and bonuses		13,563	10,522
Superannuation		669	551
Total other payables		60,552	62,800
Total other payables are expected to be settled in:			
No more than 12 months		29,375	31,516
More than 12 months		31,177	31,284
Total other payables		60,552	62,800

1 Unearned revenue – Government appropriations represent appropriations for specific Government initiatives that have not been spent where the appropriation is conditional on any unspent balance being returned to Government.

2 The other unearned revenue relates to projects that have been approved for funding from the Companies and Unclaimed Moneys Special Account.

3 Total property lease incentives are disclosed as deferred rental expenditure at 30 June 2012. The amortisation of these amounts will be made over the life of the lease.

Notes to and forming part of the financial statements

FOR THE YEAR ENDED 30 JUNE 2012

Note 8: Provisions

	2012 \$'000	2011 \$'000
Note 8A: Employee provisions		
Annual leave entitlement	17,814	16,143
Long service leave entitlement ¹	33,870	27,853
Separations and redundancies	5,010	9,842
Total employee provisions	56,694	53,838
Employee provisions are expected to be settled in:		
No more than 12 months	18,255	24,313
More than 12 months	38,439	29,525
Total employee provisions	56,694	53,838
1 The liability for long service leave has been determined in accordance with the methodology developed by an independent actuary, refer to Note 1.9.		
Note 8B: Other provisions		
Provision for restoration obligations – leased premises	8,888	9,144
Total other provisions	8,888	9,144
Other provisions are expected to be settled in:		
No more than 12 months	40	532
More than 12 months	8,848	8,612
Total other provisions	8,888	9,144
Reconciliation of the opening and closing balance of restoration provision		
Carrying amount 1 July	9,144	10,918
Amounts used	(627)	(2,023)
Amounts reversed	(143)	(238)
Unwinding of discount or change in discount rate	514	487
Closing balance 30 June	8,888	9,144

ASIC currently has 11 agreements (2011: 13) for the leasing of premises which have provisions requiring ASIC to restore the premises to their original condition at the conclusion of the lease. ASIC has made a provision to reflect the present value of the 'make good' obligations.

Note 9: Cash flow reconciliation

Reconciliation of cash and cash equivalents as per Balance Sheet to Cash Flow Statement

	2012 \$'000	2011 \$'000
Cash and cash equivalents as per:		
Cash Flow Statement	8,777	4,734
Reconciliation of net cost of services to net cash from operating activities:		
Net cost of services	(349,717)	(361,331)
Add revenue from Government	304,259	324,038
(Deficit) attributable to the Australian Government	(45,458)	(37,293)
Adjustments for non-cash items		
Depreciation / amortisation	45,665	41,511
Net write-down of non-financial assets	337	453
Changes in assets / liabilities		
(Increase) / decrease in net receivables	(12,924)	2,006
(Increase) / decrease in prepayments	(4,077)	3,549
Increase / (decrease) in employee provisions	2,856	3,767
Increase / (decrease) in supplier payables	14,724	1,999
Increase / (decrease) in other provisions and payables	405	4,114
Net cash from operating activities	1,528	20,106

Note 10: Contingent liabilities and assets

	2012 \$'000	2011 \$'000
Contingent assets		
<i>Claims for costs</i>		
Balance from previous period	1,452	735
<i>Adjustments to prior period contingent receivables:</i>		
Assets recognised	(210)	(188)
Estimates not realisable	(748)	(195)
Revisions to estimates	50	353
New contingent receivables	165	747
Total contingent assets	709	1,452
Contingent liabilities		
<i>Claims for costs</i>		
Balance from previous period	480	50
<i>Adjustments to prior period contingent payables:</i>		
Liabilities recognised	(230)	–
Estimates not payable	–	(50)
New contingent payables	100	480
Total contingent liabilities	350	480

Notes to and forming part of the financial statements

FOR THE YEAR ENDED 30 JUNE 2012

Note 10: Contingent liabilities and assets (continued)

Quantifiable contingencies (ASIC departmental)

As at the date of this report, there are six matters (2011:15 matters) for which ASIC has received an award of costs in its favour, and agreement with respect to the quantum payable to ASIC has not been reached. ASIC has estimated these matters represent a combined receivable of \$0.709m (2011: \$1.452m), which is disclosed as a contingent asset because realisation of this debt is not virtually certain.

Quantifiable contingencies (assets held in trust)

Companies Unclaimed Moneys

Unclaimed moneys held by ASIC, pursuant to Part 9.7 of the *Corporations Act 2001*, that have not been claimed within six years are transferred to the Commonwealth and deposited into the Official Public Account. A contingent liability estimated to be \$19,599,700 (2011: \$4,659,000) represents an estimate of future claims for repayment from the Official Public Account. The estimate of future claims for repayment at 30 June 2012 was calculated using a methodology determined by an independent actuary (Russell Investment Group).

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.

In addition, like any corporate body, ASIC may from time to time be the subject of legal proceedings for damages brought against it, or may receive notice indicating that such proceedings may be brought. In either case ASIC, like any other party to civil litigation, may be required to pay the other party's costs if ASIC is unsuccessful.

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:

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

Since balance date there has been an award of costs against ASIC in this matter, however the amount that will be required to settle the claim cannot be reliably estimated at this stage.

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. 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 because 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.

Future compensation claims

The 'Scheme for Compensation for Detriment Caused by Defective Administration' (CDDA) is a method for agencies to provide compensation to persons who have been adversely affected by the maladministration of agencies, but who have no legal means to seek redress, such as a legal claim. It is not possible to estimate the value of potential future CDDA claims.

Note 11: Related party disclosures

The Commissioners of ASIC during the financial year were:

G. J. Medcraft (Chairman)
 B. G. Gibson (Deputy Chairman)
 P. J. Boxall (Commissioner to 22 November 2011)
 M. J. Dwyer (Commissioner to 9 December 2011)
 S. F. Tregillis (Commissioner to 23 August 2011)
 P. R. Kell (Commissioner from 7 November 2011)
 J. D. Price (Commissioner from 22 March 2012)
 G. M. Tanzer (Commissioner from 23 January 2012)

Loans to Commissioners and Commissioner-related entities

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

Other transactions with Commissioner-related entities

There were no other transactions with Commissioner-related entities during the reporting period, other than the payment of fees levied under the *Corporations (Fees) Act 2001* and *Corporations (Review Fees) Act 2003*.

Note 12: Remuneration of Commissioners

Note 12A: Total remuneration expense recognised in relation to Commissioners

	2012 \$	2011 \$
Short-term employee benefits:		
Salary	2,230,226	2,564,322
Annual leave accrued	(24,229)	(46,861)
Car parking fringe benefits	55,636	88,731
Total short-term employee benefits	2,261,633	2,606,192
Post-employment benefits:		
Superannuation	167,385	276,786
Other long-term benefits:		
Long service leave accrued	(78,595)	(17,478)
Total remuneration expense for Commissioners¹	2,350,423	2,865,500

¹ Excludes acting arrangements and part-year service where the total remuneration expensed was less than \$150,000.
 The number of Commissioners whose remuneration is disclosed above is seven (2011: six)

Notes to and forming part of the financial statements

FOR THE YEAR ENDED 30 JUNE 2012

Note 12: Remuneration of Commissioners (continued)

Note 12B: Average annual reportable remuneration paid to Commissioners during the reporting period
2012

Average annual reportable remuneration ¹					
	Commissioners No.	Reportable salary ^{2,3} \$	Contributed super- annuation ^{3,4} \$	Reportable allowances ⁵ \$	Total \$
Total remuneration (including part-time arrangements):					
less than \$150,000	2	106,567	7,140	–	113,707
\$150,000 to \$179,999	1	105,402	54,506	–	159,908
\$210,000 to \$239,999	1	193,009	43,995	–	237,004
\$240,000 to \$269,999	1	244,715	20,088	–	264,803
\$300,000 to \$329,999	1	277,093	31,478	154	308,725
\$540,000 to \$569,999	1	514,280	34,758	–	549,038
\$660,000 to \$689,999	1	637,341	45,170	–	682,511
Total	8				

2011

Average annual reportable remuneration ¹					
	Commissioners No.	Reportable salary ^{2,3} \$	Contributed super- annuation ^{3,4} \$	Reportable allowances ⁵ \$	Total \$
Total remuneration (including part-time arrangements):					
\$390,000 to \$419,999	2	365,336	42,360	–	407,696
\$420,000 to \$449,999	1	380,670	41,809	–	422,479
\$450,000 to \$479,999	1	422,257	50,000	–	472,257
\$480,000 to \$509,999	1	382,401	120,273	–	502,674
\$600,000 to \$629,999	1	595,278	30,134	–	625,412
Total	6				

1 This table reports on Commissioners who are employed by ASIC during the reporting period. Each row represents an average figure, based on headcount for the individuals in the band and in accordance with a determination of the Remuneration Tribunal for each individual.

2 'Reportable salary' includes the following:

- a) gross payments; and
- b) reportable fringe benefits (at the net amount prior to 'grossing up' to account for tax benefits).

3 Various salary sacrifice arrangements were available to Commissioners including superannuation, motor vehicle and expense payment fringe benefits. Salary sacrifice benefits are reported in the 'reportable salary' column, excluding salary sacrificed superannuation, which is reported in the 'contributed superannuation' column.

4 The 'contributed superannuation' amount is the average actual superannuation contributions paid for Commissioners in that reportable remuneration band during the reporting period, including any salary sacrificed amounts as per the individuals' payslips.

5 'Reportable allowances' are the average actual allowances paid as per the 'total allowances' line on individuals' payment summaries.

Note 13: Remuneration of senior executives

Note 13 discloses the remuneration of those senior executives who are either classified in Groups 9–11 of the Public Service Classification Rules 2000 or those who perform functions controlling operational activities that directly impact the economic function and viability of ASIC and whose employment conditions are equivalent to SES employment conditions of service.

Note 13A includes executives acting in a higher capacity where their senior executive remuneration during the period exceeds \$150,000. Note 13B discloses only those senior executives appointed to a senior executive role in a substantive capacity during the reporting period. Note 13A is prepared on an accruals basis therefore the performance bonus expense in Note 13A may differ from the cash 'Bonus paid' in Note 13B.

Note 13A: Total expense recognised in relation to employment of senior executives

	2012 \$	2011 \$
Short-term employee benefits:		
Salary and performance bonuses	8,430,163	8,069,638
Annual leave accrued	44,962	38,993
Motor vehicle allowances and other short-term benefits	1,167,928	1,100,070
Total short-term employee benefits	9,643,053	9,208,701
Post-employment benefits:		
Superannuation	907,651	913,761
Other long-term benefits:		
Long service leave accrued	(82,727)	85,153
Termination benefits	200,436	–
<i>Total remuneration expense for senior executives^{1,2}</i>	10,668,413	10,207,615

1 Excludes acting arrangements and part-year service where remuneration expensed was less than \$150,000. The number of senior executives whose remuneration is disclosed above is 38 (2011: 37).

2 Total remuneration expense for senior executives in 2010–11 is \$772,678 higher than the amount reported in the 2010–11 financial statements. Of this \$1,048,845 relates to the remuneration for four senior executives previously omitted. This was partially offset by a decrease of \$276,167 in bonus expense. The decrease in bonus expense included above is calculated on an accruals basis and previously it reflected the actual bonus paid in 2010–11.

Notes to and forming part of the financial statements

FOR THE YEAR ENDED 30 JUNE 2012

Note 13: Remuneration of senior executives (continued)

Note 13B: Average annual reportable remuneration paid to substantive senior executives during the reporting period¹

Average annual reportable remuneration ²	2012					
	Senior Executives No.	Reportable salary ^{3,4} \$	Contributed superannuation ^{4,5} \$	Reportable allowances ⁶ \$	Bonus paid ⁷ \$	Total \$
Total remuneration (including part-time arrangements):						
less than \$150,000	3	57,073	4,229	–	5,660	66,962
\$150,000 to \$179,999	2	130,264	14,307	–	9,366	153,937
\$180,000 to \$209,999	1	167,518	21,945	397	–	189,860
\$210,000 to \$239,999	2	197,173	20,997	150	15,806	234,126
\$240,000 to \$269,999	7	214,990	24,722	74	19,626	259,412
\$270,000 to \$299,999	6	225,056	36,060	–	21,402	282,518
\$300,000 to \$329,999	4	254,871	29,012	–	22,156	306,039
\$330,000 to \$359,999	4	270,165	43,699	–	22,676	336,540
\$360,000 to \$389,999	2	262,327	69,106	–	33,122	364,555
\$390,000 to \$419,999	1	311,019	49,247	–	36,972	397,238
Total	32					

1 This table reports on substantive senior executives who are employed by ASIC during the reporting period.

2 Each row represents an averaged figure, based on headcount for the individuals in the band.

3 'Reportable salary' includes the following:

- gross payments (less any bonuses paid, which are separated out and disclosed in the 'bonus paid' column);
- reportable fringe benefits (at the net amount prior to 'grossing up' to account for tax benefits); and
- exempt foreign employment income.

4 Various salary sacrifice arrangements were available to senior executives including superannuation, motor vehicle and expense payment fringe benefits. Salary sacrifice benefits are reported in the 'reportable salary' column, excluding salary sacrificed superannuation, which is reported in the 'contributed superannuation' column.

5 The 'contributed superannuation' amount is the average actual superannuation contributions paid for senior executives in that reportable remuneration band during the reporting period, including any salary sacrificed amounts as per the individuals' payslips.

6 'Reportable allowances' are the average actual allowances paid as per the 'total allowances' line on individuals' payment summaries.

7 'Bonus paid' represents average actual bonuses paid during the reporting period in that reportable remuneration band. The 'bonus paid' within a particular band may vary between financial years due to various factors such as individuals commencing with or leaving ASIC during the financial year.

Note 13: Remuneration of senior executives (continued)

Note 13B: Average annual reportable remuneration paid to substantive senior executives during the reporting period¹ (continued)

Average annual reportable remuneration ²	2011					
	Senior Executives No.	Reportable salary ^{3,4} \$	Contributed superannuation ^{4,5} \$	Reportable allowances ⁶ \$	Bonus paid ⁷ \$	Total \$
Total remuneration (including part-time arrangements):						
less than \$150,000	5	78,410	8,713	–	6,841	93,964
\$150,000 to \$179,999	2	146,830	12,909	–	15,090	174,829
\$180,000 to \$209,999	1	182,953	14,147	–	12,615	209,715
\$210,000 to \$239,999	2	196,233	19,661	–	10,964	226,858
\$240,000 to \$269,999	6	221,949	22,956	–	11,088	255,993
\$270,000 to \$299,999	6	226,395	32,896	–	20,271	279,562
\$300,000 to \$329,999	3	262,517	39,226	–	15,504	317,247
\$330,000 to \$359,999	5	273,791	37,381	–	29,070	340,242
\$360,000 to \$389,999	2	271,256	71,105	–	35,427	377,788
Total	32					

1 This table reports on substantive senior executives who are employed by ASIC during the reporting period.

2 Each row represents an averaged figure, based on headcount for the individuals in the band.

3 'Reportable salary' includes the following:

- a) gross payments (less any bonuses paid, which are separated out and disclosed in the 'bonus paid' column);
- b) reportable fringe benefits (at the net amount prior to 'grossing up' to account for tax benefits); and
- c) exempt foreign employment income.

4 Various salary sacrifice arrangements were available to senior executives including superannuation, motor vehicle and expense payment fringe benefits. Salary sacrifice benefits are reported in the 'reportable salary' column, excluding salary sacrificed superannuation, which is reported in the 'contributed superannuation' column.

5 The 'contributed superannuation' amount is the average actual superannuation contributions paid for senior executives in that reportable remuneration band during the reporting period, including any salary sacrificed amounts as per the individuals' payslips.

6 'Reportable allowances' are the average actual allowances paid as per the 'total allowances' line on individuals' payment summaries.

7 'Bonus paid' represents average actual bonuses paid during the reporting period in that reportable remuneration band. The 'bonus paid' within a particular band may vary between financial years due to various factors such as individuals commencing with or leaving ASIC during the financial year.

Notes to and forming part of the financial statements

FOR THE YEAR ENDED 30 JUNE 2012

Note 13: Remuneration of senior executives (continued)

Note 13C: Other highly paid staff

Average annual reportable remuneration ¹	2012					Total \$
	No. of staff	Reportable salary ^{2,3}	Contributed superannuation ^{3,4}	Reportable allowances ⁵	Bonus paid ⁶	
		\$	\$	\$	\$	
Total remuneration (including part-time arrangements):						
\$150,000 to \$179,000	121	128,694	22,459	17	10,178	161,348
\$180,000 to \$209,999	23	151,098	28,645	–	12,794	192,537
\$210,000 to \$239,999	13	181,360	25,751	9	14,457	221,577
\$240,000 to \$269,999	3	222,620	25,931	24	12,988	261,563
\$270,000 to \$299,999	1	227,651	24,789	–	24,408	276,848
\$300,000 to \$329,999	1	241,933	26,072	–	32,115	300,120
Total	162					

Average annual reportable remuneration ¹	2011					
	No. of staff	Reportable salary ^{2,3}	Contributed superannuation ^{3,4}	Reportable allowances ⁵	Bonus paid ⁶	Total
		\$	\$	\$	\$	
Total remuneration (including part-time arrangements):						
\$150,000 to \$179,999	107	126,410	23,499	29	9,874	159,812
\$180,000 to \$209,999	20	154,105	27,127	–	11,013	192,245
\$210,000 to \$239,999	13	183,683	25,088	33	13,574	222,378
\$240,000 to \$269,999	3	221,093	27,233	208	9,953	258,487
\$270,000 to \$299,999	2	228,314	28,455	641	29,582	286,992
Total	145					

1 This table reports staff:

- a) who were employed by ASIC during the reporting period;
 - b) whose reportable remuneration was \$150,000 or more for the reporting period; and
 - c) were not required to be disclosed in Note 12B or Note 13B
 - d) who were statutory appointments of the Superannuation Complaints Tribunal during the reporting period.
- Each row is an averaged figure based on headcount for individuals in the band remuneration package band (i.e. the 'Total' column).

2 'Reportable salary' includes the following:

- a) gross payments (less any bonuses paid, which are separated out and disclosed in the 'bonus paid' column);
- b) reportable fringe benefits (at the net amount prior to 'grossing up' to account for tax benefits); and
- c) exempt foreign employment income.

3 Various salary sacrifice arrangements were available to these employees including superannuation, motor vehicle and expense payment fringe benefits. Salary sacrifice benefits are reported in the 'reportable salary' column, excluding salary sacrificed superannuation, which is reported in the 'contributed superannuation' column.

4 The 'contributed superannuation' amount is the average actual superannuation contributions paid to the employees in that reportable remuneration band during the reporting period, including any salary sacrificed amounts as per individuals' payslips.

5 'Reportable allowances' are the average actual allowances paid as per the 'total allowances' line on individuals' payment summaries.

6 'Bonus paid' represents average actual bonuses paid during the reporting period in that reportable remuneration band. The 'bonus paid' within a particular band may vary between financial years due to various factors such as individuals commencing with or leaving ASIC during the financial year.

Note 14: Remuneration of auditors

	2012 \$	2011 \$
Financial statement audit services were provided free of charge to ASIC. The fair value of that service during the reporting period is:	181,000	176,000
No other services were provided by the Auditor-General.	181,000	176,000

Note 15: Financial instruments

	Note	2012 \$'000	2011 \$'000
Note 15A: Categories of financial instruments			
Financial assets			
Loans and receivables:			
Cash and cash equivalents		8,777	4,734
Receivables for goods and services (net of impairment allowance)		4,256	12,640
Carrying amount of financial assets	16	13,033	17,374
Financial liabilities			
At amortised cost:			
Trade creditors		39,159	24,435
Carrying amount of financial liabilities		39,159	24,435
Note 15B: Net income and (expense) from financial assets			
Loans and receivables			
Impairment		(46)	(149)
Net gain/(expense) from financial assets		(46)	(149)

Note 15C: Fair values of financial instruments

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

Note 15D: Credit risk

ASIC is exposed to minimal credit risk as loans and receivables are cash and trade receivables. The maximum exposure to credit risk is the risk that arises from potential default of a debtor. This amount is equal to the total amount of trade receivables, 2012: \$4,444,063 (2011: \$13,089,617). ASIC has assessed the risk of the default on payment for each receivable and has allocated \$188,476 in 2012 (2011: \$449,901) to the impairment allowance account.

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

ASIC holds no collateral to mitigate against credit risk.

The following table illustrates ASIC's gross exposure to credit risk, excluding any collateral or credit enhancements.

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

Notes to and forming part of the financial statements

FOR THE YEAR ENDED 30 JUNE 2012

Note 15: Financial instruments (continued)

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

	Not past due nor impaired 2012 \$'000	Not past due nor impaired 2011 \$'000	Past due or impaired 2012 \$'000	Past due or impaired 2011 \$'000
Loans and receivables				
Cash and cash equivalents	8,777	4,734	–	–
Receivables for goods and services (gross)	3,723	10,664	721	2,426
Total	12,500	15,398	721	2,426

Ageing of financial assets that are past due but not impaired for 2012:

	Overdue by				
	0 to 30 days \$'000	31 to 60 days \$'000	61 to 90 days \$'000	More than 90 days \$'000	Total \$'000
Loans and receivables					
Receivables for goods and services	185	37	–	311	533
Total	185	37	–	311	533

Ageing of financial assets that are past due but not impaired for 2011:

	Overdue by				
	0 to 30 days \$'000	31 to 60 days \$'000	61 to 90 days \$'000	More than 90 days \$'000	Total \$'000
Loans and receivables					
Receivables for goods and services	32	1,871	–	73	1,976
Total	32	1,871	–	73	1,976

Note 15E: Liquidity risk

ASIC's financial liabilities are trade creditors. ASIC does not expect to have difficulty meeting its financial liabilities as and when they become due and payable.

ASIC receives appropriations from the Federal Government to deliver the outcomes defined in Note 1.1. ASIC is a FMA agency and is therefore required to comply with government policies, including the prompt payment of suppliers.

All ASIC's financial liabilities as at 30 June 2012 and 30 June 2011 were payable within one year.

As at 30 June 2012 ASIC has no financial liabilities payable on demand (2011: nil).

Note 15F: Market risk

Currency risk

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

Interest rate risk

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

Note 16: Financial assets reconciliation

	2012 \$'000	2011 \$'000
Total financial assets as per balance sheet	98,258	81,291
Less: non-financial instrument components:		
Appropriations receivable	80,999	60,404
GST receivable included in financial assets	4,226	3,513
Total non-financial instrument components	85,225	63,917
Total financial assets as per financial instruments note	13,033	17,374

Note 17: Administered – Expenses

EXPENSES	Notes	2012 \$'000	2011 \$'000
Note 17A: Grants			
Private Sector:			
Insolvency practitioners ¹		1,823	2,349
Total grants		1,823	2,349
1 ASIC administers payments to registered insolvency practitioners to undertake preliminary investigations of suspected breaches of directors' duties and fraudulent conduct and to report the outcome of their findings to ASIC for further action as appropriate.			
Note 17B: Write-down and impairment of assets			
Bad and doubtful debts expense		39,921	30,744
Waiver of fees and charges owing		3,119	2,335
Total write-down and impairment of assets	19B	43,040	33,079
Note 17C: Other expenses			
Refunds paid to bank and deposit taking institution account holders	26D	32,769	34,001
Refunds paid to life insurance policy holders	26D	4,602	3,114
Total other expenses		37,371	37,115

Notes to and forming part of the financial statements

FOR THE YEAR ENDED 30 JUNE 2012

Note 18: Administered – Income

OWN-SOURCE INCOME	2012 \$'000	2011 \$'000
Non-taxation revenue		
Note 18: Non-taxation revenue		
Fees from the Corporations Act, National Consumer Credit Protection Act and Business Names Registration (Fees) Act ¹	577,215	531,768
Fines from the Corporations Act and National Consumer Credit Protection Act ¹	86,395	90,337
<i>Total Corporations Act, National Consumer Credit Protection Act and Business Names Registration fees and fines</i>	663,610	622,105
Moneys received from banks and deposit taking institutions in respect of accounts inactive for seven or more years	61,227	57,291
Moneys received from life insurance institutions and friendly societies for policies not claimed within seven years	8,769	5,505
Total non-taxation revenue	733,606	684,901

Corporations Act, National Consumer Credit Protection Act and Business Names Registration Act fees and fines

	2012 \$'000	2012 \$'000	2012 \$'000	2011 \$'000	2011 \$'000	2011 \$'000
	Fees	Fines	Total	Fees	Fines	Total
Mandatory collections ¹	521,814	84,823	606,637	478,564	78,425	556,989
Information broker fees ²	53,648	–	53,648	52,598	–	52,598
Other fees ²	1,753	–	1,753	606	–	606
Court receivables ³	–	1,572	1,572	–	11,912	11,912
	577,215	86,395	663,610	531,768	90,337	622,105

1 Fees and charges arise from actions which are mandatory under the *Corporations Act 2001*, the *National Consumer Credit Protection Act 2009* and *Business Names Registration (Fees) Act 2011*. Examples include fees prescribed in the *Corporations (Fees) Act 2001*, the *Corporations (Review Fees) Act 2003* and the *National Consumer Credit Protection (Fees) Regulations 2010* and *Business Names Registration (Fees) Regulations 2011*.

2 Fees and charges paid by information brokers (intermediaries between ASIC and the consumer) and other consumers for information provided by ASIC from its corporations information database.

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

Notes to the Schedule of Administered Items

FOR THE YEAR ENDED 30 JUNE 2012

Note 19: Administered – Financial assets

Financial assets	Notes	2012 \$'000	2011 \$'000
Note 19A: Cash and cash equivalents			
<i>Total cash and cash equivalents</i>	24A	1,373	3,167
Note 19B: Receivables			
Corporations Act:			
Corporations Act fees and charges		144,354	126,719
Information brokers fees		6,005	6,100
Other receivables:			
GST receivable from ATO	25	90	173
<i>Total receivables (gross)</i>		150,449	132,992
Less: impairment allowance account:			
Corporations Act fees and charges		45,733	35,254
<i>Total receivables (net)</i>		104,716	97,738
Receivables were aged as follows:			
Not overdue		75,924	64,769
Overdue by:			
Less than 30 days		12,506	20,287
30 to 60 days		9,499	6,814
61 to 90 days		4,721	4,121
More than 90 days		47,799	37,001
<i>Total receivables (gross)</i>		150,449	132,992
The impairment allowance account is aged as follows:			
Not overdue		634	488
Overdue by:			
Less than 30 days		547	400
30 to 60 days		1,479	1,230
61 to 90 days		1,136	1,021
More than 90 days		41,937	32,115
<i>Total impairment allowance account</i>		45,733	35,254
Receivables are due from entities that are not part of the Australian Government.			
Credit terms for goods and services were within 30 days (2011: 30 days)			
Reconciliation of the movement in the impairment allowance account			
Opening balance 1 July		35,254	32,759
Amounts written off		(29,442)	(28,249)
Amounts waived		(3,119)	(2,335)
Increase in impairment allowance recognised as an expense		43,040	33,079
<i>Closing balance</i>		45,733	35,254

Notes to the Schedule of Administered Items

FOR THE YEAR ENDED 30 JUNE 2012

Note 20: Administered – Payables

Note 20: Other payables	Note	2012 \$'000	2011 \$'000
Corporations Act refunds ¹		11,099	6,226
Unallocated moneys – Corporations Act ¹		3,185	3,298
Grants payable ²	24A	761	1,084
Total other payables		15,045	10,608

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

1 All other payables are expected to be settled within 12 months. Settlement is usually made within 30 days.

2 Settlement is usually made according to the terms and conditions of each grant. This is usually within 30 days of performance and eligibility.

Note 21: Administered cash flow reconciliation

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

	2012 \$'000	2011 \$'000
Cash and cash equivalents as per:		
Administered Cash Flow Statement	1,373	3,167
Reconciliation of net cost of services to net cash from operating activities:		
Net contribution to budget outcome	651,372	612,358
Changes in assets/liabilities		
Increase / (decrease) in allowance for doubtful debts	10,479	2,495
Increase/ (decrease) in payables and provisions	4,437	2,782
(Increase) / decrease in receivables	(17,457)	(13,287)
	(2,541)	(8,010)
Net cash provided by operating activities	648,831	604,348

Note 22: Administered contingent liabilities

Quantifiable administered contingencies

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

Banking Act administration

Moneys from bank and deposit taking institution accounts inactive for seven or more years are transferred to the Commonwealth and are deposited into the OPA. The contingent liability disclosed in the Schedule of Administered Commitments and Contingencies represents an estimate of future claims for repayment, where the validity of the claim has been established by the relevant institution.

An actuarial assessment of the amount of claims that are likely to be lodged with ASIC in respect to Banking Act Unclaimed Moneys was conducted by the Russell Investment Group to calculate the 30 June 2011 contingent liability (2011: \$38.193m). ASIC has used this method to calculate the contingent liability as at 30 June 2012 (2012:\$39.099m).

Life Insurance Act administration

Moneys in respect of matured life insurance policies that have not been claimed within seven years are transferred to the Commonwealth from life insurance companies and friendly societies, and are deposited into the OPA. The contingent liability disclosed in the Schedule of Administered Commitments and Contingencies above represents an estimate of the future claims for repayment, where the validity of the claim has been established by the relevant institution.

An actuarial assessment of the amount of claims that are likely to be lodged with ASIC in respect to Life Insurance Act Unclaimed Moneys was conducted by the Russell Investment Group to calculate the 30 June 2011 contingent liability (2011:\$5.157m). ASIC has used this method to calculate the contingent liability as at 30 June 2012 (2012:\$5.815m).

Unquantifiable administered contingencies

There are no unquantifiable administered contingent liabilities.

Note 23: Administered contingent assets

There are no administered contingent assets.

Notes to the Schedule of Administered Items

FOR THE YEAR ENDED 30 JUNE 2012

Note 24: Administered financial instruments

	2012 \$'000	2011 \$'000
Note 24A: Categories of financial instruments		
Financial assets		
Cash and cash equivalents	1,373	3,167
Financial liabilities		
At amortised cost:		
Grants payable	761	1,084

Note 24B: Fair values of financial instruments

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

Note 24C: Credit risk

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

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

Note 24D: Liquidity risk

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

All administered financial liabilities as at 30 June 2012 and 30 June 2011 are payable within one year.

Note 25: Administered financial assets reconciliation

	2012 \$'000	2011 \$'000
Note 25: Financial Assets		
Total financial assets as per schedule of administered assets and liabilities	106,089	100,905
Less: non-financial instrument components		
Net statutory receivables ¹	104,626	97,565
GST receivable from the Australian Taxation Office	90	173
Total non-financial instrument components	104,716	97,738
Total financial assets as per financial instruments note	1,373	3,167

1 Statutory receivables refer to fees and fines receivable under the Corporations Act, National Consumer Credit Protection Act and Business Names Registration (Fees) Act. In accordance with the FMOs these are not classified as financial instruments because they relate to a legislative rather than contractual obligation.

Note 26: Appropriations

Table A1: Annual appropriations ('recoverable GST exclusive')

	2012 Appropriations			Appropriations applied in 2012 (current and prior years) \$'000	Variance ² \$'000
	Appropriation Act	Appropriations reduced ¹ \$'000	FMA Act		
	Annual Appropriation \$'000		Section 31 \$'000	Total appropriation \$'000	
DEPARTMENTAL					
Ordinary annual services	387,550	(639)	39,927	426,838	66,772
Other services					
Equity	6,462	(4,250)		2,212	(15,069)
Total departmental	394,012	(4,889)	39,927	429,050	51,703
ADMINISTERED					
Ordinary annual services					
Administered items	3,471	(1,648)		1,823	(129)
Total administered	3,471	(1,648)		1,823	(129)

¹ Departmental appropriations do not lapse at financial year-end. However, the responsible Minister may decide that part or all of a departmental appropriation is not required and request the Finance Minister to reduce that appropriation. On 26 June 2012, the Finance Minister issued a determination to reduce departmental appropriations following a request by the Minister. The amount of the reduction under Appropriation Act (No. 2) 2010–2011 was \$4.250m and a reduction under Appropriation Act (No. 1) 2011–2012 was \$0.639m.

As with departmental appropriations, the responsible Minister may decide that part or all of an administered appropriation is not required and request that the Finance Minister reduce that appropriation. For administered appropriations reduced under section 11 of Appropriation Act (No. 1) 2011–2012, the appropriation is taken to be reduced to the required amount specified in this note once the annual report is tabled in Parliament.

² The variance for departmental ordinary annual services primarily relates to funding credited to the Enforcement Special Account and not drawn upon in 2011–12. Also contributing to the variance is a supplementary appropriation which ASIC received in 2011–12 for expenditure incurred in 2010–11 and an increase in unpaid invoices at balance date.

Notes to and forming part of the financial statements

FOR THE YEAR ENDED 30 JUNE 2012

Note 26: Appropriations (continued)

Table A2: Annual appropriations ('recoverable GST exclusive')

	2011 Appropriations				Appropriations applied in 2011 (current and prior years) \$'000	Variance ^{2,3} \$'000
	Appropriation Act		FMA Act			
	Annual Appropriation \$'000	Appropriations reduced ¹ \$'000	Section 31 \$'000	Total appropriation \$'000		
DEPARTMENTAL						
Ordinary annual services	340,756	–	28,592	369,348	384,083	(14,735)
Other services						
Equity	34,141			34,141	22,318	11,823
Total departmental	374,897	–	28,592	403,489	406,401	(2,912)
ADMINISTERED						
Ordinary annual services						
Administered items	3,450	(1,101)		2,349	2,279	70
Total administered	3,450	(1,101)		2,349	2,279	70

1 Departmental appropriations do not lapse at financial year-end. However, the responsible Minister may decide that part or all of a departmental appropriation is not required and request the Finance Minister to reduce that appropriation. No reduction has been made by the Finance Minister in respect of ASIC's 2010–11 appropriation.

2 The variance for Departmental ordinary annual services primarily relates to activities funded by supplementary appropriation which will be received in 2011–12.

3 The underspend in departmental equity appropriations in 2010–11 primarily relates to the delay in implementation of the National Business Names initiative and capital expenditure savings in respect of supervision of financial markets funding.

Note 26: Appropriations (continued)

Table B1: Departmental Capital Budget ('recoverable GST exclusive')

	2012 Capital Budget Appropriation				Capital Budget Appropriations applied in 2012 (current and prior years)		
	Appropriation Act		FMA Act		Total Capital Budget Appropriation	Payment for non-financial assets ³ \$'000	Payment for other purposes \$'000
	Annual Capital Appropriation \$'000	Appropriations reduced ² \$'000	Section 32 \$'000	Section 32 \$'000			
DEPARTMENTAL							
Ordinary annual services							
– Departmental							
Capital Budget ¹	58,646	–	–	–	58,646	39,065	–
							39,065
							19,581

1 Departmental Capital Budgets are appropriated through Appropriation Acts (No.1,3,5). They form part of ordinary annual services, and are not separately identified in the Appropriation Acts. For more information on ordinary annual services appropriations, please see Table A: Annual appropriations.

2 Appropriations reduced under Appropriation Acts (No.1,3,5) 2011–2012: sections 10, 11, 12 and 15 or via a determination by the Finance Minister.

3 Payments made on non-financial assets include purchases of assets, expenditure on assets which has been capitalised, costs incurred to make good an asset to its original condition, and the capital repayment component of finance leases.

4 The variance for Departmental Capital Budget primarily relates to activities funded by supplementary appropriation which was spent in 2010–11 and received in 2011–12.

Notes to and forming part of the financial statements

FOR THE YEAR ENDED 30 JUNE 2012

Note 26: Appropriations (continued)

Table B2: Departmental Capital Budget ('recoverable GST exclusive')

	2011 Capital Budget Appropriation			Capital Budget Appropriations applied in 2011 (current and prior years)			
	Appropriation Act		FMA Act	Total Capital Budget Appropriation \$'000	Payment for non-financial assets ³ \$'000	Payment for other purposes \$'000	Total payments \$'000
	Annual Capital Appropriation \$'000	Appropriations reduced ² \$'000	Section 32 \$'000				
DEPARTMENTAL							
Ordinary annual services							
– Departmental Capital Budget ¹	22,800	–	–	22,800	45,664	–	45,664
							(22,864)

1 Departmental Capital Budgets are appropriated through Appropriation Acts (No.1,3,5). They form part of ordinary annual services, and are not separately identified in the Appropriation Acts. For more information on ordinary annual services appropriations, please see Table A: Annual appropriations.

2 Appropriations reduced under Appropriation Acts (No.1,3,5) 2010–2011: sections 10, 11, 12 and 15 or via a determination by the Finance Minister.

3 Payments made on non-financial assets include purchases of assets, expenditure on assets which has been capitalised, costs incurred to make good an asset to its original condition, and the capital repayment component of finance leases.

4 The variance for Departmental Capital Budget primarily relates to activities funded by supplementary appropriation which will be received in 2011–12.

Note 26: Appropriations (continued)

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

	Note	2012 \$'000	2011 \$'000
Authority			
Appropriation Act (No.1) 2005–2006		267	267
Appropriation Act (No.1) 2010–2011		–	30,136
Appropriation Act (No.2) 2010–2011		59	15,129
Appropriation Act (No.3) 2010–2011		1,514	1,514
Appropriation Act (No.4) 2008–2009		–	2,552
Appropriation Act (No.1) 2011–2012		54,701	–
Appropriation Act (No.1) DCB 2011–2012		21,904	–
Appropriation Act (No.2) 2011–2012		2,554	–
Enforcement Special Account ²	30A	20,086	4,494
Total¹		101,085	54,092

1 The total amount of unspent appropriations as at balance date does not agree to the 'Appropriations receivable' shown in Note 5B. The difference as at 30 June 2012 of \$20.086m relates to ESA revenue not drawn down. The difference as at 30 June 2011 of \$8.472m relates to supplementary funding ASIC received in the 2011–12 approval to spend in 2010–11 but will receive in Appropriation Act (No.1) 2011–2012 and Appropriation Act (No.2) 2011–2012. The supplementary funding relates to the competition for market services and implementation of Stronger Super initiatives.

2 The 2010–11 comparative is higher than what was reported in the 2010–11 financial statements which represented ASIC's entitlement to ESA for expenditure incurred in 2010–11.

Notes to and forming part of the financial statements

FOR THE YEAR ENDED 30 JUNE 2012

Note 26: Appropriations (continued)

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

Authority	Type	Purpose	Appropriation applied	
			2012 \$'000	2011 \$'000
s69 <i>Banking Act 1959</i> , Administered	Unlimited	ASIC has responsibility for the administration of unclaimed moneys from banking and deposit taking institutions. Moneys from banking and deposit taking institution accounts that remain inactive for seven or more years are transferred to the Commonwealth, and are deposited into the OPA. 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.	32,769	34,001
s216 <i>Life Insurance Act 1995</i> , Administered	Unlimited	ASIC has responsibility for the administration of unclaimed moneys from life insurance institutions and friendly societies. Moneys in respect of matured life insurance policies that have not been claimed within seven years are transferred to the Commonwealth and are deposited into the OPA. ASIC receives special appropriations from the OPA (section 216 <i>Life Insurance Act 1995</i>) to refund amounts to life insurance policy holders.	4,602	3,114
s28 FMA Act, <i>Corporations Act 2001</i> (Refunds of overpaid Corporations Act fees and charges), Administered	Unlimited	ASIC has responsibility for the administration and collection of Corporations Act fees and charges. All fees and charges are deposited into the CRF as received. Refunds of overpayments are appropriated under section 28 of the FMA Act.	4,043	6,937
s28 FMA Act, <i>Corporations Act 2001</i> (Companies and Unclaimed Moneys Special Account), Administered	Unlimited	ASIC has responsibility for the administration of unclaimed moneys from the Companies and Unclaimed Moneys Special Account. Moneys that are not claimed within six years are transferred to the Commonwealth (Part 9.7 of the <i>Corporations Act 2001</i>), and are deposited into the OPA. Refunds are appropriated under section 28 of the FMA Act.	1,259	1,160
Total			42,673	45,212

Note 26: Appropriations (continued)

Table E1: Reduction in administered items ('recoverable GST exclusive')

2012	Amount required ³ – by Appropriation Act	Total amount required ³	Total amount appropriated ⁴	Total reduction ⁵
Ordinary annual services	Act (No.1)			
Outcome 1	1,823,417.74	1,823,417.74	3,471,000.00	1,647,582.26

Notes:

- 1 Numbers in this section of the table must be disclosed to the cent.
- 2 Administered items for 2012 were reduced to these amounts when these financial statements were tabled in Parliament as part of ASIC's 2011–12 annual report. This reduction is effective in 2013, but the amounts are reflected in Table A in the 2011–12 financial statements in the column 'Appropriations reduced' as they were adjustments to 2012 appropriations.
- 3 Amount required as per Appropriation Act (Act 1 s11; Act 2 s12).
- 4 Total amount appropriated in 2012.
- 5 Total reduction effective in 2013.

Table E2: Reduction in administered items ('recoverable GST exclusive')

2011	Amount required ³ – by Appropriation Act	Total amount required ³	Total amount appropriated ⁴	Total reduction ⁵
Ordinary annual services	Act (No.1)			
Outcome 1	2,349,315.86	2,349,315.86	3,450,000.00	1,100,684.14

Notes:

- 1 Numbers in this section of the table must be disclosed to the cent.
- 2 Administered items for 2011 were reduced to these amounts when these financial statements were tabled in Parliament as part of the entity's 2011 annual report. This reduction was effective in 2012, but the amounts were reflected in Table A in the 2011 financial statements in the column 'Appropriations reduced' as they were adjustments to 2011 appropriations.
- 3 Amount required as per Appropriation Act (Act 1 s11; Act 2 s12).
- 4 Total amount appropriated in 2011.
- 5 Total reduction effective in 2012.

Note 27: Expenditure relating to statutory boards and tribunal

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

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

	2012 \$'000	2011 \$'000
Companies Auditors and Liquidators Disciplinary Board	466	483
Superannuation Complaints Tribunal	5,753	5,840

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.

Notes to and forming part of the financial statements

FOR THE YEAR ENDED 30 JUNE 2012

Note 28: 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.

ASIC generally only deals with vested property once an application is made by a third party for ASIC to exercise its powers under section 601AE of the *Corporations Act 2001*. ASIC does not consider it practical to value any identified property vesting and consequently such property is not recorded or disclosed in these financial statements.

Note 29: Security deposits from dealers, investment advisers and liquidators

The *Corporations Act 2001* and the *Corporations Regulations 2001* requires 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 moneys, deposits, stock, bonds or guarantees are not available to ASIC and are not recognised in the financial statements.

	2012 \$'000	2011 \$'000
Security deposits under <i>Corporations Regulations 2001</i> regulation 7.6.02AA (dealers and investment advisers)		
Cash (at bank) ¹	303	303
Inscribed stock	20	20
Insurance bonds	20	20
Bank guarantees	11,860	16,890
Closing balance	12,203	17,233

1 The balance represents cash attributable to security holders. The Security Deposits Special Account in Note 30D includes accrued interest.

Security deposits under *Corporations Act 2001* section 1284(1) (liquidators)

Insurance bonds	1,800	1,800
Closing balance	1,800	1,800

Note 30: Special Accounts and FMA Act section 39

Note 30A: Enforcement Special Account (Departmental)

Legal authority – section 20 (1) *Financial Management and Accountability Act 1997* and *Financial Management and Accountability Determination 2006/31 – Enforcement Special Account Establishment 2006*

Appropriation – section 20 *Financial Management and Accountability Act 1997*

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 matters of significant public interest.

	2012 \$'000	2011 \$'000
Balance carried forward from previous year	4,494	6,508
Appropriation for the reporting period	30,000	30,000
Available for payments	34,494	36,508
Cash payments from the Special Account ¹	(14,408)	(32,014)
Balance available to draw down next year	20,086	4,494
Represented by:		
Cash – held in the OPA	20,086	4,494

¹ For the year ended 30 June 2012 ASIC recognised ESA revenue of \$12.075m (2011: \$27.84m), of which \$14.408m (2011: \$32.014m) was drawn down in cash during the year. The \$14.408m included expenses accrued in 2010–11 and paid for in 2011–12.

Note 30B: Companies and Unclaimed Moneys Special Account (Special Public Money)

Legal authority – section 21 *Financial Management and Accountability Act 1997* and section 133 of the *Australian Securities and Investments Commission Act 2001*

Appropriation – section 21 *Financial Management and Accountability Act 1997*

Purpose – The Companies and Unclaimed Moneys Special Account (CUMSA) was established on 1 July 2007 when ASIC became a prescribed agency under the *Financial Management and Accountability Act 1997*. The CUMSA was established to administer unclaimed moneys received by ASIC under section 1341 of the *Corporations Act 2001*.

	2012 \$'000	2011 \$'000
Table A – Special Account		
Balance carried forward from previous year	25,458	7,215
Appropriation for the reporting period	1,259	1,160
Receipts during the year	37,841	28,072
Interest amounts credited	1,317	554
Investments realised	262,969	344,184
Available for payments	328,844	381,185
Cash transferred to Consolidated Revenue	(12,899)	(8,019)
Investments made from the Special Account	(263,566)	(296,184)
Disbursements	(19,329)	(25,127)
Administration costs	(4,318)	(1,229)
Special purpose disbursement	(21,636)	(25,168)
Balance carried to next period (excluding investment balances) and represented by:	7,096	25,458
Cash – held by ASIC	7,096	25,458

Notes to and forming part of the financial statements

FOR THE YEAR ENDED 30 JUNE 2012

Note 30: Special Accounts and FMA Act section 39 (continued)

Note 30B: Companies and Unclaimed Moneys Special Account (Special Public Money) (continued)

	2012 \$'000	2011 \$'000
Table B – Special Account investment of Public Money		
Special Appropriations under section 39 of the FMA Act		
Balance carried forward from previous year	228,737	264,621
Investments made from the Special Account	263,566	296,184
Investment income	14,232	12,116
Investments realised	(262,969)	(344,184)
Balance carried to next period	243,566	228,737

Note 30C: Deregistered Companies Trust Moneys Special Account (Special Public Money)

Legal authority – section 20(1) *Financial Management and Accountability Act 1997* and *Financial Management and Accountability Determination 2008/02 – ASIC Deregistered Companies Trust Moneys Special Account Establishment 2008*

Appropriation – section 20 *Financial Management and Accountability Act 1997*

Purpose – The Deregistered Companies Trust Moneys 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*.

	2012 \$'000	2011 \$'000
Balance carried forward from previous year	774	740
Receipts during the year	905	60
Interest received	36	34
Disbursements	(704)	(60)
Closing balance	1,011	774

Note 30D: ASIC Security Deposits Special Account (Special Public Money)

Legal authority – section 20(1) *Financial Management and Accountability Act 1997* and *Financial Management and Accountability Determination 2008/03 – ASIC Security Deposits Special Account Establishment 2008*

Appropriation – section 20 *Financial Management and Accountability Act 1997*

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.

	2012 \$'000	2011 \$'000
Balance carried forward from previous year	368	351
Receipts during the year	–	40
Interest received	16	16
Disbursements	–	(39)
Closing balance¹	384	368

¹ Previously only cash assets were recognised, however the special account also holds accrued interest, and this is reflected in the actual bank balance. The 2010–11 balances have been updated to reflect the accrued interest.

Note 30: Special Accounts and FMA Act section 39 (continued)

Note 30E: ASIC Investigations, Legal Proceedings, Settlements and Court Orders Special Account (Special Public Money)

Legal authority – section 20(1) *Financial Management and Accountability Act 1997* and *Financial Management and Accountability Determination 2008/04 – ASIC Investigations, Legal Proceedings, Settlements and Court Orders Special Account Establishment 2008*

Appropriation – section 20 *Financial Management and Accountability Act 1997*

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.

	2012 \$'000	2011 \$'000
Balance carried forward from previous year	68,700	13,721
Receipts during the year	162	68,661
Interest received	1,419	534
Disbursements	(59,262)	(14,216)
Closing balance	11,019	68,700

Note 30F: Other Trust Moneys Special Account (Special Public Money) – abolished 30 May 2012

	2012 \$'000	2011 \$'000
Balance carried forward from previous year	–	–
Receipts during the year	–	843
Disbursements	–	(843)
Balance carried to next period	–	–

Note 30G: Services for Other Entities and Trust Moneys Special Account – Australian Securities and Investments Commission (Special Public Money)

Legal authority – subsection 20(1) of the *Financial Management and Accountability Act 1997* and *Financial Management and Accountability Determination 2012/07* establishes a Special Account entitled 'Services for Other Entities and Trust Moneys Special Account – Australian Securities and Investments Commission'.

Appropriation – section 20 *Financial Management and Accountability Act 1997*

Purpose – The Services for Other Entities and Trust Moneys Special Account – Australian Securities and Investments Commission (SOETM) was established on 30 May 2012. The SOETM combines the purposes of the Other Trust Moneys 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 moneys, 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 FMA Act, such as other governments. There were no transactions in this Special Account during the reporting period.

Notes to and forming part of the financial statements

FOR THE YEAR ENDED 30 JUNE 2012

Note 31: Compensation and debt relief

	2012	2011
Departmental		
Expenses incurred in relation to one matter (2011: no matters) dealt with under the 'Compensation for Detriment caused by Defective Administration scheme' during the reporting period.	\$2,590	–

None of the above payments were paid on a periodic basis (2011:nil). No waivers of amounts owing to the Australian Government were made pursuant to subsection 34(1) of the *Financial Management and Accountability Act 1997* (2011: nil). No ex-gratia payments were provided for during the reporting period (2011: nil). No payments were provided in special circumstances relating to APS employment pursuant to section 73 of the *Public Service Act 1999* (PS Act) during the reporting period (2011: nil).

Administered

Included in the impairment allowance expense in the Schedule of Administered Items are amounts written off under section 47 of the FMA Act. The number and aggregate amount of Commonwealth moneys written off during the financial year under this section is 191,003 items totalling \$29,442,419 (2011:160,165 items totalling \$28,249,165).

The number and aggregate of amounts owing to the Commonwealth, the recovery of which was waived during the financial year pursuant to section 34(1) of the FMA Act, is 17,429 items totalling \$3,118,757 (2011: 16,109 items totalling \$2,335,081).

None of the above payments were paid on a periodic basis (2011:nil). No ex-gratia payments were provided for during the reporting period (2011:nil). No payments were provided in special circumstances relating to APS employment pursuant to section 73 of the Public Service Act 1999 (PS Act) during the reporting period (2011:nil).

Note 32: Reporting of outcomes

ASIC's outcomes during the reporting period were:

Outcome 1: Improved confidence in financial market integrity and protection of investors and consumers through research, policy, education, compliance and deterrence that mitigates emerging risks

Outcome 2: Streamlined and cost effective interaction and access to information for business and the public, through registry, licensing and business facilitation services

Note 32A: Net (cost) / contribution of outcome delivery

	Outcome 1		Outcome 2		Total	
	2012 \$'000	2011 \$'000	2012 \$'000	2011 \$'000	2012 \$'000	2011 \$'000
Departmental						
Expenses	249,534	296,798	134,954	88,653	384,488	385,451
Own-source income	4,467	4,005	2,416	945	6,883	4,950
Administered						
Expenses	1,823	2,349	80,411	70,194	82,234	72,543
Own-source income	–	–	733,606	684,901	733,606	684,901
Net (cost) / contribution of outcome delivery	(246,890)	(295,142)	520,657	526,999	273,767	231,857

The above table excludes intra-government transactions.

The table shows the net contribution to the Commonwealth Budget outcome by adding the departmental and administered expenses, less external departmental and administered revenues and costs recovered to produce a net contribution to the Budget outcome of \$273.767m (2011: \$231.857m). This derived amount is meaningful only when it is used to consider ASIC's contribution to the Budget outcome for the purposes of 'whole of Government' reporting. It is not intended to represent or portray an alternative operating result for ASIC to that which is disclosed in the Statement of Comprehensive Income.

Administered expenses represent revenue forgone to the Commonwealth as a result of refunds and waivers and write-offs of fees and charges owing to the Commonwealth (not ASIC) under the Corporations Act. Administered expenses and administered income are detailed in Notes 17 and 18 respectively.

Notes to and forming part of the financial statements

FOR THE YEAR ENDED 30 JUNE 2012

Note 32: Reporting of outcomes (continued)

Note 32B: Major classes of departmental expenses, income, assets and liabilities by outcomes

	Outcome 1		Outcome 2		Not attributed		Total	
	2012 \$'000	2011 \$'000	2012 \$'000	2011 \$'000	2012 \$'000	2011 \$'000	2012 \$'000	2011 \$'000
Departmental expenses								
Employee benefits	141,383	170,553	76,465	50,944	–	–	217,848	221,497
Supplier expenses	77,931	93,443	42,147	27,911	–	–	120,078	121,354
Depreciation and amortisation	29,637	31,963	16,028	9,548	–	–	45,665	41,511
Finance costs	334	375	180	112	–	–	514	487
Write-down and impairment of assets	249	464	134	138	–	–	383	602
Losses from asset sales	–	–	–	–	–	–	–	–
Total departmental expenses	249,534	296,798	134,954	88,653	–	–	384,488	385,451
Departmental income								
Rendering of services	2,310	3,397	1,249	1,015	–	–	3,559	4,412
Royalties	120	156	65	47	–	–	185	203
Other revenue	20,019	14,883	10,827	4,446	–	–	30,846	19,329
Other gains	117	136	64	40	–	–	181	176
Revenues from Government	197,464	249,509	106,795	74,529	–	–	304,259	324,038
Total departmental income	220,030	268,081	119,000	80,077	–	–	339,030	348,158
Departmental assets								
Cash and cash equivalents	–	–	–	–	8,777	4,734	8,777	4,734
Trade and other receivables	58,073	58,949	31,408	17,608	–	–	89,481	76,557
Leasehold improvements	36,092	48,713	19,520	14,550	–	–	55,612	63,263
Plant and equipment	17,152	19,920	9,276	5,950	–	–	26,428	25,870
Intangibles	85,004	87,556	45,973	26,153	–	–	130,977	113,709
Other non-financial assets	5,711	3,636	3,088	1,086	–	–	8,799	4,722
Total departmental assets	202,032	218,774	109,265	65,347	8,777	4,734	320,074	288,855
Departmental liabilities								
Suppliers	25,414	18,815	13,745	5,620	–	–	39,159	24,435
Other payables	39,298	48,356	21,254	14,444	–	–	60,552	62,800
Employee provisions	36,794	41,455	19,900	12,383	–	–	56,694	53,838
Other provisions	5,768	7,041	3,120	2,103	–	–	8,888	9,144
Total departmental liabilities	107,274	115,667	58,019	34,550	–	–	165,293	150,217

The income and expense disclosed in this table include intra-government transactions that are eliminated in calculating the 'Net (cost) / contribution of outcome delivery' in Note 32A.

Note 32: Reporting of outcomes (continued)

Note 32C: Major classes of administered expenses, income, assets and liabilities by outcomes

	Outcome 1		Outcome 2		Not attributed		Total	
	2012 \$'000	2011 \$'000	2012 \$'000	2011 \$'000	2012 \$'000	2011 \$'000	2012 \$'000	2011 \$'000
Administered expenses								
Grants	1,823	2,349	–	–	–	–	1,823	2,349
Write-down and impairment of assets	–	–	43,040	33,079	–	–	43,040	33,079
Other expenses	–	–	37,371	37,115	–	–	37,371	37,115
Total administered expenses	1,823	2,349	80,411	70,194	–	–	82,234	72,543
Administered income								
Non-taxation revenue	–	–	733,606	684,901	–	–	733,606	684,901
Total administered income	–	–	733,606	684,901	–	–	733,606	684,901
Administered assets								
Cash and cash equivalents	(52)	2,012	1,425	1,155	–	–	1,373	3,167
Receivables	–	–	104,716	97,738	–	–	104,716	97,738
Total administered assets	(52)	2,012	106,141	98,893	–	–	106,089	100,905
Administered liabilities								
Suppliers	761	1,084	14,284	9,524	–	–	15,045	10,608
Total administered liabilities	761	1,084	14,284	9,524	–	–	15,045	10,608

The income and expense disclosed in this table include intra-government transactions that are eliminated in calculating the 'Net (cost) / contribution of outcome delivery' in Note 32A.

Note 33: Administered receipts subject to cost recovery policy

Note 33A: Receipts pursuant to cost recovery provisions

	2012 \$'000	2011 \$'000
Significant cost recovery arrangements		
Supervision of Australia's financial markets and competition for market services	10,368	10,466
Total receipts subject to cost recovery policy¹	10,368	10,466

1 The amount received in 2010–11 includes a receipt of \$3m to partially offset the costs incurred by ASIC in 2009–10 to establish the market supervision function.

Notes to and forming part of the financial statements

FOR THE YEAR ENDED 30 JUNE 2012

Note 34: Net cash appropriation arrangements

	2012 \$'000	2011 \$'000
Total comprehensive income excluding depreciation/amortisation expenses previously funded through revenue appropriations attributable to ASIC ^{1,2}	2,947	4,218
Less: depreciation/amortisation expenses previously funded through revenue appropriation	(45,665)	(41,511)
Total comprehensive income /(loss) as per the Statement of Comprehensive Income	(42,718)	(37,293)

1 From 2010–11, the Government introduced net cash appropriation arrangements, where revenue appropriations for depreciation/amortisation expenses ceased. Entities now receive a separate capital budget provided through equity appropriations. Capital budgets are to be appropriated in the period when cash payment for capital expenditure is required. The 'Departmental Capital Budget' is used to fund the replacement of ASIC's business as usual assets (ie individual assets with a value of less than \$10m).

2 Total comprehensive income excluding depreciation and amortisation of \$2.947m includes an asset revaluation increment of \$2.74m.

Note 35: Compliance with statutory conditions for payments from Consolidated Revenue Fund

Section 83 of the Constitution provides that no amount may be paid out of the Consolidated Revenue Fund except under an appropriation made by law. The Department of Finance and Deregulation provided information to all agencies in 2011 regarding the need for risk assessments in relation to compliance with statutory conditions on payments from special appropriations, including special accounts.

During 2011–12, ASIC developed a plan to review exposure to risks of not complying with statutory conditions on payments from appropriations. The plan involved:

- ♦ identifying each special appropriation and special account;
- ♦ determining the risk of non-compliance by assessing the difficulty of administering the statutory conditions and assessing the extent to which existing payment systems and processes satisfy those conditions;
- ♦ determining procedures to confirm risk assessments in medium risk cases and to quantify the extent of non-compliance, if any, in higher risk situations;
- ♦ obtaining legal advice as appropriate to resolve questions of potential non-compliance; and
- ♦ considering legislative or procedural changes to reduce the risk of non-compliance in the future to an acceptably low level.

ASIC identified seven appropriations involving statutory conditions for payment, comprising:

- ♦ two special appropriations; and
- ♦ five special accounts.

As at 30 June 2012 this work had been completed in respect of all appropriations with statutory conditions for payment. The work conducted identified no issues of non-compliance with Section 83.

End of financial statements