AUSTRALIAN SECURITIES AND INVESTMENTS COMMISSION

Section 1: Agency overview and resources; variations and measures

OVERVIEW

There has been no change to the overview included in the *2005-06 Portfolio Budget Statements* (page 179).

Table 1.1: Agency outcomes and output groups

Outcome	Description	Output groups
Outcome 1		
A fair and efficient market characterised by integrity and transparency and supporting confident and informed participation of investors and consumers	Through ASIC, the Government seeks to ensure that consumers and investors receive honest and competent financial advice that is untainted by conflicts of interest, and that information about corporations is current and accurate. ASIC also has an enforcement and regulatory role designed to deal with misconduct in order to promote a confident and informed market.	Output Group 1.1 Australian Securities and Investments Commission

ADDITIONAL ESTIMATES AND VARIATIONS TO OUTCOMES

The following variations contributed to a net increase in agency outputs of $8.6 million for the Australian Securities and Investments Commission (ASIC) in 2005-06.

Variations — measures

Table 1.2: Additional estimates and variations to outcomes — measures

	2005-06 $'000	2006-07 $'000	2007-08 $'000	2008-09 $'000
Outcome 1				
Increase in administered appropriations				
Corporate insolvency law reform - strengthening creditor protection and detering misconduct by company officers	1,460	2,984	3,196	3,416
Increase in departmental appropriations				
Corporate insolvency law reform - strengthening creditor protection and detering misconduct by company officers	2,089	3,167	3,352	3,453
Corporate insolvency law reform - strengthening creditor protection and detering misconduct by company officers *(Related capital)*	300	-	-	-
Strengthening of ASIC's enforcement capabilities	3,306	-	-	-
Operation Wickenby Investigation and Prosecution	1,026	2,667	2,611	-
Operation Wickenby Investigation and Prosecution *(Related capital)*	375	-	-	-

Other variations to appropriations

Increase in the price of outputs

There was no revision to Government parameters to restate the current year.

Table 1.3: Additional estimates and variations to outcomes — other variations

This table is not applicable to ASIC.

MEASURES — AGENCY SUMMARY

Table 1.4: Summary of measures since the 2005-06 Budget

Measure	Outcome	Output groups affected	2005-06 $'000			2006-07 $'000			2007-08 $'000			2008-09 $'000		
			Admin items	Dept outputs	Total	Admin items	Dept outputs	Total	Admin items	Dept outputs	Total	Admin items	Dept outputs	Total
Corporate insolvency law reform - strengthening creditor protection and detering misconduct by company officers	1	1.1	1,460	2,089	3,549	2,984	3,167	6,151	3,196	3,352	6,548	3,416	3,453	6,869
Corporate insolvency law reform - strengthening creditor protection and detering misconduct by company officers *(Related capital)*	1	1.1	-	300	300	-	-	-	-	-	-	-	-	-
Strengthening the Australian Securities and Investments Commission's enforcement capabilities	1	1.1	-	3,306	3,306	-	-	-	-	-	-	-	-	-
Operation Wickenby Investigation and Prosecution	1	1.1	-	1,026	1,026	-	2,667	2,667	-	2,611	2,611	-	-	-
Operation Wickenby Investigation and Prosecution *(Related capital)*	1	1.1	-	375	375	-	-	-	-	-	-	-	-	-
Total			1,460	7,096	8,556	2,984	5,834	8,818	3,196	5,963	9,159	3,416	3,453	6,869

BREAKDOWN OF ADDITIONAL ESTIMATES BY APPROPRIATION BILL

Table 1.5: Appropriation Bill (No. 3) 2005-06

	2004-05 available $'000	2005-06 budget $'000	2005-06 revised $'000	Additional estimates $'000	Reduced estimates $'000
ADMINISTERED ITEMS					
Outcome 1					
A fair and efficient market characterised by integrity and transparency and supporting confident and informed participation of investors and consumers	-	-	1,460	1,460	-
Total	-	-	1,460	1,460	-
DEPARTMENTAL OUTPUTS					
Outcome 1					
A fair and efficient market characterised by integrity and transparency and supporting confident and informed participation of investors and consumers	205,888	213,656	220,077	6,421	-
Total	205,888	213,656	220,077	6,421	-
Total administered and departmental	205,888	213,656	220,077	7,881	-

Table 1.6: Appropriation Bill (No. 4) 2005-06

	2004-05 available $'000	2005-06 budget $'000	2005-06 revised $'000	Additional estimates $'000	Reduced estimates $'000
Non-operating					
Equity injections	11,915	1,490	2,165	675	-
Total capital	11,915	1,490	2,165	675	-
Total	11,915	1,490	2,165	675	-

SUMMARY OF STAFFING CHANGES

Table 1.7: Average Staffing Level (ASL)

	2005-06 budget	2005-06 revised	variation
Outcome 1			
A fair and efficient market characterised by integrity and transparency and supporting confident and informed participation of investors and consumers	1,534	1,476	(58)
Total	1,534	1,476	(58)

SUMMARY OF AGENCY SAVINGS

There were no savings in agency departmental outputs in 2005-06.

Table 1.8: Summary of agency savings

This table is not applicable to ASIC.

OTHER RECEIPTS AVAILABLE TO BE USED

Table 1.9 provides details of other receipts available to be used and include *Commonwealth Authorities and Companies Act 1997* (CAC) body receipts that are available to be spent, special accounts (non-appropriation receipts) and resources received free of charge.

Table 1.9: Other receipts available to be used

	Budget estimate 2005-06 $'000	Revised estimate 2005-06 $'000
Departmental other receipts		
Services	3,329	3,349
Interest	2,450	2,603
Other	2,613	2,792
Total departmental other receipts available to be used	8,392	8,744

ESTIMATES OF EXPENSES FROM SPECIAL APPROPRIATIONS

Table 1.10: Estimates of expenses from special appropriations

	Budget estimate 2005-06 $'000	Revised estimate 2005-06 $'000
Estimated expenses		
Estimated payments of banking unclaimed monies paid under the *Banking Act 1959 - section 69*	22,000	18,000
Estimated payments of life insurance unclaimed monies paid under the *Life Insurance Act 1995 - section 216*	4,000	3,000
Total estimated expenses	26,000	21,000

Banking Act 1959: Approved Deposit Taking Institutions, being Banks, Building Societies and Credit Unions, are required to remit to the Government, the balance in bank accounts that have remained dormant for seven years. This special appropriation covers repayments estimated to be made to claimants from the Banking Unclaimed Monies Account where the validity of the claim has been established by the relevant institution.

Life Insurance Act 1995: Life Insurance Companies and Friendly Societies are required to remit to the Government amounts payable on matured life insurance policies that have remained unclaimed for seven years. This special appropriation covers estimated payments made to claimants from the Life Unclaimed Monies Account where the validity of the claim has been established by the relevant Life Insurance Companies.

Refund of overpayment of fees paid under the Corporations Act 2001: All fees and charges collected in accordance with the *Corporations Act 2001* are banked into consolidated revenue in accordance with section 81 of the Constitution. In 2005-06 it is forecast that an amount of $6 million of overpaid fees and charges will be refunded. This requires separate appropriation in accordance with section 83 of the Constitution (appropriated under section 28 of the *Financial Management and Accountability Act 1997).*

ESTIMATES OF SPECIAL ACCOUNT FLOWS

Table 1.11: Estimates of special account flows

	Opening Balance	Receipts	Payments	Adjustments	Closing Balance
	2005-06	**2005-06**	**2005-06**	**2005-06**	**2005-06**
	2004-05	*2004-05*	*2004-05*	*2004-05*	*2004-05*
SPECIAL ACCOUNTS	$'000	$'000	$'000	$'000	$'000
Other Trust Monies	-	-	-	-	-
- FMA Act 1997	-	-	-	-	-
Services from Other Government and Non-Agency Bodies	-	-	-	-	-
- FMA Act 1997	-	-	-	-	-
Total special accounts					
2005-06 Budget estimate	-	-	-	-	-
Total special accounts					
2004-05 actual	-	-	-	-	-

The special accounts are governed by section 20 of the *Financial Management and Accountability Act 1997* (FMA Act 1997).

Section 2: Revisions to agency outcomes

OUTCOMES, ADMINISTERED ITEMS AND OUTPUTS

Table 1.1 'Agency outcomes and output groups' lists the outcome statements and output groups for Australian Securities and Investments Commission (ASIC).

ASIC has not made any changes to its outcome or outputs since the *2005-06 Portfolio Budget Statements*.

Output cost attribution

Each programme of activity (cost centre) in ASIC is linked to one of the four outputs. Accordingly, expenses against these programmes accrue against the outputs as they occur.

Where an expense relates to more than one output, it is allocated using a predetermined formula. For example, property lease expenses are allocated using staff numbers attributed to each programme.

Outcome 1

Revised performance information — 2005-06

ASIC has not made any changes to its performance information since the *2005-06 Portfolio Budget Statements*.

Section 3: Budgeted financial statements

The budgeted departmental and administered financial statements and related notes for the Australian Securities and Investments Commission (ASIC) are presented in this section. The financial statements should be read in conjunction with the accompanying notes. The Budget estimate and three forward years comprise the following statements.

The budgeted financial statements contain estimates prepared in accordance with the requirements of the Australian Government's financial budgeting and reporting framework, including the principles of Australian Accounting Standards (incorporating the Australian Equivalents to International Financial Reporting Standards (AEIFRS)) and Statements of Accounting Concepts, as well as specific guidelines issued by the Department of Finance and Administration.

ANALYSIS OF BUDGETED FINANCIAL STATEMENTS

Departmental financial statements

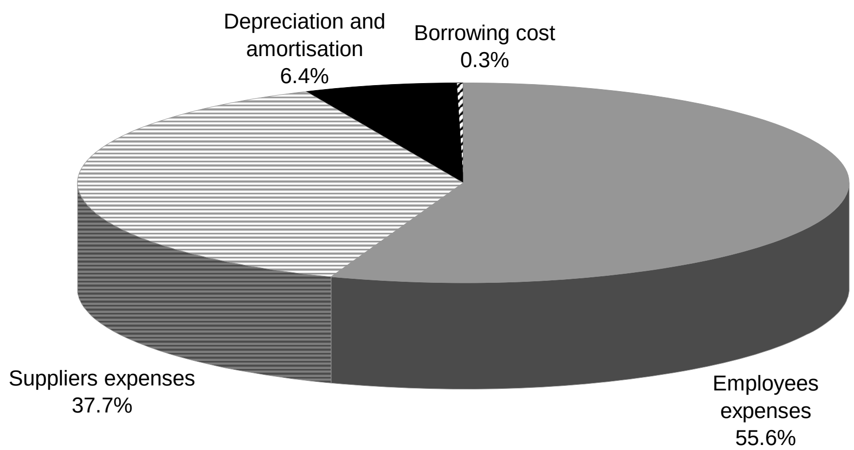
Budgeted departmental income statement

ASIC is budgeting for a break-even operating result for 2005-06 and for the remainder of the forward estimates.

Appropriation for 2005-06 is $226.8 million, which is an increase of $27.6 million on the amount recognised in 2004-05. The rise in appropriation is attributed to the Government's decision to fund ASIC for corporate insolvency law reform — strengthening creditor protection and deterring misconduct by company officers, the implementation of the Choice of Superannuation Fund, funding for the implementation of the United States-Australian Audit Regulation programme, increased funding for ongoing litigation and funding for the operation Wickenby investigation and prosecution. In addition, $6.7 million appropriated to ASIC in 2004-05 was reprofiled to 2005-06.

Total expenses including borrowing costs for 2005-06 are estimated to be $235.5 million, an increase of $26.9 million over the prior financial year. The expenditure will be used to fund activities that contribute towards achieving output objectives.

Budgeted total agency expenses 2005-06



Budgeted departmental balance sheet

This statement shows the financial position of ASIC. It helps decision-makers track the management of ASIC's assets and liabilities.

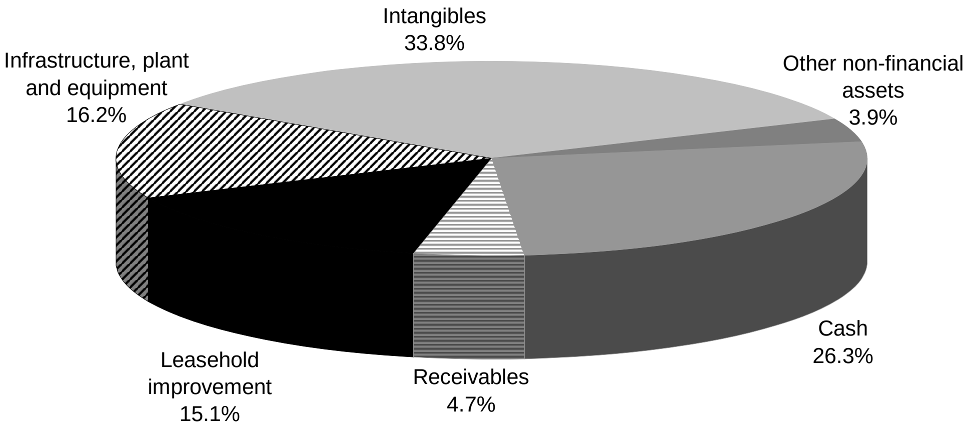
Equity

ASIC's budgeted equity (or net asset position) for 2005-06 is expected to be $13.7 million. This includes capital funding of $2.2 million for specific enforcement matters.

Financial assets

The $2.2 million (referred to in the equity section above) will be spent on the purchase of capital items. Accounts receivable for 2005-06 is expected to be $2.7 million, a reduction of $3.5 million. Of this reduction, $3.1 million relates to 2004-05 appropriation receivable, received in 2005-06.

Budgeted total agency assets 2005-06



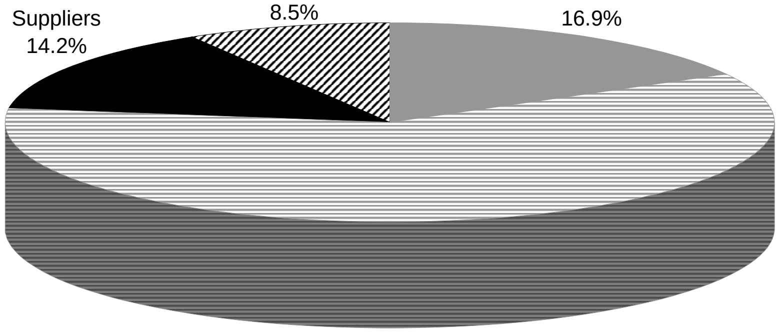
Liabilities — interest bearing

The principal item under this heading is the estimated amount owing by ASIC in respect of finance leases for computer equipment and peripherals. The forward estimates have been prepared having regard to the estimated cost of equipment that will be leased under ASIC's asset replacement program. Other interest bearing liabilities consists of amortised lease incentives, which decreases gradually over the expected life of the related leases.

Provisions and payables

The principal item under this heading is employee leave provisions and accruals which include annual and long service leave. Other provisions and payables consist of a make-good provision for leased premises, which decreases gradually over the expected life of the related leases.

Budgeted total agency liabilities 2005-06



BUDGETED FINANCIAL STATEMENTS

Departmental financial statements

Budgeted departmental income statement

This statement provides the expected financial results for ASIC by identifying full accrual expenses and revenues, which highlights whether the agency is operating at a sustainable level.

Budgeted departmental balance sheet

This statement shows the financial position of ASIC. It helps decision-makers track the management of ASIC's assets and liabilities.

Budgeted departmental statement of cash flows

Budgeted cash flows, as reflected in the statement of cash flows, provide important information on the extent and nature of cash flows by categorising them into expected cash flows from operating activities, investing activities and financing activities.

Departmental statement of changes in equity — summary of movement

This statement shows the changes in the equity position of ASIC. It helps decision-makers track the management of ASIC's equity.

Departmental capital budget statement

This statement shows all proposed capital expenditure funded from appropriations or from internal sources.

Departmental property, plant, equipment and intangibles — summary of movement

This statement shows the movement in ASIC's non-financial assets during the Budget year.

Schedule of administered activity

Details of transactions administered by ASIC on behalf of the Australian Government are shown in the following notes to the financial statements.

Schedule of budgeted income and expenses administered on behalf of government

The schedule shows the revenue and expenses associated with the collection of revenue under the *Corporations Act 2001,* and ASIC's responsibilities in administering unclaimed monies under the *Banking Act 1959* and the *Life Insurance Act 1995*.

Revenues from Government include the budgeted amount of appropriation required to pay claimants for unclaimed monies previously transferred to consolidated revenue, and to establish a fund to finance investigations of breaches of directors' duties and fraudulent conduct under the corporate insolvency law reform legislation.

Expenses represent the budget estimated for the payment of unclaimed monies and overpayments referred to above, the budgeted estimate for bad debt expense and payments to registered insolvency practitioners to investigate breaches of directors' duties and fraudulent conduct under the corporate insolvency law reform legislation.

Other revenue represents the amount of fees and charges budgeted to be levied under the *Corporations Act 2001*. The increase in 2005-06 is the result of an increase in the number of companies being incorporated.

Schedule of budgeted assets and liabilities administered on behalf of government

Financial Assets

The amount shown for receivables in 2005-06 and in the forward estimates is the estimated amount of fees and charges under the *Corporations Act 2001* remaining unpaid.

Liabilities – payables

The amounts shown in the forward estimates represent the estimated amount of refunds relating to the over payments of annual review and other fees under the *Corporations Act 2001.*

Schedule of budgeted administered cash flows

Budgeted administered cash flows, provide important information on the extent and nature of cash flows by categorising them into expected cash flows from operating activities, investing activities and financing activities.

Table 3.1: Budgeted departmental income statement (for the period ended 30 June)

	Actual 2004-05 $'000	Revised budget 2005-06 $'000	Forward estimate 2006-07 $'000	Forward estimate 2007-08 $'000	Forward estimate 2008-09 $'000
INCOME					
Revenue					
Revenues from government	199,200	226,765	202,568	203,940	200,645
Goods and services	3,155	3,349	3,396	3,464	3,533
Interest	2,622	2,603	2,450	2,450	2,450
Other	3,182	2,792	2,671	2,731	2,792
Total revenue	208,159	235,509	211,085	212,585	209,420
Gains					
Net gains from sale of assets	33	-	-	-	-
Total gains	33	-	-	-	-
Total income	208,192	235,509	211,085	212,585	209,420
EXPENSE					
Employees	125,264	131,037	127,259	126,997	127,385
Suppliers	68,540	88,758	67,927	69,925	66,538
Depreciation and amortisation	14,012	15,067	15,196	15,133	14,909
Finance costs	549	647	703	530	588
Write-down of assets and impairment of assets	245	-	-	-	-
Total expenses	208,610	235,509	211,085	212,585	209,420
Operating result from ordinary activities	(418)	-	-	-	-
Net surplus or (deficit) attributable to the Australian Government	(418)	-	-	-	-
Changes in Accounting Policies	(4,079)	-	-	-	-
Total changes in equity excluding transaction with owners	(4,497)	-	-	-	-

Table 3.2: Budgeted departmental balance sheet (as at 30 June)

	Actual 2004-05 $'000	Revised budget 2005-06 $'000	Forward estimate 2006-07 $'000	Forward estimate 2007-08 $'000	Forward estimate 2008-09 $'000
ASSETS					
Financial assets					
Cash	14,907	15,421	14,096	13,388	15,213
Receivables[1]	6,207	2,747	2,719	2,735	2,752
Total financial assets	21,114	18,168	16,815	16,123	17,965
Non-financial assets					
Leasehold Improvement	11,046	8,844	7,844	7,261	5,813
Infrastructure, plant and equipment	6,937	9,473	6,009	8,416	10,205
Intangibles	16,879	19,780	19,548	16,673	17,273
Other non-finance assets	2,268	2,268	2,268	2,268	2,268
Total non-financial assets	37,130	40,365	35,669	34,618	35,559
Total assets	58,244	58,533	52,484	50,741	53,524
LIABILITIES					
Interest bearing liabilities					
Leases	4,052	9,318	5,958	4,214	7,424
Other	2,286	1,466	1,015	716	432
Total interest bearing liabilities	6,338	10,784	6,973	4,930	7,856
Provisions					
Employees	32,379	33,321	32,265	32,198	32,483
Other	3,210	3,049	3,088	3,256	2,987
Total provisions	35,589	36,370	35,353	35,454	35,470
Payables					
Suppliers	8,250	7,835	6,614	6,813	6,654
Other	6,903	215	215	215	215
Total payables	15,153	8,050	6,829	7,028	6,869
Total liabilities	57,080	55,204	49,155	47,412	50,195
EQUITY*					
Contributed equity	11,510	13,675	13,675	13,675	13,675
Reserves	5,254	5,254	5,254	5,254	5,254
Accumulated deficits	(15,600)	(15,600)	(15,600)	(15,600)	(15,600)
Total equity	1,164	3,329	3,329	3,329	3,329
Current assets	23,382	20,436	19,083	18,391	20,233
Non-current assets	34,862	38,097	33,401	32,350	33,291
Current liabilities	30,834	37,905	34,099	33,301	34,890
Non-current liabilities	26,246	17,299	15,056	14,111	15,305

1 The reduction in receivable from 2004-05 to 2005-06 is mainly attributable to the drawdown in 2005-06 of Appropriation Receivable recognised in 2004-05.

* 'Equity' is the residual interest in assets after deduction of liabilities.

Table 3.3: Budgeted departmental statement of cash flows (for the period ended 30 June)

	Actual 2004-05 $'000	Revised budget 2005-06 $'000	Forward estimate 2006-07 $'000	Forward estimate 2007-08 $'000	Forward estimate 2008-09 $'000
OPERATING ACTIVITIES					
Cash received					
Goods and services	3,154	3,575	3,365	3,448	3,568
Appropriations	202,957	223,161	202,568	203,940	200,645
Interest	2,622	2,603	2,450	2,450	2,450
Other	11,779	11,318	9,896	9,783	10,021
Total cash received	220,512	240,657	218,279	219,621	216,684
Cash used					
Employees	127,225	131,637	131,829	134,670	131,173
Suppliers	70,408	89,262	66,787	63,051	64,029
Financing costs	370	647	703	530	588
Other	8,260	7,726	6,425	6,252	6,429
Total cash used	206,263	229,272	205,744	204,503	202,219
Net cash from or (used by) operating activities	14,249	11,385	12,535	15,118	14,465
INVESTING ACTIVITIES					
Cash received					
Proceeds from sales of property, plant and equipment	33	-	-	-	-
Other	-	1,836	-	-	-
Total cash received	33	1,836	-	-	-
Cash used					
Purchase of property, plant and equipment	6,090	2,204	2,700	5,112	4,050
Other	10,281	8,878	7,150	6,350	4,600
Total cash used	16,371	11,082	9,850	11,462	8,650
Net cash from or (used by) investing activities	(16,338)	(9,246)	(9,850)	(11,462)	(8,650)
FINANCING ACTIVITIES					
Cash received					
Appropriations - contributed equity	11,508	2,165	-	-	-
Total cash received	11,508	2,165	-	-	-
Cash used					
Repayments of debt	5,362	3,790	4,010	4,364	3,990
Total cash used	5,362	3,790	4,010	4,364	3,990
Net cash from or (used by) financing activities	6,146	(1,625)	(4,010)	(4,364)	(3,990)
Net increase or (decrease) in cash held	4,057	514	(1,325)	(708)	1,825
Cash at the beginning of the reporting period	10,850	14,907	15,421	14,096	13,388
Cash at the end of the reporting period	14,907	15,421	14,096	13,388	15,213

Table 3.4: Departmental statement of changes in equity — summary of movement (Budget year 2005-06)

	Accumulated results	Asset revaluation reserve	Other reserves	Contributed equity/ capital	Total equity
	$'000	$'000	$'000	$'000	$'000
Opening balance as at 1 July 2005					
Balance carried forward from previous period	(11,521)	5,254	-	11,510	5,243
Adjustment for changes in accounting policies	(4,079)	-	-	-	(4,079)
Adjusted opening balance	(15,600)	5,254	-	11,510	1,164
Income and expense					
Net operating result	-	-	-	-	-
Total income and expenses recognised directly in equity	-	-	-	-	-
Transactions with owners					
Contribution by owners					
Appropriation (equity injection)	-	-	-	2,165	2,165
Sub-total transactions with owners	-	-	-	2,165	2,165
Closing balance as at 30 June 2006	(15,600)	5,254	-	13,675	3,329

Table 3.5: Departmental capital budget statement

	Actual 2004-05 $'000	Revised budget 2005-06 $'000	Forward estimate 2006-07 $'000	Forward estimate 2007-08 $'000	Forward estimate 2008-09 $'000
CAPITAL APPROPRIATIONS					
Total equity injections	11,508	2,165	-	-	-
Total capital appropriations	11,508	2,165	-	-	-
Represented by:					
Purchase of non-financial assets	208	2,165	-	-	-
Other	11,300	-	-	-	-
Total represented by	11,508	2,165	-	-	-
PURCHASE OF NON-FINANCIAL ASSETS					
Funded by capital appropriation	208	2,165	-	-	-
Funded internally by Departmental resources	15,740	8,917	9,850	11,462	8,650
Total	15,948	11,082	9,850	11,462	8,650

Table 3.6: Departmental property, plant, equipment and intangibles — summary of movement (Budget year 2005-06)

	Land	Investment property	Leasehold Improvement	Specialist military equipment	Other infrastructure plant and equipment	Heritage and cultural assets	Computer software	Other intangibles	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
As at 1 July 2005									
Gross book value	-	-	31,260	-	11,383	-	32,960	-	75,603
Accumulated depreciation	-	-	(20,214)	-	(4,446)	-	(16,081)	-	(40,741)
Opening net book value	-	-	11,046	-	6,937	-	16,879	-	34,862
Additions:									
by purchase	-	-	916	-	1,288	-	8,878	-	11,082
by finance lease	-	-	-	-	9,056	-	-	-	9,056
Depreciation/amortisation expense	-	-	(3,118)	-	(5,972)	-	(5,977)	-	(15,067)
Disposals:									
other disposals	-	-	-	-	(1,836)	-	-	-	(1,836)
As at 30 June 2006									
Gross book value	-	-	32,176	-	19,891	-	41,838	-	93,905
Accumulated depreciation	-	-	(23,332)	-	(10,418)	-	(22,058)	-	(55,808)
Closing net book value	-	-	8,844	-	9,473	-	19,780	-	38,097

Table 3.7: Schedule of budgeted income and expenses administered on behalf of government (for the period ended 30 June)

	Actual 2004-05 $'000	Revised budget 2005-06 $'000	Forward estimate 2006-07 $'000	Forward estimate 2007-08 $'000	Forward estimate 2008-09 $'000
Revenue					
Non-taxation					
Revenues from government	23,795	28,460	30,984	33,196	34,416
Interest	49	50	50	50	50
Other	568,365	587,268	594,871	602,554	610,316
Total non-taxation	592,209	615,778	625,905	635,800	644,782
Total income administered on behalf of government	592,209	615,778	625,905	635,800	644,782
EXPENSES ADMINISTERED ON BEHALF OF GOVERNMENT					
Suppliers	-	1,460	2,984	3,196	3,416
Write down and impairment of assets	28,440	29,053	27,396	27,725	28,058
Other	20,572	21,000	22,000	24,000	25,000
Total expenses administered on behalf of government	49,012	51,513	52,380	54,921	56,474

Table 3.8: Schedule of budgeted assets and liabilities administered on behalf of government (as at 30 June)

	Actual 2004-05 $'000	Revised budget 2005-06 $'000	Forward estimate 2006-07 $'000	Forward estimate 2007-08 $'000	Forward estimate 2008-09 $'000
ASSETS ADMINISTERED ON BEHALF OF GOVERNMENT					
Financial assets					
Cash	4,479	3,939	3,989	4,039	4,089
Receivables	68,950	75,703	82,914	90,140	97,380
Total financial assets	73,429	79,642	86,903	94,179	101,469
Total assets administered on behalf of government	73,429	79,642	86,903	94,179	101,469
LIABILITIES ADMINISTERED ON BEHALF OF GOVERNMENT					
Payables					
Other payables	4,652	5,600	5,600	5,600	5,600
Total payables	4,652	5,600	5,600	5,600	5,600
Total liabilities administered on behalf of government	4,652	5,600	5,600	5,600	5,600

Table 3.9: Schedule of budgeted administered cash flows (for the period ended 30 June)

	Actual 2004-05 $'000	Revised budget 2005-06 $'000	Forward estimate 2006-07 $'000	Forward estimate 2007-08 $'000	Forward estimate 2008-09 $'000
OPERATING ACTIVITIES					
Cash received					
Cash from Official Public Account	23,768	28,460	30,984	33,196	34,416
Interest	49	50	50	50	50
Other	532,670	558,543	566,535	573,894	581,328
Total cash received	556,487	587,053	597,569	607,140	615,794
Cash used					
Cash to Official Public Account	535,254	559,000	566,264	573,603	581,018
Suppliers		1,460	2,984	3,196	3,416
Other	20,546	27,133	28,271	30,291	31,310
Total cash used	555,800	587,593	597,519	607,090	615,744
Net cash from or (used by) operating activities	687	(540)	50	50	50
Net increase or (decrease) in cash held	687	(540)	50	50	50
Cash at beginning of reporting period	3,792	4,479	3,939	3,989	4,039
Cash at end of reporting period	4,479	3,939	3,989	4,039	4,089

Table 3.10: Schedule of administered capital budget

This table is not applicable to ASIC.

Table 3.11: Schedule of administered property, plant, equipment and intangibles — summary of movement (Budget year 2005-06)

This table is not applicable to ASIC.

NOTES TO THE FINANCIAL STATEMENTS

Basis of accounting

The financial statements have been prepared on an accrual basis and in accordance with the historical cost convention.

Budgeted agency financial statements

Under the Australian Government's accrual budgeting framework, and consistent with Australian Accounting Standards, transactions that agencies control (departmental transactions) are separately budgeted for and reported on from transactions that agencies do not have control over (administered transactions). This ensures that agencies are only held fully accountable for the transactions over which they have control.

Departmental items are those assets, liabilities, revenues and expenses in relation to an agency or authority that are controlled by the agency. Departmental expenses include employee and supplier expenses and other administrative costs, which are incurred by the agency in providing its goods and services.

Administered items are revenues, expenses, assets and liabilities that are managed by an agency or authority on behalf of the Australian Government according to set government directions. Administered expenses and administered revenues include taxes, fees, fines and expenses that have been earmarked for a specific purpose by government.

Appropriations in the accrual budgeting framework

Under the Australian Government's accrual budgeting framework, separate annual appropriations are provided for:

- departmental price of outputs appropriations representing the Australian Government's purchase of outputs from agencies;
- departmental capital appropriations for investments by the Australian Government for either additional equity or loans in agencies;
- administered expense appropriations for the estimated administered expenses relating to an existing outcome or a new outcome; and
- administered capital appropriations for increases in administered equity through funding non-expense administered payments.

Asset valuation

From 1 July 2004, Australian Government agencies and authorities are required to use either the cost basis or the fair value basis to value infrastructure, plant and equipment and leasehold improvements on a three yearly revaluation cycle. ASIC has adopted fair value as a basis for valuing its non-current assets.

Asset recognition threshold

Purchases of property, plant and equipment are recognised initially at cost in the statement of financial position, except for purchases costing less than $2,000, which are expensed in the year of acquisition.

Leases

A distinction is made between finance leases, which effectively transfer from the lessor to the lessee substantially all the risks and benefits incidental to ownership of leased non-current assets, and operating leases under which the lessor effectively retains substantially all such risks and benefits.

Where a non-current asset is acquired by means of a finance lease, the asset is capitalised at lower of fair value or the present value of minimum lease payments at the inception of the lease and a liability recognised for the same amount. Leased assets are amortised over the period of the lease. Lease payments are allocated between the principal component and the interest expense.

Operating lease payments are charged to the income statement on a basis that is representative of the pattern of benefits derived from the lease assets.

Depreciation and amortisation

Computer equipment is depreciated using the declining-balance method whilst, for all other plant and equipment, the straight-line method of depreciation is applied. Leasehold improvements are amortised on a straight-line basis over the lesser of the estimated life of the improvements or the unexpired period of the lease.

Depreciation/amortisation rates (useful lives) are reviewed at each balance date and necessary adjustments are recognised.

Receivables

A provision is raised for any doubtful debts based on a review of the collectability of all outstanding accounts as at year-end.

Bad debts are written off during the year in which they are identified.

Provisions and payables

Provisions and payables represent liabilities for miscellaneous accruals and employee benefits, including accrued salary and leave entitlements and provisions for making-good leased premises. No provision for sick leave is required as all sick leave is non-vesting.

Schedule of budgeted revenues and expenses administered on behalf of government

Revenues

Non-taxation revenues are predominately comprised of revenues from government, required for refunds paid under the *Banking Act 1959* and the *Life Insurance Act 1995*, and *Corporations Act 2001* fees and charges.

Write down and impairment of assets

Write down and impairment of assets represents waivers and write-offs of Corporations Law fees.

Schedule of budgeted assets and liabilities administered on behalf of government

Financial assets

The financial assets include Corporations Law debt invoiced and still outstanding at year-end.

Schedule of budgeted administered cash flows

All cash collected by ASIC for Corporations Law revenue, is transferred to the Official Public Account (OPA) at the close of business each day. Cash collected for *Banking Act 1959* unclaimed monies and *Life Insurance Act 1995* unclaimed monies is transferred to the OPA when received.