

AUSTRALIAN SECURITIES AND INVESTMENTS COMMISSION

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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 *Portfolio Budget Statements 2007-08* (page 165).

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 in Table 1.2 and Table 1.3 contributed to a net increase in agency outputs in 2007-08.

Table 1.2: Additional estimates and variations to outcomes — measures

	2007-08 \$'000	2008-09 \$'000	2009-10 \$'000	2010-11 \$'000
Outcome 1				
Expense measures				
Efficiency dividend - increase in the rate from 1 per cent to 1.25 per cent (<i>administered</i>)	-	(9)	(9)	(9)
Efficiency dividend - increase in the rate from 1 per cent to 1.25 per cent (<i>departmental</i>)	-	(763)	(769)	(711)
Election Commitment Savings: 2 per cent				
Efficiency Dividend	(1,341)	(6,068)	(6,112)	(5,651)
Standard Business Reporting	1,741	1,387	1,622	761
Standard Business Reporting (<i>related capital</i>)	1,548	3,159	1,024	-

Note: These figures represent the impact on the fiscal balance.

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

	2007-08 \$'000	2008-09 \$'000	2009-10 \$'000	2010-11 \$'000
Outcome 1				
Adjustment to reflect movement in indices relating to prices and wages (<i>administered</i>)	-	7	7	3
Adjustment to reflect movement in indices relating to prices and wages (<i>departmental</i>)	-	530	528	244

Note: These figures represent the impact on the fiscal balance.

MEASURES — AGENCY SUMMARY

Table 1.4: Summary of measures since the 2007-08 Budget

Measure	Outcome	Output groups affected	2007-08 \$'000			2008-09 \$'000			2009-10 \$'000			2010-11 \$'000			
			Admin	Dept	Total	Admin	Dept	Total	Admin	Dept	Total	Admin	Dept	Total	
			items	outputs		items	outputs		items	outputs		items	outputs		
Expense measures															
Efficiency dividend - increase in the rate from 1 per cent to 1.25 per cent	1	1.1	-	-	-	(9)	(763)	(772)	(9)	(769)	(778)	(9)	(711)	(720)	
Election Commitment Savings: 2 per cent	1	1.1	-	(1,341)	(1,341)	-	(6,068)	(6,068)	-	(6,112)	(6,112)	-	(5,651)	(5,651)	
Standard Business Reporting	1	1.1	-	1,741	1,741	-	1,387	1,387	-	1,622	1,622	-	761	761	
Total expense measures			-	400	400	(9)	(5,444)	(5,453)	(9)	(5,259)	(5,268)	(9)	(5,601)	(5,610)	
Related capital															
Standard Business Reporting	1	1.1	-	1,548	1,548	-	3,159	3,159	-	1,024	1,024	-	-	-	
Total of all measures			-	1,948	1,948	(9)	(2,285)	(2,294)	(9)	(4,235)	(4,244)	(9)	(5,601)	(5,610)	

Note: These figures represent the impact on the fiscal balance

BREAKDOWN OF ADDITIONAL ESTIMATES BY APPROPRIATION BILL

Table 1.5: Appropriation Bill (No. 3) 2007-08

	2006-07 available \$'000	2007-08 budget \$'000	2007-08 revised \$'000	Additional estimates ¹ \$'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	1,984	5,206	5,206	-	-
Total	1,984	5,206	5,206	-	-
DEPARTMENTAL OUTPUTS					
Outcome 1					
A fair and efficient market characterised by integrity and transparency and supporting confident and informed participation of investors and consumers	255,694	291,566	292,173	607	-
Total	255,694	291,566	292,173	607	-
Total administered and departmental	257,678	296,772	297,379	607	-

1. This figure represents the impact on appropriations.

Table 1.6: Appropriation Bill (No. 4) 2007-08

	2006-07 available \$'000	2007-08 budget \$'000	2007-08 revised \$'000	Additional estimates ¹ \$'000	Reduced estimates \$'000
Non-operating					
Equity injections	6,513	37,210	38,758	1,548	-
Total	6,513	37,210	38,758	1,548	-

1. This figure represents the impact on appropriations.

SUMMARY OF STAFFING CHANGES

Table 1.7: Average Staffing Level (ASL)

	2007-08 budget	2007-08 revised	Variation
Outcome 1			
A fair and efficient market characterised by integrity and transparency and supporting confident and informed participation of investors and consumers	1,586	1,712	126
Total	1,586	1,712	126

OTHER RECEIPTS AVAILABLE TO BE USED

Table 1.8: Other receipts available to be used

	Budget estimate 2007-08 \$'000	Revised estimate 2007-08 \$'000
Departmental other receipts		
Services	3,922	5,082
Other	3,177	6,300
Total departmental other receipts available to be used	7,099	11,382

ESTIMATES OF EXPENSES FROM SPECIAL APPROPRIATIONS

Table 1.9: Estimates of expenses from special appropriations

ASIC does not have any changes to special appropriations since the *Portfolio Budget Statements 2007-08*.

Table 1.10: Estimates of special account flows

	Outcome No.	Opening Balance 2007-08 2006-07 \$'000	Receipts 2007-08 2006-07 \$'000	Payments 2007-08 2006-07 \$'000	Adjustments 2007-08 2006-07 \$'000	Closing Balance 2007-08 2006-07 \$'000
Enforcement Special Account (ESA) - <i>Financial Management and Accountability Act 1997</i> (FMA Act 1997) ^{1, 2}	1	13,863	30,000	(43,863)	-	-
Other Trust Monies - FMA Act 1997 ²	1	-	-	-	-	-
Services from Other Government and Non-Agency Bodies - FMA Act 1997 ²	1	-	-	-	-	-
Companies and Unclaimed Monies Special Account - FMA Act 1997 ³	1	-	-	(200)	4,861	4,661
Total special accounts 2007-08 budget estimates		13,863	30,000	(44,063)	4,861	4,661
Total special accounts 2006-07 actual		-	30,000	(16,137)	-	13,863

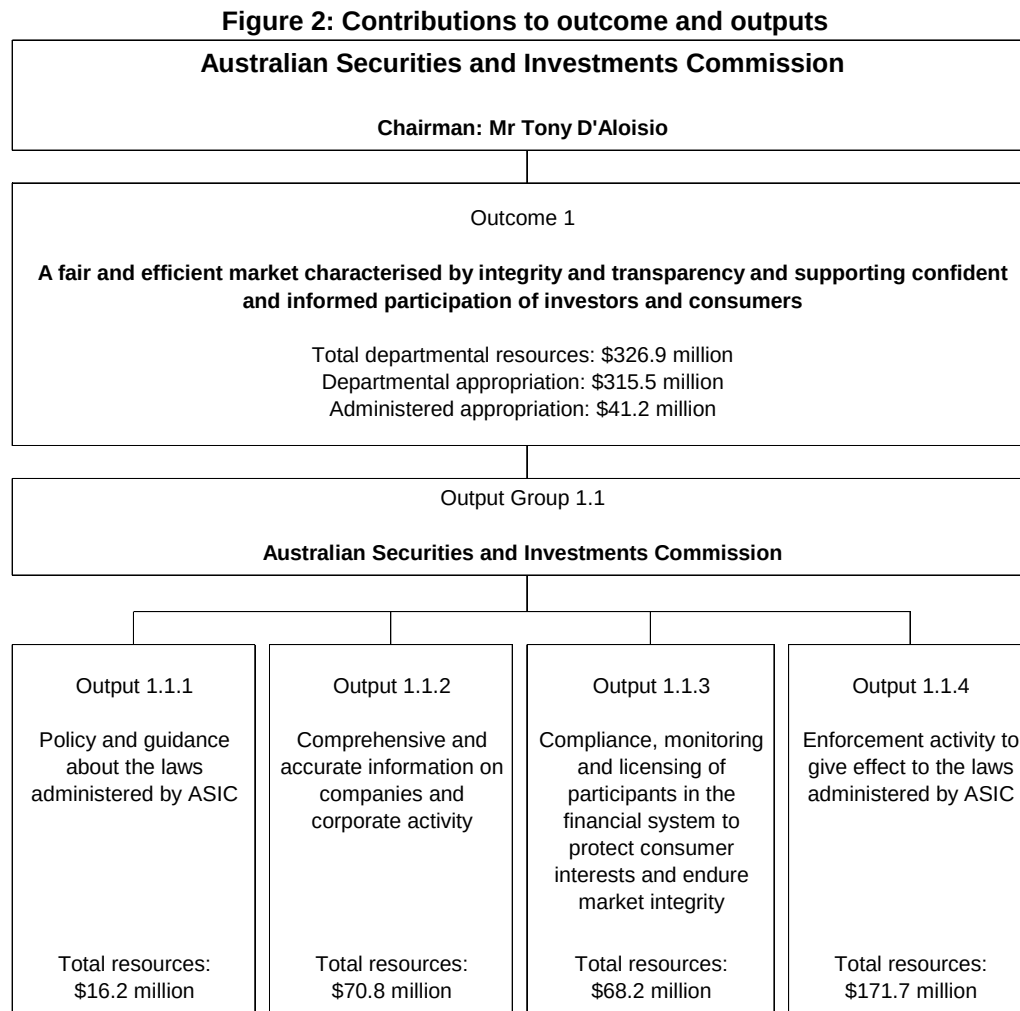
1. For the year ended 30 June 2007, ASIC recognised ESA revenue of \$17.0 million, of which \$16.1 million was drawdown resulting in a balance of \$0.9 million appropriation receivable as at 30 June 2007.
2. The special accounts are governed by section 20 of the FMA Act 1997.
3. This special account was established in July 2007 as a result of ASIC becoming a prescribed agency under the FMA Act 1997. The account is governed by section 21 of the FMA Act 1997. The amount of \$4.9 million represents an adjustment to the limit of appropriation available for the purpose of the special account.

Section 2: Revisions to agency outcomes

OUTCOMES, ADMINISTERED ITEMS AND OUTPUTS

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

ASIC has not made any changes to its outcome or outputs since the *Portfolio Budget Statements 2007-08*.



Revised performance information — 2007-08

ASIC has not made any changes to its performance information since the *Portfolio Budget Statements 2007-08*.

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 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 Deregulation.

ANALYSIS OF BUDGETED FINANCIAL STATEMENTS

BUDGETED FINANCIAL STATEMENTS

Departmental financial statements

Budgeted departmental income statement

ASIC is currently budgeting for a break-even operating result for 2007-08 and for the remainder of the forward estimates.

Appropriation for 2007-08 is \$315.5 million, which is an increase of \$23.9 million from the 2007-08 Budget. Of this amount, \$23.3 million relates to unutilised appropriation carried forward from 2006-07 to 2007-08. The balance of the \$0.6 million increase in appropriation is attributable to measures as shown in Table 1.2 and Table 1.4.

Other revenue has increased by \$3.1 million from the 2007-08 Budget. Of this amount \$2.6 million relates to the application of accumulated interest from the Companies Unclaimed Monies Special Account (CUMA) to fund a number of projects approved by the Minister under section 135 of the *Australian Securities and Investments Commission Act 2001*.

Total revenue and expenses are estimated to be \$326.9 million for 2007-08. The expenditure will be used to fund activities that contribute towards achieving the output objectives outlined in Figure 2.

Budgeted departmental balance sheet

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

ASIC's budgeted equity (or net asset position) for 2007-08 is expected to be \$60.1 million. The capital funding for 2007-08 has increased by \$1.5 million for the Standard Business Reporting measure.

Cash and cash equivalents are estimated to be \$3.8 million at 30 June 2008. Since July 2007, ASIC is required to keep cash at a working capital level agreed with the Department of Finance and Deregulation. The difference between the appropriation entitled and cash appropriation drawn down is recognised as appropriation receivable. Of the budgeted receivable balance of \$47.9 million as at 30 June 2008, \$43.6 million represents appropriation receivable from government.

The increase in non-financial assets in 2007-08 relates primarily to the increase in capitalised software as part of the information technology security and risk mitigation phase 2 and application development project.

Budgeted departmental statement of cash flows

The budgeted statement of cash flows provides 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 to track the management of ASIC's equity.

Departmental capital budget statement

This statement shows all proposed capital expenditure funded through the budget as appropriation 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

Schedule of budgeted income and expenses administered on behalf of government

The statement of financial performance 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*.

Other non-taxation revenue represents the amount of fees and charges budgeted to be levied under the *Corporations Act 2001* and estimated receipts of unclaimed monies under the *Banking Act 1959* and the *Life Insurance Act 1995*.

Expenses represent budgeted payments of unclaimed monies, refund of overpaid fees and charges to be levied under the *Corporations Act 2001*, bad debt expense and payments to registered insolvency practitioners to investigate breaches of directors' duties and fraudulent conduct.

Schedule of budgeted assets and liabilities administered on behalf of government

The amount shown for receivables in 2007-08 and in the forward estimates is the estimated amount of fees and charges under the *Corporations Act 2001* remaining unpaid at 30 June.

The amounts shown in other payables for 2007-08 and 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 2006-07 \$'000	Revised budget 2007-08 \$'000	Forward estimate 2008-09 \$'000	Forward estimate 2009-10 \$'000	Forward estimate 2010-11 \$'000
INCOME					
Revenue					
Revenues from Government	244,058	315,479	298,704	301,056	278,189
Sale of services	4,144	5,082	4,000	4,080	4,162
Interest	5,457	-	-	-	-
Royalties	360	-	-	-	-
Other	3,833	6,300	3,241	3,305	3,371
Total revenue	257,852	326,861	305,945	308,441	285,722
Gains					
Net gains from sale of assets	2	-	-	-	-
Total gains	2	-	-	-	-
Total income	257,854	326,861	305,945	308,441	285,722
EXPENSE					
Employees	147,734	169,446	170,447	169,838	157,733
Suppliers	90,787	131,598	104,468	104,093	96,676
Depreciation and amortisation	16,568	25,663	30,862	34,282	31,073
Finance costs	292	154	168	228	240
Write-down of assets	329	-	-	-	-
Total expenses	255,710	326,861	305,945	308,441	285,722
Net surplus or (deficit) attributable to the Australian Government	2,144	-	-	-	-

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

	Actual 2006-07 \$'000	Revised budget 2007-08 \$'000	Forward estimate 2008-09 \$'000	Forward estimate 2009-10 \$'000	Forward estimate 2010-11 \$'000
ASSETS					
Financial assets					
Cash and cash equivalents	51,660	3,816	3,880	3,826	3,676
Receivables	5,703	47,857	30,739	43,879	47,032
Total financial assets	57,363	51,673	34,619	47,705	50,708
Non-financial assets					
Leasehold improvement	26,851	29,354	41,939	39,110	36,562
Plant and equipment	9,414	16,094	20,694	18,531	18,867
Intangibles	13,505	42,374	58,377	55,128	49,067
Other non-financial assets	2,010	3,948	3,134	3,123	2,895
Total non-financial assets	51,780	91,770	124,144	115,892	107,391
Total assets	109,143	143,443	158,763	163,597	158,099
LIABILITIES					
Payables					
Suppliers	22,070	22,372	17,760	17,696	16,435
Other payables	23,660	11,341	13,908	11,994	10,784
Total payables	45,730	33,713	31,668	29,690	27,219
Interest bearing liabilities					
Leases	882	190	-	-	-
Total interest bearing liabilities	882	190	-	-	-
Provisions					
Employees	37,005	45,751	46,021	45,857	42,589
Other provisions	4,218	3,723	3,891	4,119	4,360
Total provisions	41,223	49,474	49,912	49,976	46,949
Total liabilities	87,835	83,377	81,580	79,666	74,168
EQUITY					
Contributed equity	20,596	59,354	76,471	83,219	83,219
Reserves	11,199	11,199	11,199	11,199	11,199
Retained surpluses or accumulated deficits	(10,487)	(10,487)	(10,487)	(10,487)	(10,487)
Total equity	21,308	60,066	77,183	83,931	83,931
Current assets	59,373	55,621	37,753	50,828	53,603
Non-current assets	49,770	87,822	121,010	112,769	104,496
Current liabilities	67,034	65,206	61,920	60,790	56,334
Non-current liabilities	20,801	18,171	19,660	18,876	17,834

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

	Actual 2006-07 \$'000	Revised budget 2007-08 \$'000	Forward estimate 2008-09 \$'000	Forward estimate 2009-10 \$'000	Forward estimate 2010-11 \$'000
OPERATING ACTIVITIES					
Cash received					
Services	5,295	6,326	5,704	4,717	4,811
Appropriations	251,331	262,432	314,828	287,950	275,072
Interest	5,542	-	-	-	-
Net GST received	9,495	18,490	18,202	13,996	12,718
Other cash received	3,700	4,264	11,688	1,742	1,808
Total cash received	275,363	291,512	350,422	308,405	294,409
Cash used					
Employees	144,274	160,700	170,177	170,002	161,001
Suppliers	89,676	152,315	132,865	119,164	110,758
Financing costs	93	692	190	-	-
Return of appropriation to Government	9,500	-	-	-	-
Total cash used	243,543	313,707	303,232	289,166	271,759
Net cash from or (used by) operating activities	31,820	(22,195)	47,190	19,239	22,650
INVESTING ACTIVITIES					
Cash received					
Proceeds from sales of leasehold improvement, plant and equipment	20	-	-	-	-
Total cash received	20	-	-	-	-
Cash used					
Purchase of leasehold improvement, plant and equipment	21,381	63,715	64,050	26,041	22,800
Total cash used	21,381	63,715	64,050	26,041	22,800
Net cash from or (used by) investing activities	(21,361)	(63,715)	(64,050)	(26,041)	(22,800)
FINANCING ACTIVITIES					
Cash received					
Appropriations - contributed equity	6,514	38,758	17,117	6,748	-
Total cash received	6,514	38,758	17,117	6,748	-
Cash used					
Repayments of finance lease principal	886	692	193	-	-
Total cash used	886	692	193	-	-
Net cash from or (used by) financing activities	5,628	38,066	16,924	6,748	-
Net increase or (decrease) in cash held	16,087	(47,844)	64	(54)	(150)
Cash at the beginning of the reporting period	35,573	51,660	3,816	3,880	3,826
Cash at the end of the reporting period	51,660	3,816	3,880	3,826	3,676

Table 3.4: Departmental statement of changes in equity — summary of movement (Budget 2007-08)

	Accumulated results \$'000	Asset revaluation reserve \$'000	Other reserves \$'000	Contributed equity/ capital \$'000	Total equity \$'000
Opening balance as at 1 July 2007					
Balance carried forward from previous period	(10,487)	11,199	-	20,596	21,308
Adjusted opening balance	(10,487)	11,199	-	20,596	21,308
Transactions with owners					
<i>Contribution by owners</i>					
Appropriation (equity injection)	-	-	-	38,758	38,758
Total transactions with owners	-	-	-	38,758	38,758
Estimated closing balance as at 30 June 2008	(10,487)	11,199	-	59,354	60,066

Table 3.5: Departmental capital budget statement

	Actual 2006-07 \$'000	Revised budget 2007-08 \$'000	Forward estimate 2008-09 \$'000	Forward estimate 2009-10 \$'000	Forward estimate 2010-11 \$'000
CAPITAL APPROPRIATIONS					
Total equity injections	6,514	38,758	17,117	6,748	-
Total capital appropriations	6,514	38,758	17,117	6,748	-
Represented by:					
Purchase of non-financial assets	21,381	63,715	64,050	26,041	22,800
Total represented by	21,381	63,715	64,050	26,041	22,800
PURCHASE OF NON-FINANCIAL ASSETS					
Funded by capital appropriation	6,514	38,758	17,117	6,748	-
Funded internally by departmental resources	14,867	24,957	46,933	19,293	22,800
Total	21,381	63,715	64,050	26,041	22,800

Table 3.6: Departmental property, plant, equipment and intangibles — summary of movement (Budget year 2007-08)

	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 2007									
Gross book value	-	-	31,226	-	22,426	-	42,833	-	96,485
Accumulated depreciation	-	-	(4,375)	-	(13,012)	-	(29,328)	-	(46,715)
Opening net book value	-	-	26,851	-	9,414	-	13,505	-	49,770
Additions:									
by purchase	-	-	7,258	-	13,702	-	42,755	-	63,715
Depreciation/amortisation expense	-	-	(4,755)	-	(7,022)	-	(13,886)	-	(25,663)
As at 30 June 2008									
Gross book value	-	-	38,484	-	36,128	-	85,588	-	160,200
Accumulated depreciation	-	-	(9,130)	-	(20,034)	-	(43,214)	-	(72,378)
Estimated closing net book value	-	-	29,354	-	16,094	-	42,374	-	87,822

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

	Actual 2006-07 \$'000	Revised budget 2007-08 \$'000	Forward estimate 2008-09 \$'000	Forward estimate 2009-10 \$'000	Forward estimate 2010-11 \$'000
INCOME ADMINISTERED ON BEHALF OF GOVERNMENT					
Revenue					
Non-taxation					
Interest	155	-	-	-	-
Other sources of non-taxation revenues	558,334	572,544	580,911	589,353	597,874
Total non-taxation	558,489	572,544	580,911	589,353	597,874
Total income administered on behalf of Government	558,489	572,544	580,911	589,353	597,874
EXPENSES ADMINISTERED ON BEHALF OF GOVERNMENT					
Suppliers	1,563	5,206	3,421	3,424	3,488
Write down and impairment of assets	22,427	23,511	22,458	22,728	23,000
Other	26,259	30,000	32,000	33,000	34,000
Total expenses administered on behalf of Government	50,249	58,717	57,879	59,152	60,488

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

	Actual 2006-07 \$'000	Revised budget 2007-08 \$'000	Forward estimate 2008-09 \$'000	Forward estimate 2009-10 \$'000	Forward estimate 2010-11 \$'000
ASSETS ADMINISTERED ON BEHALF OF GOVERNMENT					
Financial assets					
Cash and cash equivalents	2,506	3,095	3,095	3,090	3,094
Receivables	76,877	76,911	77,808	78,647	79,416
Total financial assets	79,383	80,006	80,903	81,737	82,510
Total assets administered on behalf of Government	79,383	80,006	80,903	81,737	82,510
LIABILITIES ADMINISTERED ON BEHALF OF GOVERNMENT					
Payables					
Other payables	4,614	5,600	5,600	5,600	5,600
Total payables	4,614	5,600	5,600	5,600	5,600
Total liabilities administered on behalf of Government	4,614	5,600	5,600	5,600	5,600

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

	Actual 2006-07 \$'000	Revised budget 2007-08 \$'000	Forward estimate 2008-09 \$'000	Forward estimate 2009-10 \$'000	Forward estimate 2010-11 \$'000
OPERATING ACTIVITIES					
Cash received					
Interest	155	-	-	-	-
Net GST received	84	292	313	313	319
Other	531,922	549,985	557,556	565,786	574,105
Total cash received	532,161	550,277	557,869	566,099	574,424
Cash used					
Suppliers	925	5,498	3,734	3,737	3,807
Other	26,228	30,000	32,000	33,000	34,000
Total cash used	27,153	35,498	35,734	36,737	37,807
Net cash from operating activities	505,008	514,779	522,135	529,362	536,617
FINANCING ACTIVITIES					
Cash received					
Cash from Official Public Account	30,689	41,206	41,421	42,424	43,488
Total cash received	30,689	41,206	41,421	42,424	43,488
Cash used					
Cash to Official Public Account	536,153	555,396	563,556	571,791	580,101
Total cash used	536,153	555,396	563,556	571,791	580,101
Net cash from financing activities	(505,464)	(514,190)	(522,135)	(529,367)	(536,613)
Net increase or (decrease) in cash held					
Cash at beginning of reporting period	2,962	2,506	3,095	3,095	3,090
Cash at end of reporting period	2,506	3,095	3,095	3,090	3,094

Table 3.10: Schedule of administered capital budget

ASIC does not have any administered capital.

**Table 3.11: Schedule of administered property, plant, equipment and
intangibles — summary of movement (Budget year 2007-08)**

ASIC does not have any administered property, plant, equipment or intangible assets.

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 except for certain assets, which are at fair value.

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 fees, fines and expenses that have been earmarked for a specific purpose by the 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.

Departmental

Asset valuation

ASIC has adopted fair value as a basis for valuing its leasehold improvements and plant and equipment. Valuation is 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.

Asset recognition threshold

Purchases of property, 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.

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 the 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, provisions for making-good leased premises and lease incentives. No provision for sick leave is required as all sick leave is non-vesting.

Administered

Schedule of budgeted revenues and expenses administered on behalf of government

Revenues

Non-taxation revenues are predominately comprised of Corporations Act fees and charges and collections of unclaimed monies under the *Banking Act 1959* and the *Life Insurance Act 1995*.

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 unclaimed monies and Life Insurance Act unclaimed monies is transferred to the OPA when received.

