

# Financial statements for ASIC operations



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## Independent audit report

To the Treasurer

### Scope

I have audited the financial statements of the Australian Securities and Investments Commission for the year ended 30 June 2000. The financial statements comprise:

- Statement by Commissioners
- Operating Statement
- Balance Sheet
- Statement of Cash Flows
- Schedule of Commitments
- Schedule of Contingencies
- Statement of Administered Revenues and Expenses
- Statement of Administered Assets and Liabilities
- Administered Cash Flows
- Schedule of Administered Commitments
- Schedule of Administered Contingencies, and
- Notes to and forming part of the Financial Statements.

The members of the Commission are responsible for the preparation and presentation of the financial statements and the information they contain. I have conducted an independent audit of the financial statements in order to express an opinion on them to you.

The audit has been conducted in accordance with Australian National Audit Office Auditing Standards, which incorporate the Australian Auditing Standards, to provide reasonable assurance as to whether the financial statements are free of material misstatement. Audit procedures included examination, on a test basis, of evidence supporting the amounts and other disclosures in the financial statements, and the evaluation of accounting policies and significant accounting estimates. These procedures have been undertaken to form an opinion as to whether, in all material respects, the financial statements are presented fairly in accordance with Australian Accounting Standards, other mandatory professional reporting requirements and statutory requirements in Australia so as to present a view of the Commission which is consistent with my understanding of its financial position, the results of its operations and its cash flows.

The audit opinion expressed in this report has been formed on the above basis.

### Audit Opinion

In my opinion,

- (i) the financial statements have been prepared in accordance with Schedule 2 of the Finance Minister's Orders; and
- (ii) the financial statements give a true and fair view, in accordance with applicable Accounting Standards, other mandatory professional reporting requirements and Schedule 2 of the Finance Minister's Orders, of the financial position of the Australian Securities and Investments Commission as at 30 June 2000 and the results of its operations and its cash flows for the year then ended.

Australian National Audit Office



P Hinchey  
*Senior Director*

Delegate of the Auditor-General  
Sydney  
22 August 2000

# Statement by the Commissioners

In our opinion, the attached financial statements give a true and fair view of the matters required by Schedule 2 of the Finance Minister's Orders made under the Commonwealth Authorities and Companies Act 1997 and the Financial Management and Accountability Act 1997 for the year ended 30 June 2000.



A. J. Cameron, AM  
Chairman

22 August 2000



D. W. Knott  
Deputy Chairman

22 August 2000



J. S. Segal  
Commissioner

22 August 2000

# Operating statement

for the year ended 30 June 2000

	Notes	2000 \$'000	1999 \$'000	
<b>Operating revenues</b>				
Revenues from government	5 (a)	132,571	137,486	
Sale of goods and services	6 (a)	2,050	2,567	
Interest	6 (b)	1,889	1,992	
Net gains from sale of assets	6 (c)	17	24	
Other	6 (d)	3,691	4,649	
<b>Total operating revenues (before abnormal items)</b>		140,218	146,718	
<b>Operating expenses</b>				
Employees	7 (a)	83,787	77,271	
Suppliers	7 (b)	46,187	57,832	
Depreciation and amortisation	7 (c)	8,238	8,258	
Write-down of assets	7 (d)	101	1,696	
Net losses from sale of assets	7 (e)	163	90	
Interest	8	230	386	
<b>Total operating expenses</b>		138,706	145,533	
<b>Operating surplus before abnormal items</b>		1,512	1,185	
Abnormal items	3	(4,284)	(300)	
<b>Operating (deficit) surplus</b>		(2,772)	885	
Accumulated surplus at beginning of reporting period		1,328	443	
<b>Total available for appropriation</b>		(1,444)	1,328	
<b>Accumulated (deficit) / surplus at end of reporting period</b>		13 (a)	(1,444)	1,328

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

# Balance Sheet

as at 30 June 2000

	Notes	2000 \$'000	1999 \$'000
<b>ASSETS</b>			
<b>Financial assets</b>			
Cash	9 (a)	8,558	8,802
Receivables	9 (b)	2,695	1,552
<b>Total financial assets</b>		11,253	10,354
<b>Non-financial assets</b>			
Land and buildings	10 (a)	5,815	7,335
Plant and equipment	10 (b)	12,704	14,851
Intangibles	10 (c)	6,423	3,375
Other	10 (f)	980	1,727
<b>Total non-financial assets</b>		25,922	27,288
<b>Total assets</b>		37,175	37,642
<b>LIABILITIES</b>			
<b>Debt</b>			
Loans	11 (a)	2,772	4,822
Other	11 (b)	5,779	7,690
<b>Total debt</b>		8,551	12,512
<b>Provisions and payables</b>			
Employees	12 (a)	23,633	21,402
Suppliers	12 (b)	5,863	1,259
Interest payable	12 (c)	222	386
Other	12 (d)	25	430
<b>Total provisions and payables</b>		29,743	23,477
<b>Total liabilities</b>		38,294	35,989
<b>EQUITY</b>			
Reserves	13 (a)	325	325
Accumulated (deficit) / surplus	13 (a)	(1,444)	1,328
<b>Total equity</b>		(1,119)	1,653
<b>Total liabilities and equity</b>		37,175	37,642
<b>Current liabilities</b>		21,728	17,128
<b>Non-current liabilities</b>		16,566	18,861
<b>Current assets</b>		12,233	12,081
<b>Non-current assets</b>		24,942	25,561

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

# Statement of cash flows

for the year ended 30 June 2000

	Notes	2000 \$'000	1999 \$'000
<b>OPERATING ACTIVITIES</b>			
<b>Cash received</b>			
Appropriations		132,381	137,028
Interest		1,876	2,016
Sales of goods and services		2,611	2,601
Other		1,031	4,498
<i>Total cash received</i>		137,899	146,143
<b>Cash used</b>			
Employees		(80,823)	(76,314)
Suppliers		(47,436)	(57,161)
Interest and other financing costs		(394)	(520)
<i>Total cash used</i>		(128,653)	(133,995)
<b>Net cash from operating activities</b>	14 (a)	9,246	12,148
<b>INVESTING ACTIVITIES</b>			
<b>Cash received</b>			
Proceeds from redemption of internal treasury bills		-	660
Proceeds from sale of property, plant & equipment		212	49
<i>Total cash received</i>		212	709
<b>Cash used</b>			
Purchase of property, plant & equipment		(7,652)	(10,212)
<i>Total cash used</i>		(7,652)	(10,212)
<b>Net cash used in investing activities</b>		(7,440)	(9,503)
<b>FINANCING ACTIVITIES</b>			
<b>Cash used</b>			
Repayments of debt		(2,050)	(1,678)
<i>Total cash used</i>		(2,050)	(1,678)
<b>Net cash used in financing activities</b>		(2,050)	(1,678)
<i>Net (decrease) increase in cash held</i>		(244)	967
Cash at the beginning of the reporting period		8,802	7,835
<b>Cash at the end of the reporting period</b>	9 (a)	8,558	8,802

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

# Schedule of commitments

as at 30 June 2000

	<b>2000</b>	1999
	<b>\$'000</b>	\$'000
<b>BY TYPE</b>		
<b>OTHER COMMITMENTS</b>		
Operating leases (a)	148,950	158,803
Other commitments (interest on loan)	-	222
<b>Total other commitments</b>	<b>148,950</b>	<b>159,025</b>
<b>Total commitments payable</b>	<b>148,950</b>	<b>159,025</b>
<b>Commitments receivable</b>	<b>(3,173)</b>	<b>(4,590)</b>
<b>Net commitments</b>	<b>145,777</b>	<b>154,435</b>
<b>BY MATURITY</b>		
<b>All net commitments</b>		
One year or less	18,666	18,300
From one to two years	16,313	20,271
From two to five years	49,229	43,021
Over five years	61,569	72,843
<b>Net commitments</b>	<b>145,777</b>	<b>154,435</b>
<b>Operating lease commitments</b>		
One year or less	20,133	19,567
From one to five years	67,248	66,393
Over five years	61,569	72,843
<b>Operating lease commitments</b>	<b>148,950</b>	<b>158,803</b>

(a) Operating leases are non-cancellable leases for office accommodation  
The above schedule should be read in conjunction with the accompanying notes.

# Schedule of contingencies

as at 30 June 2000

## **CONTINGENT LOSSES**

There were no contingent losses as at 30 June 2000 (1998-99 nil)

## **CONTINGENT GAINS**

There were no contingent gains as at 30 June 2000 (1998-99 nil)

## **SCHEDULE OF UNQUANTIFIABLE CONTINGENT LOSSES/GAINS**

ASIC is party to many civil litigation matters arising out of its statutory duty to enforce laws for which it is responsible. Like any other party to litigation, ASIC is exposed to the risk of being required to pay the other party's costs if unsuccessful.

Similarly, ASIC may be entitled to recover costs arising out of such litigation.

There are seven current claims against ASIC where proceedings have been instituted. An additional claim was finally settled in the reporting period.

There are two cases where legal proceedings were threatened during the reporting period, but proceedings have not yet been commenced. In each case, it is not expected that such proceedings will commence.

However, with respect to each of these matters, based on legal advice received and save for having to pay legal fees and other out of pocket expenses, ASIC:

- (a) denies liability;
- (b) is confident of successfully defending the action instituted; and
- (c) considers that it will not be required to pay any damages.

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

# Statement of administered revenues and expenses

for the year ended 30 June 2000

	Notes	2000 \$'000	1999 \$'000
<b>Operating revenues</b>			
<b>Non-taxation</b>			
Other sources of non-taxation revenues	6(e)	359,536	338,966
Revenues from Government	5(c), 5(d)	3,322	22
<b>Total non-taxation</b>		362,858	338,988
<b>Total operating revenues</b>		362,858	338,988
<b>Operating expenses</b>			
Net write-down of administered assets	7(f)	6,028	7,751
Other	5(d), 1(f)	22	22
<b>Total operating expenses</b>		6,050	7,773
Net contribution to the Budget Outcome		356,808	331,215
Transfer to Official Commonwealth Public Account		(360,975)	(331,778)
<b>Net (deficit)</b>		(4,167)	(563)
Accumulated results at the beginning of the reporting period		26,897	27,460
<b>Accumulated results at end of the reporting period</b>	13(b), 1(g)(ii)	22,730	26,897

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

# Statement of administered assets and liabilities

as at 30 June 2000

	Notes	2000 \$'000	1999 \$'000
<b>ASSETS</b>			
<b>Financial assets</b>			
Cash	9(c)(i)	1,134	8,041
Receivables	9(c)(ii)	15,015	12,134
Accrued revenues	9(c)(iii)	7,970	8,142
<b>Total assets</b>		<b>24,119</b>	<b>28,317</b>
<b>LIABILITIES</b>			
Provisions and payables	12(e)	1,389	1,420
<b>Total liabilities</b>		<b>1,389</b>	<b>1,420</b>
<b>EQUITY</b>			
Accumulated results		22,730	26,897
<b>Total equity</b>	13(b), 1(g)(ii)	<b>22,730</b>	<b>26,897</b>
<b>Total liabilities and equity</b>		<b>24,119</b>	<b>28,317</b>
<b>Current liabilities</b>		<b>1,389</b>	<b>1,420</b>
<b>Current assets</b>		<b>24,119</b>	<b>28,317</b>

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

# Administered cash flows

for the year ended 30 June 2000

	Notes	2000 \$'000	1999 \$'000
<b>OPERATING ACTIVITIES</b>			
<b>Cash received - Corporations Law fees &amp; charges</b>		354,068	336,051
Total cash received		354,068	336,051
<b>Cash used</b>			
Cash to official Commonwealth Public Account	14 (b)	360,975	331,778
<b>Total cash used</b>		360,975	331,778
<b>Net cash (used in) from operating activities</b>	14 (b)	(6,907)	4,273
<i>Net (decrease) increase in cash held</i>			
Cash at the beginning of the reporting period		8,041	3,768
<b>Cash at the end of the reporting period</b>	9 (c)(i)	1,134	8,041

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

## Schedule of administered commitments

as at 30 June 2000

There were no administered commitments as at 30 June 2000 (1998-99 nil)

## Schedule of administered contingencies

as at 30 June 2000

There were no administered contingencies as at 30 June 2000 (1998-99 nil)

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 2000

## Note Description

1. Summary of accounting policies
2. Reporting by segments and outcomes
3. Abnormal items
4. Economic dependency
5. Revenues from Government
6. Revenue from independent sources
7. Goods and services expenses
8. Interest expense
9. Financial assets
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11. Debt
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15. Related parties
16. Remuneration of Commissioners and Executive Officers
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19. Auditors remuneration
20. Assets vesting in ASIC
21. Financial instruments
22. Administered financial instruments

## 1. Summary of accounting policies

### (a) Objectives of ASIC

The Australian Securities and Investments Commission (ASIC) is an independent Commonwealth government body set up by the *Australian Securities and Investments Commission Act 1989* (ASIC Act) to administer the Corporations Law throughout Australia.

ASIC's objective is to promote the confident and informed participation of investors and consumers in the financial system.

ASIC collects and administers revenue under the *Corporations Act 1989* and prescribed fees set by *the Corporations (Fees) Regulations*.

## **(b) Basis of accounting**

The financial statements are required by clause 1(b) of Schedule 1 to the *Commonwealth Authorities and Companies Act 1997* and section 63 of the *Financial Management and Accountability Act 1997* and are a general purpose financial report.

The statements have been prepared in accordance with:

- *Requirements for the Preparation of Financial Statements of Commonwealth Agencies and Authorities* made by the Minister for Finance and Administration in August 1999 (Schedule 2 to the Commonwealth Authorities and Companies (CAC) Orders, and for administered items, Schedule 2 to the Financial Management and Accountability (FMA) Orders).
- Australian Accounting Standards;
- other authoritative pronouncements of the Australian Accounting Standards Boards; and
- the Consensus Views of the Urgent Issues Group.

The statements have been prepared having regard to:

- Statements of Accounting Concepts; and
- the Explanatory Notes to Schedule 2 issued by the Department of Finance and Administration.

The financial statements for ASIC and Administered items have been incorporated into a combined financial statement which has been prepared on an accruals basis which is in accordance with the historical cost convention, except for certain assets which, as

noted, are at valuation. Except where stated, no allowance is made for the effect of changing prices on the results or the financial position of ASIC or Administered items.

## **(c) Changes in Accounting Policy**

Changes in accounting policy have been identified in this note under their appropriate headings.

## **(d) Administered items**

ASIC collects and administers revenue under the *Corporations Act 1989* and prescribed fees set by *the Corporations (Fees) Regulations*. The revenues from these fees are not available to ASIC and are remitted to the Commonwealth's Official Public Account. Transactions and balances relating to these fees are reported as Administered Items.

Administered items are distinguished in the financial statements by shading.

## **(e) Reporting by Outcomes**

A comparison of Budget and Actual figures by outcome specified in the Appropriation Acts relevant to ASIC is presented in Note 2. Any intra-government costs included in the figure 'net cost to Budget outcomes' are eliminated in calculating the actual budget outcome for the Government overall.

## **(f) Appropriations**

From 1 July 1999, the Commonwealth Budget has been prepared under an accruals framework. Under this framework, Parliament appropriates moneys to ASIC as revenue appropriations.

## Revenue Appropriations

Revenues from government are revenues of the core operating activities of ASIC. Appropriations for outputs are recognised as revenue to the extent they have been received into ASIC's bank account or are entitled to be received by ASIC at year end.

## Resources Received Free of Charge

Resources and services received free of charge are recognised in the Operating Statement / Statement of Administered Revenues and Expenses as revenue when and only when a fair value can be reliably determined and the services would have been purchased if they had not been donated. Use of those resources is recognised as an expense.

## Going Concern

ASIC is a statutory body and prepares its accounts on a going concern basis which assumes that it is able to extinguish its liabilities as they arise through the normal level of appropriations it receives from Government and where necessary by seeking an advance from future appropriations or a capital injection.

## (g) Other Revenue

ASIC is largely funded by Parliamentary Appropriations which enable it to carry out its functions under the *Corporations Law*. Appropriation revenue is recognised at the time ASIC becomes entitled to receive the revenue.

Operating revenue from independent sources is mainly comprised of bank interest, business names receipts, recoveries of legal costs and prosecution disbursements.

Revenue from the sale of goods and services is recognised upon the delivery of goods and services to customers.

Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets.

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

## Administered revenue

### (i) Definition of Revenue

Revenues and related assets are considered to arise when the Government, through the application of legislation by ASIC, gains control of the future economic benefits that flow from prescribed fees and other statutory charges.

### (ii) Recognition of Revenue

The revenues of the Commonwealth, when administered by ASIC, are recognised on an accruals basis when the following conditions apply:

- 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, and it is probable that the amount will be collected.

Statutory Revenue arising from services rendered by ASIC under the *Corporations Law* is collected and deposited in the Commonwealth Public Account (CPA) on behalf of the Commonwealth.

Statutory revenue comprises fees for the lodgement of annual returns and other prescribed fees and voluntary enquiries

from clients for microfiche, certificates and document images.

ASIC also determines a reliable estimate of amounts payable by existing clients who have been identified as not having remitted or not lodged an annual return.

### **(h) Employee entitlements**

#### **Leave**

The liability for employee entitlements 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 liability for annual leave reflects the value of total annual leave entitlements of all employees at 30 June 2000 and is recognised at its nominal amount.

The non-current portion of the liability for long service leave is recognised and measured at the present value of the estimated future cash flows to be made in respect of all employees at 30 June 2000. In determining the present value of the liability, attrition rates and pay increases through promotion and inflation have been taken into account.

#### **Separation and redundancy**

Provision is also made for separation and redundancy payments in cases where positions have been formally identified as excess to requirements, the existence of an excess has been publicly communicated, and a reliable estimate of the amount payable can be determined.

### **Superannuation**

The majority of employees contribute to the Commonwealth Superannuation Scheme and the Public Sector Superannuation Scheme. There are also a small number of employees covered under state government and private superannuation schemes. The majority of these employees were employed by the various state governments and were transferred to ASIC at its inception in 1989.

Details of Superannuation payments are disclosed in note 7 (a).

#### **(i) Leases**

No finance leases existed during the financial year. All leased assets have been classified as operating leases as substantially all the risks and benefits incidental to the ownership of the leased assets remain with the lessor.

Operating lease payments are charged to expense on a basis which is representative of the pattern of benefits derived from the leased assets. The net present value of future net outlays in respect of surplus space under non-cancellable lease agreements is expensed in the period in which the space becomes surplus.

Cash lease incentives are recognised as a liability and are reduced by allocating lease payments between rental expense in the operating statement and the deferred lease incentive liability over the term of the lease.

Lease incentives taking the form of rent free holidays are recognised as a liability. This liability is reduced by allocating lease payments between rental expense and reduction of the liability.

## **(j) Cash**

For the purpose of the Statements of Cash Flows for both ASIC and Administered items, cash includes deposits held at call with a bank.

## **(k) Taxation**

ASIC is exempt from all forms of taxation with the exception of sales tax, debits tax, fringe benefits tax and the goods and services tax (GST). ASIC has recognised both GST payable and receivable for amounts of GST paid or collected prior to 1 July 2000 relating to transactions where GST is applicable.

Administered items are exempt from all forms of taxation.

## **(l) 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. Assets acquired at no cost, or for nominal consideration, are initially recognised as assets and revenues at their fair value at the date of acquisition.

## **(m) Property, plant and equipment**

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. The \$2,000 threshold was selected because it facilitates efficient asset management and recording without materially affecting asset values recognised. Property, plant and equipment acquired free or for a nominal charge is recognised initially at fair value.

Revaluations

Schedule 2 requires that buildings, infrastructure, plant and equipment be revalued progressively in accordance with the 'deprival' method of valuation in successive 3-year cycles.

The requirements of Schedule 2 have been implemented as follows:

- leasehold improvements were revalued in full during the 1997-98 financial year;
- plant and equipment assets have been revalued in full during the 1998-99 financial year.

Assets in each class acquired after the commencement of the revaluation cycle are reported at cost and are not captured by the progressive revaluation then in progress. Plant and equipment is recognised at its depreciated replacement cost.

Any assets which would not be replaced or are surplus to requirements are valued at net realisable value.

At 30 June 2000, ASIC had no assets in this situation.

All valuations are independent.

Recoverable amount test

The carrying amount of each item of non-current property plant and equipment assets is reviewed to determine whether it is in excess of the asset's recoverable amount. If an excess exists as at the reporting date, the asset is written down to its recoverable amount immediately.

In assessing recoverable amounts, the relevant cash flows, including the expected cash inflows from future appropriations by the Parliament, have been discounted to their present value.

The application of the recoverable amount test to the not-for-profit departmental non-current assets of ASIC is a change of accounting policy required by the Finance Minister's Orders in 1999-2000. The new policy is being applied from the beginning of 1999-2000. No write-down to recoverable amount has been made in 1999-2000 as a result of this change in policy.

#### (n) Depreciation and amortisation

Depreciable property, plant and equipment assets are written off to their estimated residual values over their estimated useful lives to ASIC using, in all cases, the straight line method of depreciation. Leasehold improvements are amortised on a straight line basis over the lesser of the estimated useful life of the improvements or the unexpired period of the lease.

Depreciation/amortisation rates (useful lives) and methods are reviewed at each balance date and necessary adjustments are recognised in the current, or current and future reporting periods, as appropriate.

Depreciation and amortisation rates applying to each class of depreciable asset are based on the following useful lives:

	2000	1999
Buildings on freehold land	40 years	40 years
Leasehold improvements	Lease term	Lease term
Plant and equipment	5 to 10 years	5 to 10 years

The aggregate amount of depreciation allocated for each class of asset during the reporting period is disclosed in Note 7(c).

#### (o) Intangible Assets - computer software

The carrying amount of each non-current intangible asset is reviewed to determine whether it is in excess of the asset's recoverable amount. If an excess exists as at the reporting date, the asset is written down to its recoverable amount immediately. In assessing recoverable amounts, the relevant cash flows, including the expected cash inflows from future appropriations by the Parliament, have been discounted to their present value.

The application of the recoverable amount test to the not-for-profit departmental non-current assets of ASIC is a change of accounting policy required by the Finance Minister's Orders in 1999-2000. The new policy is being applied from the beginning of 1999-2000. No write-down to recoverable amount has been made in 1999-2000 as a result of this change in policy.

Intangible assets are amortised on a straight line basis over their anticipated useful lives.

Useful lives are:

	2000	1999
Computer software	3 to 5 years	5 years

#### (p) Receivables

ASIC receivables comprises amounts expected to be received from operating revenue. A provision for doubtful debts is not considered necessary.

Administered debts deemed uncollectable are written off against a provision for doubtful debts. Provisions are made when collection of the debt is judged to be less rather than more likely.

#### (q) Expenditure of Boards, Panel and Tribunal

Pursuant to Sections 171, 202 and 224 of the Australian Securities and *Investments Commission Act 1989*, and the *Superannuation (Resolution of Complaints) Act 1993*, ASIC is required to support various boards, panel and tribunal to promote activities which enable ASIC to attain its aims. Employee and administrative expenditure incurred on behalf of these boards, panel and tribunal are included in the Operating Statement of ASIC (Note 18).

#### (r) Rounding

Amounts are rounded off to the nearest \$1,000 except in relation to:

- remuneration of Commissioners;
- remuneration of executive officers;
- remuneration of auditors; and
- administered fee write off and waivers.

#### (s) Comparative figures

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

#### (t) Financial instruments

Accounting policies in relation to financial instruments are disclosed in Notes 21 and 22.

## 2. Reporting by segments and outcomes

ASIC's aim is to protect the interests of companies and investors by providing information about companies, helping businesses to interpret the law, and taking action against offenders. ASIC operates in a single activity and has offices in each state and territory in Australia.

ASIC is structured to meet one outcome: A fair and efficient market characterised by integrity and transparency and supporting confident and informed participation of investors and consumers.

## Outcomes for 1999-2000 - net cost to Government

	Outcome		
	Budget \$'000	Actual \$'000	
Administered expenses	2,000	6,050	
Net cost of entity outputs	132,487	131,059	
Outcome before abnormal/extraordinary items	134,487	137,109	
Abnormal/extraordinary items	-	4,284	Note 3
Net Cost to Budget Outcome	134,487	141,393	
Total assets deployed as at 30/06/00	66,570	61,294	(a)
Net assets deployed as at 30/06/00	33,311	21,611	(a)

(a) Total assets and net assets deployed are shown on ASIC's Balance Sheet and Statement of Administered Assets and Liabilities.

## Reporting by Outcome by funding source for 1999-2000

Outcome	Outputs \$'000			Expense against revenue from other sources	Total Expenses against outputs	Total Appropriations \$'000	Total Expenses \$'000
	Special Appropriation	Annual Appropriation Acts	Total				
	Revenue from Government (Appropriations)						
Actual	-	132,381	132,381	(b)	142,990	132,381	142,990

(b) It is not possible to identify expenses incurred against specific funding sources.

## 3. Abnormal items

	2000 \$'000	1999 \$'000
Surplus lease space expense	-	300
Operating lease expense on early surrender of lease (a)	4,710	-
Write down of Leasehold Improvements on early surrender of lease (a)	1,151	-
Internally developed software initially expensed in 1998/99 - now recognised as an intangible asset.	(1,577)	-
<b>Total</b>	<b>4,284</b>	<b>300</b>

(a) Abnormal expenses were incurred as part of the move of the National Office Sydney and Regional Office NSW to its new premises in late 1999.

## 4. Economic dependency

ASIC is controlled by the Government of the Commonwealth of Australia.

ASIC is dependent on appropriations from Parliament of the Commonwealth for its continued existence and ability to carry out its normal activities and functions under the *Corporations Law*.

## 5. Revenues from Government

### (a) Revenues from Government

	2000 \$'000	1999 \$'000
Appropriations	132,381	137,028
Services received free of charge (b)	190	458
<b>Total</b>	<b>132,571</b>	<b>137,486</b>

### (b) Services received free of charge

During the year ASIC received services at no cost from the following organisations:

Australian Federal Police (based on the estimated salary benefit received by ASIC)	190	369
Insurance and Superannuation Commission (based on estimated value of computer equipment received by ASIC)	-	89
<b>Total</b>	<b>190</b>	<b>458</b>

### (c) Administered Revenues from Government

Transfers from Official Public Account	3,300	-
Administered services received free of charge (d)	22	22
	<b>3,322</b>	<b>22</b>

### (d) Administered services received free of charge

Financial statement audit services by the Auditor-General are provided free of charge to ASIC in relation to the audit of Corporations Law revenue items. The fair value of audit services provided is **\$22,000** (1998-99: \$22,000).

## 6. Revenue from independent sources

	2000 \$'000	1999 \$'000
<b>(a) Sale of goods and services</b>		
Services	2,050	2,567
<b>(b) Bank interest</b>	1,889	1,992
<b>(c) Net gains from sale of assets</b>		
Non-financial assets		
Plant & equipment	17	24
<b>(d) Other revenue</b>		
Cost recoveries (i)	796	2,268
Other (ii)	2,895	2,381
<b>Total other revenue</b>	<b>3,691</b>	<b>4,649</b>

(i) ASIC has been a litigant in courts. The amounts paid by ASIC for court costs, investigations, professional fees, legal costs and prosecution disbursements are recovered where possible.

(ii) Comprised of:

Rent	1,395	928
Contribution to Superannuation Complaints Tribunal and Corporations and Securities Panel from the interest accumulated in the Companies Unclaimed Monies Account.	1,031	830
Other	469	623
	<b>2,895</b>	<b>2,381</b>

### (e) Administered Revenues

	Note	2000 \$'000	2000 \$'000	2000 \$'000	1999 \$'000	1999 \$'000	1999 \$'000
<b>Corporations Law fees and charges</b>		<b>Fines</b>	<b>Fees</b>	<b>Total</b>	Fines	Fees	Total
Mandatory collections	(i)	23,455	306,821	330,276	27,731	287,087	314,818
Information broker fees	(ii)	-	26,310	26,310	-	20,850	20,850
Court recoveries	(ii)	718	-	718	313	-	313
Voluntary enquiries	(iii)	-	2,232	2,232	-	2,985	2,985
<b>Total Corporations Law fees and charges</b>		<b>24,173</b>	<b>335,363</b>	<b>359,536</b>	<b>28,044</b>	<b>310,922</b>	<b>338,966</b>

- (i) Fees and charges arising from acts which are mandatory under the *Corporations Law*. Examples include lodgement of Annual Returns and other fees prescribed in Fees Regulations.
- (ii) Fees and charges arising from other acts under the *Corporations Law*. Examples include Information Brokers Fees and Court recoveries relating to the Summary Prosecutions program.
- (iii) Fees and charges arising from voluntary enquiries from clients. Examples include requests for Extracts, Microfiche records, Certificates and Document Images.

## 7. Operating Expenses - goods and services

### (a) Employee expenses

	2000 \$'000	1999 \$'000
Basic remuneration for services provided	82,435	75,321
Redundancy expenses	1,352	1,950
<b>Total employee expenses</b>	<b>83,787</b>	<b>77,271</b>

The increase in employee expenses reflects the full year effect of an increase in staff following from the expansion in ASIC's roles and responsibilities commencing 1 July 1998, the full year effect of the Certified Agreement put in place in December 1998, and an increase in accrued provisions (see also Note 12 (a)).

Redundancy expenses are calculated on the basis of two weeks pay for every year of service by employees made redundant up to a maximum of 48 weeks.

Employer contributions to superannuation amounting to **\$8,116,164** (1998-99: \$6,950,030) have been expensed in these financial statements and are included in basic remuneration for services provided.

Contributions to superannuation schemes are at rates calculated to cover existing and emerging obligations.

Employer Superannuation Productivity Benefit contributions totalled **\$1,165,005** (1998-99: \$1,632,001).

### (b) Suppliers expenses

Supply of goods and services	36,149	40,726
Operating lease rentals (note 3)	10,038	17,106
<b>Total suppliers expenses</b>	<b>46,187</b>	<b>57,832</b>

### (c) Depreciation and amortisation

	2000 \$'000	1999 \$'000
Depreciation of building on freehold land (disposed May 2000)	3	3
Depreciation of plant & equipment	4,833	5,876
Amortisation of leasehold improvements	1,519	1,459
Amortisation of intangible assets - computer software	1,883	920
<b>Total depreciation and amortisation</b>	<b>8,238</b>	<b>8,258</b>

### (d) Write down of non-financial assets

Plant and equipment - write-off	101	1,696
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### (e) Losses from the sale of non-financial assets

Plant and equipment	163	90
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Gains from the sale of assets are disclosed in Note 6(c).

### (f) Administered Expenses

Write Down of Administered Assets	Note		
Write off of fees and charges	(i)	2,726	3,975
Waiver of fees and charges owing	(ii)	2,770	2,574
Other	(iii)	532	1,202
<b>Total write down of assets</b>		<b>6,028</b>	<b>7,751</b>

(i). The number, and aggregate amount, of Commonwealth monies, written off during the financial year pursuant to section 47 of the *FMA Act 1997* is as follows **10,442** items totalling **\$2,725,143** (1998-99: 18,572 items totalling \$3,975,449).

(ii). The number, and aggregate amount, of amounts owing to the Commonwealth, the recovery of which was waived during the financial year pursuant to subsection 34(1) of the *FMA Act 1997* is as follows: **18,958** items totalling **\$2,770,050**. (1998-99: 18,102 items totalling \$2,574,450).

(iii). An increase in the provision for doubtful debts over last year of **\$532,072** provides a calculated equivalent to 19.32% of debts over 90 days (1998-99: 17.8%), totalling **\$1,734,298** (1998-99: \$1,202,226).

## 8. Operating expense - Interest

	2000 \$'000	1999 \$'000
Interest on loan from future parliamentary appropriations.	230	386

## 9. Financial assets

### (a) Cash

Cash at bank and on hand	6,423	8,802
Deposits at call	2,135	-
	8,558	8,802
Balance of cash as at 30 June shown in the Statement of Cash Flows	8,558	8,802

### (b) Receivables

Goods and services	2,627	987
Other debtors	-	565
GST receivable	68	-
	2,695	1,552

Receivables (gross) which are overdue are aged as follows:

Overdue by:

less than 30 days	2,621	924
30 to 60 days	60	568
60 to 90 days	14	60
Total receivables (gross)	2,695	1,552

**(c) Administered Financial Assets**

	<b>2000</b>	1999
	<b>\$'000</b>	\$'000
<b>(i) Cash</b>		
Cash at bank and on hand	1,134	8,041
Balance of cash as at 30 June shown in the Statement of Administered Cash Flows	1,134	8,041
<b>(ii) Receivables</b>		
Corporations Law fees and charges	11,931	11,008
Information brokers fees	4,818	2,328
Gross receivables	16,749	13,336
Less: provision for doubtful debts	(1,734)	(1,202)
	15,015	12,134
<b>The total of uncollected Commonwealth revenue classified by age analysis which is overdue is as follows:</b>		
Overdue by:		
less than 30 days	6,385	5,162
30 to 60 days	691	1,074
60 to 90 days	698	334
More than 90 days	8,975	6,766
Total receivables (gross)	16,749	13,336
<b>(iii) Accrued Revenues</b>		
Annual returns not yet lodged	5,977	6,107
Late fees attributable to annual returns	1,993	2,035
	7,970	8,142

## 10. Non-financial assets

	2000 \$'000	1999 \$'000
<b>(a) Land and buildings</b>		
Freehold land at May 1997 valuation	-	30
Building on freehold land at May 1997 valuation	-	125
Accumulated depreciation	-	(6)
	-	119
Leasehold improvements - at valuation (1997-98) (i)	4,628	6,304
Accumulated amortisation	(1,989)	(1,311)
	2,639	4,993
Leasehold improvements - at cost	3,593	2,341
Accumulated amortisation	(417)	(148)
	3,176	2,193
Total buildings (net)	5,815	7,305
<b>Total land and buildings</b>	<b>5,815</b>	<b>7,335</b>
(i) The revaluation of the Leasehold Improvements was performed on 30 June 1998 in accordance with the progressive revaluation policy stated at Note 1(m) by an independent valuer from the Australian Valuation Office.		
<b>(b) Plant and equipment</b>		
Plant and equipment - at cost	13,605	10,799
Less accumulated depreciation	(3,906)	(1,726)
	9,699	9,073
Plant and equipment - at valuation 1998-99 (i)	19,787	23,936
Less accumulated depreciation	(16,782)	(18,158)
	3,005	5,778
<b>Total plant and equipment</b>	<b>12,704</b>	<b>14,851</b>
(i) The revaluation of plant and equipment as at 1 July 1998 in accordance with the revaluation policy stated at Note 1(m) was completed by an independent valuer from the Australian Valuation Office. A valuation increment of \$0.011m was transferred to the asset revaluation reserve.		
<b>(c) Intangible assets - computer software</b>		
Computer software - internally developed - in progress	1,265	-
Computer software	8,971	5,304
Accumulated amortisation	(3,813)	(1,929)
<b>Total intangibles</b>	<b>6,423</b>	<b>3,375</b>

**(d) Movement summary 1999-2000 for all assets  
irrespective of valuation basis**

Item	Land	Buildings	Total Land & Buildings	Plant & Equipment	Computer software - Total intangibles	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Gross value as at 1 July 1999</b>	30	8,770	8,800	34,735	5,304	48,839
Additions - replacement assets	-	1,299	1,299	2,999	3,355	7,653
Prior year adjustment	-	-	-	-	1,577	1,577
Write-offs	-	(1,723)	(1,723)	(2,188)	-	(3,911)
Disposals	(30)	(125)	(155)	(2,154)	-	(2,309)
<b>Gross value as at 30 June 2000</b>	-	8,221	8,221	33,392	10,236	51,849
<b>Accumulated depreciation / amortisation as at 1 July 1999</b>	-	1,465	1,465	19,884	1,929	23,278
Depreciation / amortisation charge for assets held 1 July 1999	-	1,475	1,475	4,617	1,462	7,554
Depreciation / amortisation charge for additions	-	47	47	216	422	685
Write-offs	-	(572)	(572)	(2,087)	-	(2,659)
Disposals	-	(9)	(9)	(1,942)	-	(1,951)
<b>Accumulated depreciation / amortisation as at 30 June 2000</b>	-	2,406	2,406	20,688	3,813	26,907
<b>Net book value as at 30 June 2000</b>	-	5,815	5,815	12,704	6,423	24,942
<b>Net book value as at 1 July 1999</b>	30	7,305	7,335	14,851	3,375	25,561

**(e) Summary of balances of assets at valuation as at 30 June 2000**

<b>As at 30 June 2000</b>						
Gross value	-	4,628	4,628	19,786	-	24,414
Accumulated Depreciation / Amortisation	-	1,989	1,989	16,781	-	18,770
<b>Net book value</b>	-	2,639	2,639	3,005	-	5,644
<b>As at 30 June 1999</b>						
Gross value	30	6,429	6,459	23,936	-	30,395
Accumulated Depreciation / Amortisation	-	1,317	1,317	18,158	-	19,475
<b>Net book value</b>	30	5,112	5,142	5,778	-	10,920

## (f) Other non-financial assets

	2000 \$'000	1999 \$'000
Prepaid property rentals	-	1,268
Other prepayments	980	459
<b>Total other non-financial assets</b>	<b>980</b>	<b>1,727</b>

## 11. Debt

### (a) Loan

Loan from future parliamentary appropriations	2,772	4,822
Maturity schedule for loan:		
Payable: - within one year	2,772	1,828
- within one to two years	-	2,994
<b>Total loan</b>	<b>2,772</b>	<b>4,822</b>

### (b) Other

<b>Property lease incentives (i)</b>	4,529	4,982
The property lease incentive liability is repayable as follows:		
within one year	1,060	1,635
within one to two years	617	871
within two to five years	1,379	1,021
more than five years	1,473	1,455
	4,529	4,982
<b>Property sub-lease (surplus space) (ii)</b>	1,250	2,708
The net liability in respect of future payments for surplus space on non-cancellable leases is as follows:		
within one year	802	1,170
within one to two years	375	989
within two to five years	73	549
	1,250	2,708
<b>Total leases</b>	<b>5,779</b>	<b>7,690</b>

- (i) Total property lease incentives represent deferred rental expenditure accrued as at 30 June 2000. The payment of these amounts will be made over the life of the leases, commencing after the expiry of the rent deferral periods.
- (ii) The surplus space on non-cancellable leases has been recognised as a liability and an expense. The above amounts for operating lease rentals include the total expected outlay relating to surplus space as specified in the leases and are determined net of probable sub-lease revenue.

## 12. Provisions and payables

### (a) Liabilities to employees

	2000 \$'000	1999 \$'000
Salaries and wages	2,396	1,335
Annual leave	7,929	7,365
Long service leave	11,911	11,341
Superannuation pensions	1,397	1,361
Aggregate employee entitlement liability	23,633	21,402

### (b) Suppliers

Trade creditors	5,860	1,259
GST payable	3	-
	5,863	1,259

### (c) Interest payable

Interest payable on loan from future parliamentary appropriations	222	386
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### (d) Prepayments received

Revenue received in advance	25	430
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### (e) Administered provisions and payables

#### Other provisions

Refunds	1,311	1,099
Other trust monies	78	321
	1,389	1,420

## 13. Equity

### (a)

Item	Accumulated results		Asset revaluation reserve		TOTAL EQUITY	
	2000 \$'000	1999 \$'000	2000 \$'000	1999 \$'000	2000 \$'000	1999 \$'000
<b>Balance 1 July 1999</b>	1,328	443	325	314	1,653	757
Operating result	(2,772)	885	-	-	(2,772)	885
Net revaluation increase (i)	-	-	-	11	-	11
<b>Balance 30 June 2000</b>	(1,444)	1,328	325	325	(1,119)	1,653

(i). The net revaluation increase in the asset revaluation reserve comprises:

	2000 \$'000	1999 \$'000
revaluation increment - plant and equipment	-	11

### (b) Administered Equity

Item	Accumulated results		TOTAL EQUITY	
	2000 \$'000	1999 \$'000	2000 \$'000	1999 \$'000
<b>Balance 1 July 1999</b>	26,897	27,460	26,897	27,460
(Deficit)	(4,167)	(563)	(4,167)	(563)
<b>Balance 30 June 2000</b>	22,730	26,897	22,730	26,897

Administered equity is held on behalf of the Commonwealth (see also Note 1(g)(ii)).

## 14. Cash flow reconciliation

### (a) Reconciliation of Operating (deficit) surplus to net cash provided by operating activities

	2000 \$'000	1999 \$'000
<b>Operating (deficit) / surplus</b>	(2,772)	885
Depreciation and amortisation of property, plant and equipment	8,238	8,258
Increase in employee provisions	2,231	1,066
Decrease / (increase) in other assets	747	(391)
(Increase) in receivables	(1,143)	(1,012)
Increase / (decrease) in liability to suppliers	4,604	(84)
(Decrease) / increase in other payables	(2,075)	1,210
(Decrease) / increase in other liabilities	(405)	430
Net loss on disposal of property, plant and equipment	146	90
Write down of property, plant and equipment assets	1,252	1,696
Internally developed software adjustment	(1,577)	-
<b>Net cash provided by operating activities</b>	9,246	12,148

### (b) Administered cash flow reconciliation

	2000 \$'000	1999 \$'000
<b>Reconciliation of net contribution to budget outcome to net cash provided by operating activities</b>		
Net contribution to budget outcome	356,808	331,215
Cash to Commonwealth Public Account	(360,975)	(331,778)
Net increase in administered assets from operations	(4,167)	(563)
Increase in provisions for doubtful debts	532	293
(Decrease) / increase in other payables	(3,413)	369
(Increase) in receivables	(31)	(1,811)
Decrease in accrued revenue	172	5,985
Net cash (used in) / provided by operating activities	(6,907)	4,273

## 15. Related parties

The members of the Commission during the year were:

A. J. Cameron (Chairman)

D.W. Knott was appointed as Deputy Chairman on 5 July 1999

J. S. Segal (Commissioner, acting Deputy Chairman up to 4 July 1999)

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

There were no other transactions with Commissioners or Commissioner related entities during the reporting period.

The aggregate remuneration of Commissioners is disclosed in note 16(a).

There were no transactions with other related parties during the reporting period.

## 16. Remuneration of Commissioners and Executive Officers

### (a) Remuneration of Commissioners

	2000 \$	1999 \$
Aggregate amount of superannuation payments in connection with the retirement of Commissioners	66,250	66,548
Other remuneration received or due and receivable by Commissioners	765,662	686,704
Total remuneration received or due and receivable by Commissioners	831,912	753,252

The number of Commissioners included in these figures is shown below in the relevant remuneration bands.

	<b>2000 Members</b>	1999 Members
\$40,001 - \$50,000	-	1
\$160,001 - \$170,000	-	1
\$210,001 - \$220,000	-	1
\$250,001 - \$260,000	1	1
\$270,001 - \$280,000	1	-
\$290,001 - \$300,000	1	-
	3	4

#### **(b) Remuneration of Executive Officers**

	<b>2000 \$</b>	1999 \$
Income received or due and receivable by executive officers	5,166,683	4,806,432

The number of executive officers included in these figures are shown below in the relevant income bands

	Executives	Executives
\$100,001 - \$110,000	3	1
\$110,001 - \$120,000	-	3
\$120,001 - \$130,000	2*	5
\$130,001 - \$140,000	10	8
\$140,001 - \$150,000	7*	4
\$150,001 - \$160,000	2	2
\$160,001 - \$170,000	2	1
\$170,001 - \$180,000	3	1
\$180,001 - \$190,000	3*	2
\$200,001 - \$210,000	1	-
\$230,001 - \$240,000	-	1*
\$240,001 - \$250,000	-	1*
\$290,001 - \$300,000	-	2*
\$310,001 - \$320,000	1	-
	34	31

\* includes redundancy / retirement payment

The executive remuneration includes all Executive Officers concerned with or taking part in the management of ASIC during 1999-2000 except for the Commissioners. Details in relation to Commission members have been incorporated into Note 16(a) - Remuneration of Commissioners.

## 17. Trust monies

ASIC has established a number of trust accounts. Monies received are placed in special bank accounts and expended in accordance with the *Corporations Law and the Life Insurance Act 1995*. These monies are not available for other purposes of ASIC and are not recognised in the financial statements.

	2000 \$'000	1999 \$'000
<b>Section 462 Companies Code receipts (represented by cash at bank)</b>		
Opening balance	194	163
Receipts	160	151
Interest received	3	4
Disbursements	(259)	(124)
Closing balance	98	194
<b>Security Deposits under s786(2)(d) (Dealers &amp; investment advisers)</b>		
Cash (at bank)	160	60
Interest bearing deposits (at bank)	1,180	1,405
Inscribed stock	120	-
Insurance bonds	40	2,435
Bank guarantees	38,900	33,547
Closing balance	40,400	37,447
<b>Security Deposits under s1284(1) (Liquidators)</b>		
Insurance bonds	8,400	10,100
Bank guarantees	250	250
Closing balance	8,650	10,350
<b>Companies Unclaimed Monies Account (Part 9.7) (represented by cash at bank)</b>		
Opening balance	25,328	22,809
Receipts	3,054	3,543
Interest received	1,254	1,070
Disbursements	(1,152)	(945)
Bank Charges	(4)	(3)
Special Purpose	(2,556)	(830)
Management costs recovered by ASIC	(385)	(259)
Consolidated revenue transfer	(770)	(57)
Closing balance	24,769	25,328

	2000 \$'000	1999 \$'000
<b>Life Insurance Unclaimed Monies Account s216 Life Insurance Act 1995</b>		
Opening balance	414	-
Appropriation	1,500	2,700
Interest received	28	21
Disbursements	(1,521)	(2,304)
Bank Charges	(2)	(3)
Closing balance	419	414
Total Funds transferred to Consolidated Revenue in accordance with s216(3)	4,112	3,263
<b>Trust monies held under s1323 of the Corporations Law</b>		
Opening balance	6,644	-
Receipts	-	6,449
Interest received	191	195
Disbursements	(6,835)	-
Closing balance	-	6,644
<b>Settlements monies held pending the outcome of legal proceedings (represented by cash at bank)</b>		
Opening balance	3,058	429
Receipts	11,615	2,724
Interest received	145	17
Disbursements	(10,832)	(112)
Closing balance	3,986	3,058
 <b>18. Expenditure relating to Boards, Panel and Tribunal</b>		
Pursuant to Sections 171, 202 and 224 of the <i>Australian Securities and Investments Commission (ASIC) Act 1989</i> , ASIC is required to support boards and a panel to promote activities which enable ASIC to attain its aims.		
<b>Corporations and Securities Panel (CSP)</b> - budgetary control over the CSP was transferred to the Treasury from 2 February 2000.	538	93
<b>Companies Auditors and Liquidators Disciplinary Board (CALDB)</b>	493	329
<b>Australian Accounting Standards Board (AASB)</b>	1,414	1,482
<b>Superannuation Complaints Tribunal</b>	2,007	1,551

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

Employee and administrative expenditure incurred on behalf of these boards, panel and tribunal are included in the Operating Statement of ASIC.

## 19. Auditors remuneration

	2000 \$	1999 \$
Remuneration to the Auditor-General for auditing the financial statements of ASIC in respect of the reporting period.	113,000	119,788
Financial statement audit services by the Auditor-General are provided free of charge to ASIC in relation to the audit of <i>Corporations Law</i> revenue (administered) items. The fair value of audit services provided.	22,000	22,000

## 20. Assets of deregistered companies vesting in ASIC

Section 601AD of the Corporations Law provides that, on deregistration of a company, all of the company's property vests in ASIC. ASIC adopts a passive approach to administering vested property and accounts for those assets as if it were a trustee.

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 Law. ASIC therefore does not consider it to be appropriate that the value of any identified property vesting be recorded, or disclosed, in these financial statements.

Assets vesting in ASIC include the following categories: Land & Buildings, Property Plant & Equipment, Intangibles, Investments and Shares.

## 21. Financial instruments

### (a) Terms, conditions and accounting policies

Financial instrument	Notes	Accounting policies and methods (including recognition criteria and measurement basis)	Nature of underlying instrument (including significant terms & conditions affecting the amount, timing and certainty of cash flows)
Financial assets		Financial assets are recognised when control over future economic benefits is established and the amount of the benefit can be reliably measured.	
Deposits at call	9 (a)	Deposits are recognised at their nominal amounts. Interest is credited to revenue as it accrues.	Temporarily surplus funds, mainly from monthly drawdowns of appropriation, are placed on deposit at call with ASIC's banker. Interest is earned on the daily balance at the prevailing daily rate for money on call and is paid at month end.
Receivables (goods and services)	9 (b)	These receivables are recognised at the nominal amounts due less any provision for bad and doubtful debts. Provisions are made when collection of the debt is judged to be less rather than more likely.	Credit terms are net 14 days (1998-99: 14 days).
Other debtors	9 (b)	As for receivables (goods and services)	As for receivables (goods and services)
Financial liabilities		Financial liabilities are recognised when a present obligation to another party is entered into and the amount of the liability can be reliably measured.	
Non-bank loans	11 (a)	The loan is carried at the balance yet to be repaid. Interest is expensed as it accrues.	The loan is repayable in annual instalments. Interest is calculated on the reducing balance of the loan. The effective interest rate is 8.0%. The last instalment is due to be paid in 2000-01. The loan is unsecured.
Lease incentives	11 (b)	The lease incentive is recognised as a liability on receipt of the incentive. The amount of the liability is reduced on a straight-line over the life of the lease by allocating lease payments between rental expense and reduction of the liability.	
Trade creditors	12 (b)	Creditors and accruals are recognised at their nominal amounts, being the amounts at which the liabilities will be settled. Liabilities are recognised to the extent that the goods or services have been received. Settlement is usually made net 30 days.	

## 21. Financial instruments (cont.)

### (b) Interest rate risk

Financial instrument	Notes	Floating interest rate		Fixed interest rate						Non-interest bearing		Total		Weighted Average Effective Interest Rate		
				1 year or less		1 to 2 years		> 2 years								
		2000	1999	2000	1999	2000	1999	2000	1999	2000	1999	2000	1999	2000	1999	%
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000			
Financial assets (recognised)																
Cash at bank	9 (a)	6,354	8,713	-	-	-	-	-	-	-	-	6,354	8,713	4.4	3.9	
Cash in hand	9 (a)	-	-	-	-	-	-	-	-	69	89	69	89	n/a	n/a	
Deposits at call	9 (a)	2,135	-	-	-	-	-	-	-	-	-	2,135	-	5.7	-	
Receivables for goods and services	9 (b)	-	-	-	-	-	-	-	-	2,695	1,552	2,695	1,552	n/a	n/a	
Other debtors	10 (f)	-	-	-	-	-	-	-	-	980	1,727	980	1,727	n/a	n/a	
<b>Total financial assets (recognised)</b>		<b>8,489</b>	<b>8,713</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3,744</b>	<b>3,368</b>	<b>12,233</b>	<b>12,081</b>			
<b>Total assets</b>												<b>37,175</b>	<b>37,642</b>			
Financial liabilities (recognised)																
Non-bank loans	11 (a)	-	-	2,772	1,828	-	2,994	-	-	-	-	2,772	4,822	8.0	8.0	
Leases	11 (b)	-	-	-	-	-	-	-	-	5,779	7,690	5,779	7,690	n/a	n/a	
Trade creditors	12 (b)	-	-	-	-	-	-	-	-	5,863	1,259	5,863	1,259	n/a	n/a	
Other creditors	12 (c),(d)	-	-	-	-	-	-	-	-	247	816	247	816	n/a	n/a	
<b>Total financial liabilities (recognised)</b>		<b>-</b>	<b>-</b>	<b>2,772</b>	<b>1,828</b>	<b>-</b>	<b>2,994</b>	<b>-</b>	<b>-</b>	<b>11,889</b>	<b>9,765</b>	<b>14,661</b>	<b>14,587</b>			
<b>Total liabilities</b>												<b>38,294</b>	<b>35,989</b>			

### (c) Net fair values of financial assets and liabilities

Financial assets	2000		1999	
	Total carrying amount \$'000	Aggregate net fair value \$'000	Total carrying amount \$'000	Aggregate net fair value \$'000
Cash at bank	6,354	6,354	8,713	8,713
Cash on hand	69	69	89	89
Deposits at call	2,135	2,135	-	-
Receivables for goods and services	2,695	2,695	1,552	1,552
Other debtors	980	980	1,727	1,727
	12,233	12,233	12,081	12,081
Financial Liabilities	2000		1999	
	Total carrying amount \$'000	Aggregate net fair value \$'000	Total carrying amount \$'000	Aggregate net fair value \$'000
Cash at bank	6,354	6,354	8,713	8,713
Non-bank loans	2,772	2,772	4,822	4,822
Leases	5,779	5,779	7,690	7,690
Trade creditors	5,863	5,863	1,259	1,259
Other creditors	247	247	816	816
	14,661	14,661	14,587	14,587

#### *Financial assets*

The net fair values of cash and deposits on call approximate their carrying amounts.

#### *Financial liabilities*

The net fair values of non-bank loans are approximated by their carrying amounts.

The net fair value of surplus space on non-cancellable leases has been recognised as a liability and stated at net present value of future net outlays.

The net fair values for trade and other creditors, all of which are short-term in nature, are approximated by their carrying amounts.

### (d) Credit risk exposures

ASIC's maximum exposure to credit risk at reporting date in relation to each class of recognised financial assets is the carrying amount of those assets as indicated in the Balance Sheet.

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

## 22. Administered Financial Instruments

### (a) Terms, conditions and accounting policies.

Financial instrument	Notes	Accounting policies and methods (including recognition criteria and measurement basis)	Nature of underlying instrument (including significant terms and conditions affecting the amount, timing and certainty of cash flows)
<b>Financial assets</b>			
Deposits at call		Deposits are recognised at their nominal amounts.	Monies awaiting payment to the CPA are held at call with ASIC's banker.
Receivables – Corporations Law fees outstanding.	9 (c)	These receivables are recognised at the nominal amounts due less any provision for bad and doubtful debts. Provisions are made when collection of the debt is judged to be less rather than more likely.	Credit terms are net 30 days (1998-99: 30 days).
Accrued revenues	9 (c)	As for Receivables – Corporations Law fees outstanding.	As for Receivables – Corporations Law fees outstanding.
<b>Financial liabilities</b>			
Refunds	12 (e)	These amounts are payable to companies that have either paid in excess of what has been assessed or as a result of waiving a late fee. Refunds are recognised at their nominal amounts, being the amounts at which the liabilities will be settled.	Refunds awaiting payment to companies are held at call with ASIC's banker.
Payable to the CPA		Monies held awaiting payment to the CPA for Corporations Law fees and charges. Payables to the CPA are recognised at their nominal amounts, being the amounts at which the liabilities will be settled.	Monies awaiting payment to the CPA are held at call with ASIC's banker.

## 22. Administered Financial Instruments (cont.)

### (b) Interest Rate Risk : Administered

Financial instrument	Notes	Floating interest rate		Fixed interest rate		Non-interest bearing		Total		Weighted Average Effective Interest Rate	Weighted Average Effective Interest Rate
		2000 \$'000	1999 \$'000	2000 \$'000	1999 \$'000	2000 \$'000	1999 \$'000	2000 \$'000	1999 \$'000	2000 %	1999 %
<b>Financial assets (recognised)</b>											
Cash at bank	9 (c)	-	-	-	-	1,134	8,041	1,134	8,041	n/a	n/a
Receivables	9 (c)	-	-	-	-	15,015	12,134	15,015	12,134	n/a	n/a
Accrued revenue	9 (c)	-	-	-	-	7,970	8,142	7,970	8,142	n/a	n/a
<b>Total financial assets (recognised)</b>		-	-	-	-	24,119	28,317	24,119	28,317	-	-
<b>Total assets</b>		-	-	-	-			24,119	28,317	-	-
<b>Financial liabilities (recognised)</b>											
Refunds	12 (e)	-	-	-	-	1,311	1,099	1,311	1,099	n/a	n/a
Other Trust monies	12 (e)	-	-	-	-	78	321	78	321	n/a	n/a
<b>Total financial liabilities (recognised)</b>		-	-	-	-	1,389	1,420	1,389	1,420	-	-
<b>Total liabilities</b>		-	-	-	-			1,389	1,420	-	-

### (c) Net fair values of administered financial assets and liabilities

Administered financial assets	2000		1999	
	Total carrying amount \$'000	Aggregate net fair value \$'000	Total carrying amount \$'000	Aggregate net fair value \$'000
Cash at bank and on hand	1,134	1,134	8,041	8,041
Fees receivable	15,015	15,015	12,134	12,134
Accrued revenue	7,970	7,970	8,142	8,142
<b>Total financial assets</b>	24,119	24,119	28,317	28,317
<b>Financial liabilities (recognised)</b>				
Refunds	1,311	1,311	1,099	1,099
Other	78	78	321	321
<b>Total financial liabilities (recognised)</b>	1,389	1,389	1,420	1,420

*Financial assets*

The net fair values of cash and deposits on call approximate their carrying amounts.

Receivables are carried at assessed value, which is equal to their net fair value.

*Financial liabilities*

Refunds are carried at their nominal value.

**(d) Administered Credit Risk Exposures**

The maximum exposure to credit risk at reporting date in relation to each class of recognised financial assets is the carrying amount of those assets as indicated in the Statement of Administered Assets and Liabilities, for the Administered accounts.

There are no significant exposures to any concentrations of credit risk in regard to the Administered accounts.

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**ASIC**

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