

# AUSTRALIAN PRUDENTIAL REGULATION AUTHORITY

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# AUSTRALIAN PRUDENTIAL REGULATION AUTHORITY

## Section 1: Agency overview and resources

### 1.1 STRATEGIC DIRECTION

There has been no significant change to the strategic direction of the Australian Prudential Regulation Authority (APRA) from that outlined in the *Portfolio Budget Statements 2012-13* (pages 131-132).

APRA is seeking \$0.7 million in departmental funding through Appropriation Bill (No. 3) 2012-13. This relates to an additional \$1.3 million to reimburse APRA for a shortfall in interest earned on the APRA special account from 2008-09 to 2011-12, offset by \$0.01 million for the Fire Service Levy – reduction measure outlined in Budget Paper No. 2, *Budget Measures 2012-13* and \$0.5 million for the Targeted savings – public service efficiencies measure outlined in the *Mid-Year Economic and Fiscal Outlook 2012-13*.

### 1.2 AGENCY RESOURCE STATEMENT

Table 1.1 shows the total resources from all origins. The table summarises how resources will be applied by outcome and by administered and departmental classification.

**Table 1.1: Australian Prudential Regulation Authority resource statement — additional estimates for 2012-13 as at Additional Estimates February 2013**

	Estimates as at Budget 2012-13 \$'000	Proposed Additional Estimates 2012-13 \$'000	Total estimate at Additional Estimates 2012-13 \$'000	Total available Total appropriation 2011-12 \$'000
<b>Ordinary annual services</b>				
<b>Departmental appropriation</b>				
Departmental appropriation	2,356	722 <sup>1</sup>	3,078	13,289
Receipts from other sources (s31)	5,210	-	5,210	8,110
<b>Total ordinary annual services</b>	<b>A</b> 7,566	722	8,288	21,399
<b>Other services</b>				
<b>Departmental non-operating</b>				
Equity injections	4,810	-	4,810	-
<b>Total other services</b>	<b>B</b> 4,810	-	4,810	-
<b>Total available annual appropriations (A+B)</b>	12,376	722	13,098	21,399
<b>Special appropriations</b>				
<i>Financial Management and Accountability Act 1997</i>	-	-	-	-
<b>Total special appropriations</b>	<b>C</b> -	-	-	-
<b>Total appropriations excluding special accounts (A+B+C)</b>	12,376	722	13,098	21,399
<b>Special accounts</b>				
Opening balance	46,845	-	46,845	45,207
Appropriation receipts	2,356	722	3,078	13,289
Non-appropriation receipts to special accounts	112,870	-	112,870	100,397
<b>Total special accounts</b>	<b>D</b> 162,071	722	162,793	158,893
<b>Total resourcing (A+B+C+D)</b>	174,447	1,444	175,891	180,292
Less appropriations drawn from annual or special appropriations above and credited to special accounts	2,356	722	3,078	13,289
<b>Total net resourcing for APRA</b>	<b>172,091</b>	<b>722</b>	<b>172,813</b>	<b>167,003</b>

1. Appropriation Bill (No. 3) 2012-13.

### 1.3 AGENCY MEASURES TABLE

Table 1.2 summarises new Government measures taken since the 2012-13 Budget.

**Table 1.2: Agency measures since Budget**

	Program	2012-13 \$'000	2013-14 \$'000	2014-15 \$'000	2015-16 \$'000
<b>Expense measure</b>					
Fire Service Levy - reduction	1.1	(10)	(10)	(11)	(11)
Targeted savings - public service efficiencies	1.1	(527)	(529)	(544)	(567)
<b>Total expense measures</b>		<b>(537)</b>	<b>(539)</b>	<b>(555)</b>	<b>(578)</b>
<b>Related revenue</b>					
Superannuation - further financial assistance grants to compensate fund members for the failure of Trio(a)	1.1	16,720	-	-	-
SuperStream - reduction in Superannuation Supervisory Levy	1.1	-	(11,600)	(8,400)	(7,300)
<b>Total related revenue</b>		<b>16,720</b>	<b>(11,600)</b>	<b>(8,400)</b>	<b>(7,300)</b>

(a) This measure was agreed after the Mid-Year Economic and Fiscal Outlook.

### 1.4 ADDITIONAL ESTIMATES AND VARIATIONS

Table 1.3 details the additional estimates resulting from new measures since the 2012-13 Budget. Table 1.4 details the additional estimates resulting from other variations since the 2012-13 Budget.

**Table 1.3: Additional estimates and variations to outcomes from measures since 2012-13 Budget**

	Program	2012-13 \$'000	2013-14 \$'000	2014-15 \$'000	2015-16 \$'000
<b>Outcome 1</b>					
<b>Increase in estimates (departmental)</b>					
Fire Service Levy - reduction	1.1	(10)	(10)	(11)	(11)
Targeted savings - public service efficiencies	1.1	(527)	(529)	(544)	(567)
<b>Net impact on estimates for Outcome 1 (departmental)</b>		<b>(537)</b>	<b>(539)</b>	<b>(555)</b>	<b>(578)</b>

**Table 1.4: Additional estimates and variations to outcomes from other variations**

	Program	2012-13 \$'000	2013-14 \$'000	2014-15 \$'000	2015-16 \$'000
<b>Outcome 1</b>					
<b>Increase in estimates (departmental)</b>					
Reimbursement to APRA for a shortfall in interest earned on the APRA special account	1.1	1,259	-	-	-
<b>Net impact on estimates for Outcome 1 (departmental)</b>		<b>1,259</b>	<b>-</b>	<b>-</b>	<b>-</b>

## 1.5 BREAKDOWN OF ADDITIONAL ESTIMATES BY APPROPRIATION BILL

The following table details the additional estimates sought for APRA through Appropriation Bills No. 3.

**Table 1.5: Appropriation Bill (No. 3) 2012-13**

	2011-12 available \$'000	2012-13 budget \$'000	2012-13 revised \$'000	Additional estimates \$'000	Reduced estimates \$'000
<b>DEPARTMENTAL OUTPUTS</b>					
<b>Outcome 1</b>					
Enhanced public confidence in Australia's financial institutions through a framework of prudential regulation which balances financial safety and efficiency, competition, contestability and competitive neutrality	13,289	2,356	3,078	722	-
<b>Total</b>	<b>13,289</b>	<b>2,356</b>	<b>3,078</b>	<b>722</b>	<b>-</b>

## Section 2: Revisions to agency outcomes and planned performance

### 2.1 RESOURCES AND PERFORMANCE INFORMATION

There has been no change to outcomes, outcome strategies and performance information for APRA from that included in the *Portfolio Budget Statements 2012-13* (pages 135-137).

**Table 2.1: Budgeted expenses for Outcome 1**

<b>Outcome 1:</b> Enhanced public confidence in Australia's financial institutions through a framework of prudential regulation which balances financial safety and efficiency, competition, contestability and competitive neutrality	2011-12 Actual \$'000	2012-13 Revised estimated resources \$'000
<b>Program 1.1: Australian Prudential Regulation Authority</b>		
Departmental expenses		
Special accounts	100,397	112,870
Departmental appropriation	20,722	8,288
Administered expenses		
Superannuation Levy Waivers	959	-
<b>Total for Program 1.1</b>	<b>122,078</b>	<b>121,158</b>
	2011-12	2012-13
<b>Average staffing level (number)</b>	606	613

#### Program 1.1: Australian Prudential Regulation Authority

There has been no change to program objectives, deliverables or key performance indicators for APRA from that included in the *Portfolio Budget Statements 2012-13*.

**Table 2.2: Program expenses**

	2011-12 Actuals \$'000	2012-13 Budget \$'000	2013-14 Forward year 1 \$'000	2014-15 Forward year 2 \$'000	2015-16 Forward year 3 \$'000
Departmental expenses					
Departmental items	121,119	121,158	121,093	124,070	128,844
Administered expenses					
Administered items	959	-	-	-	-
<b>Total program expenses</b>	<b>122,078</b>	<b>121,158</b>	<b>121,093</b>	<b>124,070</b>	<b>128,844</b>

## Section 3: Explanatory tables and budgeted financial statements

Section 3 presents budgeted financial statements which provide a snapshot of APRA’s finances for the budget year 2012-13.

### 3.1 EXPLANATORY TABLES

#### 3.1.1 Estimates of special account flows

Special accounts provide a means to set aside and record amounts used for specified purposes. Table 3.1.2 shows the expected additions (receipts) and reductions (payments) for each account used by APRA.

**Table 3.1.2: Estimates of special account cash flows and balances**

	Opening balance	Receipts non-appropriated	Receipts appropriated	Payments	Closing balance	
	2012-13	2012-13	2012-13	2012-13	2012-13	
	2011-12	2011-12	2011-12	2011-12	2011-12	
Outcome	\$'000	\$'000	\$'000	\$'000	\$'000	
Australian Prudential Regulation Authority Special Account	1	44,552	112,870	11,839	126,400	42,861
Financial Claims Scheme Special Account	1	293	-	-	-	293
Lloyd's Deposit Trust Special Account	1	1,451	-	200	1,358	293
Lloyd's Deposit Trust Special Account	1	2,000	-	-	-	2,000
Lloyd's Deposit Trust Special Account		2,000	-	-	-	2,000
<b>Total special accounts 2012-13 Budget estimate</b>		<b>46,845</b>	<b>112,870</b>	<b>11,839</b>	<b>126,400</b>	<b>45,154</b>
Total special accounts 2011-12 actual		45,207	100,397	21,590	120,349	46,845

### 3.2 BUDGETED FINANCIAL STATEMENTS

#### 3.2.1 Analysis of budgeted financial statements

The budgeted departmental income statement (refer Table 3.2.1) shows an increase in 2012-13 appropriations from \$120.4 million, as disclosed in the *Portfolio Budget Statements 2012-13*, to \$121.2 million; a \$0.7 million increase. These funds comprise a shortfall in interest earned on the APRA special account from 2008-09 to 2011-12, offset by the Fire Service Levy – reduction and the Targeted savings – public service efficiencies measures.



### 3.2.2 Budgeted financial statements

#### Departmental financial statements

**Table 3.2.1: Budgeted departmental comprehensive income statement (Showing Net Cost of Services) (for the period ended 30 June)**

	Actual 2011-12 \$'000	Revised budget 2012-13 \$'000	Forward estimate 2013-14 \$'000	Forward estimate 2014-15 \$'000	Forward estimate 2015-16 \$'000
<b>EXPENSES</b>					
Employee benefits	89,812	88,200	89,414	93,766	99,195
Suppliers	26,176	28,220	24,303	23,196	24,303
Depreciation and amortisation	5,131	4,738	7,376	7,108	5,346
<b>Total expenses</b>	<b>121,119</b>	<b>121,158</b>	<b>121,093</b>	<b>124,070</b>	<b>128,844</b>
<b>LESS:</b>					
<b>OWN-SOURCE INCOME</b>					
<b>Revenue</b>					
Sale of goods and rendering of services	4,212	4,160	4,160	4,160	4,160
Other revenue	707	1,050	1,050	1,050	1,050
<b>Total revenue</b>	<b>4,919</b>	<b>5,210</b>	<b>5,210</b>	<b>5,210</b>	<b>5,210</b>
<b>Total own-source income</b>	<b>4,919</b>	<b>5,210</b>	<b>5,210</b>	<b>5,210</b>	<b>5,210</b>
<b>Net cost of (contribution by) services</b>	<b>116,200</b>	<b>115,948</b>	<b>115,883</b>	<b>118,860</b>	<b>123,634</b>
Appropriation revenue	113,730	115,948	115,883	118,860	123,634
<b>Surplus (deficit) attributable to the Australian Government</b>	<b>(2,470)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

Prepared on Australian Accounting Standards basis.

**Table 3.2.2: Budgeted departmental balance sheet  
(as at 30 June)**

	Actual 2011-12 \$'000	Revised budget 2012-13 \$'000	Forward estimate 2013-14 \$'000	Forward estimate 2014-15 \$'000	Forward estimate 2015-16 \$'000
<b>ASSETS</b>					
<b>Financial assets</b>					
Cash	44,554	42,863	43,612	43,604	43,604
Receivables	3,746	3,746	3,746	3,746	3,746
<b>Total financial assets</b>	<b>48,300</b>	<b>46,609</b>	<b>47,358</b>	<b>47,350</b>	<b>47,350</b>
<b>Non-financial assets</b>					
Infrastructure, plant and equipment	5,823	3,863	2,880	2,503	3,646
Intangibles	12,717	21,178	25,682	26,175	25,032
Other	1,964	1,998	1,998	1,998	1,998
<b>Total non-financial assets</b>	<b>20,504</b>	<b>27,039</b>	<b>30,560</b>	<b>30,676</b>	<b>30,676</b>
<b>Total assets</b>	<b>68,804</b>	<b>73,648</b>	<b>77,918</b>	<b>78,026</b>	<b>78,026</b>
<b>LIABILITIES</b>					
<b>Provisions</b>					
Employees	32,000	31,885	31,885	31,885	31,885
Other	2,881	2,923	2,923	2,923	2,923
<b>Total provisions</b>	<b>34,881</b>	<b>34,808</b>	<b>34,808</b>	<b>34,808</b>	<b>34,808</b>
<b>Payables</b>					
Suppliers	5,235	5,342	5,342	5,342	5,342
<b>Total payables</b>	<b>5,235</b>	<b>5,342</b>	<b>5,342</b>	<b>5,342</b>	<b>5,342</b>
<b>Total liabilities</b>	<b>40,116</b>	<b>40,150</b>	<b>40,150</b>	<b>40,150</b>	<b>40,150</b>
<b>Net assets</b>	<b>28,688</b>	<b>33,498</b>	<b>37,768</b>	<b>37,876</b>	<b>37,876</b>
<b>EQUITY</b>					
Contributed equity	7,469	12,279	16,549	16,657	16,657
Reserves	12,467	12,467	12,467	12,467	12,467
Retained surpluses or accumulated deficits	8,752	8,752	8,752	8,752	8,752
<b>Total equity</b>	<b>28,688</b>	<b>33,498</b>	<b>37,768</b>	<b>37,876</b>	<b>37,876</b>
<b>Current assets</b>	<b>50,264</b>	<b>48,607</b>	<b>49,356</b>	<b>49,348</b>	<b>49,348</b>
<b>Non-current assets</b>	<b>18,540</b>	<b>25,041</b>	<b>28,562</b>	<b>28,678</b>	<b>28,678</b>
<b>Current liabilities</b>	<b>31,396</b>	<b>31,448</b>	<b>31,448</b>	<b>31,448</b>	<b>31,448</b>
<b>Non-current liabilities</b>	<b>8,720</b>	<b>8,702</b>	<b>8,702</b>	<b>8,702</b>	<b>8,702</b>

Prepared on Australian Accounting Standards basis.

**Table 3.2.3: Budgeted departmental statement of cash flows  
(for the period ended 30 June)**

	Actual 2011-12 \$'000	Revised budget 2012-13 \$'000	Forward estimate 2013-14 \$'000	Forward estimate 2014-15 \$'000	Forward estimate 2015-16 \$'000
<b>OPERATING ACTIVITIES</b>					
<b>Cash received</b>					
Goods and services	5,023	4,160	4,160	4,160	4,160
Appropriations	113,677	115,948	115,883	119,427	124,212
Other	3,087	1,050	1,050	1,050	1,050
<b>Total cash received</b>	<b>121,787</b>	<b>121,158</b>	<b>121,093</b>	<b>124,637</b>	<b>129,422</b>
<b>Cash used</b>					
Employees	83,584	88,200	89,414	93,766	99,195
Suppliers	30,589	28,220	24,303	23,763	24,881
<b>Total cash used</b>	<b>114,173</b>	<b>116,420</b>	<b>113,717</b>	<b>117,529</b>	<b>124,076</b>
<b>Net cash from or (used by) operating activities</b>	<b>7,614</b>	<b>4,738</b>	<b>7,376</b>	<b>7,108</b>	<b>5,346</b>
<b>INVESTING ACTIVITIES</b>					
<b>Cash used</b>					
Purchase of property, plant and equipment/intangibles	4,818	11,239	10,897	7,224	5,346
<b>Total cash used</b>	<b>4,818</b>	<b>11,239</b>	<b>10,897</b>	<b>7,224</b>	<b>5,346</b>
<b>Net cash from or (used by) investing activities</b>	<b>(4,818)</b>	<b>(11,239)</b>	<b>(10,897)</b>	<b>(7,224)</b>	<b>(5,346)</b>
<b>FINANCING ACTIVITIES</b>					
<b>Cash received</b>					
Appropriations - contributed equity	-	4,810	4,270	108	-
<b>Total cash received</b>	<b>-</b>	<b>4,810</b>	<b>4,270</b>	<b>108</b>	<b>-</b>
<b>Net cash from or (used by) financing activities</b>	<b>-</b>	<b>4,810</b>	<b>4,270</b>	<b>108</b>	<b>-</b>
<b>Net increase (or decrease) in cash held</b>	<b>2,796</b>	<b>(1,691)</b>	<b>749</b>	<b>(8)</b>	<b>-</b>
Cash at the beginning of the reporting period	41,758	44,554	42,863	43,612	43,604
<b>Cash at the end of the reporting period</b>	<b>44,554</b>	<b>42,863</b>	<b>43,612</b>	<b>43,604</b>	<b>43,604</b>

Prepared on Australian Accounting Standards basis.

**Table 3.2.4: Departmental statement of changes in equity — summary of movement (budget year 2012-13)**

	Retained surpluses	Asset revaluation reserve	Other reserves	Contributed equity/ capital	Total equity
	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Opening balance as at 1 July 2012</b>					
Balance carried forward from previous period	8,752	6,467	6,000	7,469	28,688
<b>Adjusted opening balance</b>	8,752	6,467	6,000	7,469	28,688
<b>Comprehensive income</b>					
Surplus (deficit) for the period	-	-	-	-	-
<b>Total comprehensive income recognised directly in equity</b>	-	-	-	-	-
<b>Transactions with owners</b>					
Equity Injection	-	-	-	4,810	4,810
<b>Total transactions with owners</b>	-	-	-	4,810	4,810
<b>Estimated closing balance as at 30 June 2013</b>	8,752	6,467	6,000	12,279	33,498

Prepared on Australian Accounting Standards basis.

**Table 3.2.5: Departmental capital budget statement**

	Actual 2011-12 \$'000	Revised budget 2012-13 \$'000	Forward estimate 2013-14 \$'000	Forward estimate 2014-15 \$'000	Forward estimate 2015-16 \$'000
<b>NEW CAPITAL APPROPRIATIONS</b>					
Total equity injections	-	4,810	4,270	108	-
<b>Total new capital appropriations</b>	-	4,810	4,270	108	-
<b>Provided for:</b>					
Purchase of non-financial assets	-	4,810	4,270	108	-
<b>Total Items</b>	-	4,810	4,270	108	-
<b>PURCHASE OF NON-FINANCIAL ASSETS</b>					
Funded by capital appropriations	-	4,810	4,270	108	-
Funded internally from departmental resources	4,818	6,429	6,627	7,116	5,346
<b>TOTAL</b>	4,818	11,239	10,897	7,224	5,346
<b>RECONCILIATION OF CASH USED TO ACQUIRE ASSETS TO ASSET MOVEMENT TABLE</b>					
Total purchases	4,818	11,239	10,897	7,224	5,346
<b>Total cash used to acquire assets</b>	4,818	11,239	10,897	7,224	5,346

Prepared on Australian Accounting Standards basis.

**Table 3.2.6: Statement of asset movements —  
Departmental (2012-13)**

	Other, infrastructure, plant and equipment \$'000	Intangibles \$'000	Total \$'000
<b>As at 1 July 2012</b>			
Gross book value	9,099	27,952	37,051
Accumulated depreciation/amortisation and impairment	3,276	15,235	18,511
<b>Opening net book balance</b>	<b>5,823</b>	<b>12,717</b>	<b>18,540</b>
<b>Capital asset additions</b>			
By purchase - other	1,043	10,196	11,239
<b>Total additions</b>	<b>1,043</b>	<b>10,196</b>	<b>11,239</b>
<b>Other movements</b>			
Depreciation/amortisation expense	3,003	1,735	4,738
<b>Total other movements</b>	<b>3,003</b>	<b>1,735</b>	<b>4,738</b>
<b>As at 30 June 2013</b>			
Gross book value	10,142	38,148	48,290
Accumulated depreciation/amortisation and impairment	6,279	16,970	23,249
<b>Closing net book balance</b>	<b>3,863</b>	<b>21,178</b>	<b>25,041</b>

Prepared on Australian Accounting Standards basis.

**Table 3.2.7: Schedule of budgeted income and expenses administered on behalf of Government (for the period ended 30 June)**

	Actual 2011-12 \$'000	Revised budget 2012-13 \$'000	Forward estimate 2013-14 \$'000	Forward estimate 2014-15 \$'000	Forward estimate 2015-16 \$'000
<b>EXPENSES ADMINISTERED ON BEHALF OF GOVERNMENT</b>					
Waivers and write-offs	959	-	-	-	-
<b>Total expenses administered on behalf of government</b>	959	-	-	-	-
<b>LESS:</b>					
<b>OWN-SOURCE INCOME</b>					
<b>Own-source revenue</b>					
<b>Non-taxation revenue</b>					
Other sources of non-taxation					
<i>Financial Institutions Supervisory Levies Collection Act 1998</i>	131,949	269,818	250,607	224,966	217,239
Financial Assistance Levy	20	16,720	-	-	-
<b>Total non-taxation revenue</b>	131,969	286,538	250,607	224,966	217,239
<b>Total revenues administered on behalf of Government</b>	131,969	286,538	250,607	224,966	217,239
<b>Total own-sourced income administered on behalf of Government</b>	131,969	286,538	250,607	224,966	217,239
<b>Net Cost of (contribution by) services</b>	(131,010)	(286,538)	(250,607)	(224,966)	(217,239)
<b>Surplus (Deficit)</b>	131,010	286,538	250,607	224,966	217,239

Prepared on Australian Accounting Standards basis.

**Table 3.2.8: Schedule of budgeted assets and liabilities administered on behalf of Government (as at 30 June)**

	Actual 2011-12 \$'000	Revised budget 2012-13 \$'000	Forward estimate 2013-14 \$'000	Forward estimate 2014-15 \$'000	Forward estimate 2015-16 \$'000
<b>ASSETS ADMINISTERED ON BEHALF OF GOVERNMENT</b>					
<b>Financial assets</b>					
Cash - Financial Claims Scheme special account	293	293	-	-	-
Receivables	2,201	2,201	-	-	-
<b>Total financial assets</b>	<b>2,494</b>	<b>2,494</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total assets administered on behalf of government</b>	<b>2,494</b>	<b>2,494</b>	<b>-</b>	<b>-</b>	<b>-</b>

Prepared on Australian Accounting Standards basis.

**Table 3.2.9: Schedule of budgeted administered cash flows (for the period ended 30 June)**

	Actual 2011-12 \$'000	Revised budget 2012-13 \$'000	Forward estimate 2013-14 \$'000	Forward estimate 2014-15 \$'000	Forward estimate 2015-16 \$'000
<b>OPERATING ACTIVITIES</b>					
<b>Cash or equivalents received</b>					
Transfer from Official Public Account	22	-	-	-	-
Administered revenue	183,386	286,538	252,808	224,966	217,239
<b>Total cash or equivalents received</b>	<b>183,408</b>	<b>286,538</b>	<b>252,808</b>	<b>224,966</b>	<b>217,239</b>
<b>Cash or equivalents used</b>					
Cash to Official Public Account	183,386	286,538	252,808	224,966	217,239
Administered expenses	22	-	-	-	-
<b>Total cash or equivalents used</b>	<b>183,408</b>	<b>286,538</b>	<b>252,808</b>	<b>224,966</b>	<b>217,239</b>
<b>Net cash or equivalents from or (used by) operating activities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

Prepared on Australian Accounting Standards basis.

## **Notes to the financial statements**

### **Basis of accounting**

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

### **Budgeted departmental comprehensive income statement**

#### Revenues from Government

APRA is funded by appropriation to its special account for levies and late payment penalties collected under the *Financial Institutions Supervisory Levies Collection Act 1998*. The revenue reported by APRA is net of the levies retained in the Official Public Account to fund the Australian Securities and Investments Commission (ASIC) for consumer protection and market integrity functions, the Australian Taxation Office (ATO) for superannuation administration, unclaimed moneys and lost member functions and the Department of Human Services (DHS) for administration of early release of superannuation benefits on compassionate grounds.

#### Other revenue

Revenue from rendering of specific services is recognised by reference to the stage of completion of contracts or other agreements. Revenue from licence fees is recognised on receipt of the application and licence fee.

#### Depreciation and amortisation

APRA's depreciation expense is applied to supporting the capital program that aims to maintain APRA's processes and infrastructure at an appropriate standard.

### **Budgeted departmental balance sheet**

#### Financial assets

Receivables include levies invoiced but still outstanding at the financial year-end and accrued revenues, being fees prorated over the periods to which they relate.

All accounts receivable are recorded at their estimated recoverable amount.

#### **Non-financial assets**

Non-financial assets include leasehold improvements, furniture and fittings, computer hardware and office equipment. All of the foregoing assets are shown at fair value. Intangible assets comprise capitalised software, including works in progress and are shown at cost. APRA does not own any land or buildings.

Other non-financial assets include prepayments.



### **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 payments to trade creditors.

### **Equity**

The opening balance of contributed equity includes the net value of assets and liabilities transferred from the Reserve Bank of Australia and the Insurance and Superannuation Commission on the formation of APRA on 1 July 1998, less an amount of \$2.1 million returned to the Consolidated Revenue Fund as a return of unused appropriation in 2004-05.

### **Budgeted departmental statement of cash flows**

Cash received from operating activities includes the appropriation for levies collected from industry less amounts collected on behalf of the ATO, ASIC and DHS and cash from fees and charges.

### **Schedule of budgeted income and expenses administered on behalf of Government**

#### Revenues

Non-taxation revenues are the levies and late payment penalties collected under the *Financial Institutions Supervisory Levies Collection Act 1998*. The revenue reported in this statement is higher than that reported by APRA in the budgeted agency statement of financial position by the amount retained in the Official Public Account to fund ATO, ASIC and DHS activities described above.

### **Schedule of budgeted assets and liabilities administered on behalf of Government**

#### Financial assets

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

### **Schedule of budgeted administered cash flows**

All cash collected by APRA for levies, late lodgement and late payment penalties under the *Financial Institutions Supervisory Levies Collection Act 1998* is transferred to the Official Public Account at the close of business each day.

