



# 7

## Financial Statements

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# Independent Auditor's Report



## INDEPENDENT AUDITOR'S REPORT

**To the Treasurer**

**To the Minister for Revenue and Financial Services**

### Opinion

In my opinion, the financial statements of the Australian Securities and Investments Commission ('the Entity') for the year ended 30 June 2019:

- (a) comply with Australian Accounting Standards – Reduced Disclosure Requirements and the *Public Governance, Performance and Accountability (Financial Reporting) Rule 2015*; and
- (b) present fairly the financial position of the Entity as at 30 June 2019 and its financial performance and cash flows for the year then ended.

The financial statements of the Entity, which I have audited, comprise the following statements as at 30 June 2019 and for the year then ended:

- Statement by the Accountable Authority and Chief Financial Officer;
- Statement of Comprehensive Income;
- Statement of Financial Position;
- Statement of Changes in Equity;
- Cash Flow Statement;
- Administered Schedule of Comprehensive Income;
- Administered Schedule of Assets and Liabilities;
- Administered Reconciliation Schedule;
- Administered Cash Flow Statement; and
- Notes to and forming part of the financial statements, comprising an Overview and other explanatory information.

### Basis for opinion

I conducted my audit in accordance with the Australian National Audit Office Auditing Standards, which incorporate the Australian Auditing Standards. My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of my report. I am independent of the Entity in accordance with the relevant ethical requirements for financial statement audits conducted by the Auditor-General and his delegates. These include the relevant independence requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) to the extent that they are not in conflict with the *Auditor-General Act 1997*. I have also fulfilled my other responsibilities in accordance with the Code. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

### Accountable Authority's responsibility for the financial statements

As the Accountable Authority of the Entity, the Chair is responsible under the *Public Governance, Performance and Accountability Act 2013* (the Act) for the preparation and fair presentation of annual financial statements that comply with Australian Accounting Standards – Reduced Disclosure Requirements and the rules made under the Act. The Chair is also responsible for such internal control as the Chair determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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In preparing the financial statements, the Chair is responsible for assessing the ability of the Entity to continue as a going concern, taking into account whether the Entity's operations will cease as a result of an administrative restructure or for any other reason. The Chair is also responsible for disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the assessment indicates that it is not appropriate.

### **Auditor's responsibilities for the audit of the financial statements**

My objective is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian National Audit Office Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with the Australian National Audit Office Auditing Standards, I exercise professional judgement and maintain professional scepticism throughout the audit. I also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control;
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Accountable Authority;
- conclude on the appropriateness of the Accountable Authority's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Entity to cease to continue as a going concern; and
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

I communicate with the Accountable Authority regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

Australian National Audit Office



Lorena Skipper  
Acting Executive Director  
Delegate of the Auditor-General

Canberra  
20 August 2019

## Statement by the Accountable Authority and Chief Financial Officer

In our opinion, the attached financial statements for the Year ended 30 June 2019 comply with subsection 42(2) of the *Public Governance, Performance and Accountability Act 2013* (PGPA Act), and are based on properly maintained financial records as per subsection 41(2) of the PGPA Act.

In our opinion, at the date of this statement, there are reasonable grounds to believe that the Australian Securities and Investments Commission will be able to pay its debts as and when they fall due.



J.R.F. Shipton  
Chair  
20 August 2019



E. L. Hodgson  
Chief Financial Officer  
20 August 2019

# Statement of Comprehensive Income

FOR THE YEAR ENDED 30 JUNE 2019

	Notes	2019 \$'000	2018 \$'000
<b>NET COST OF SERVICES</b>			
<b>Expenses</b>			
Employee benefits	1.1A	227,035	209,526
Suppliers	1.1B	157,468	149,915
Depreciation and amortisation	3.2A	46,122	40,709
Finance costs – unwinding of restoration provision		224	30
Impairment loss allowance on financial instruments – trade and other receivables	7.2B	589	859
Write-down and impairment of other assets	1.1C	205	71
<b>Total expenses</b>		<b>431,643</b>	<b>401,110</b>
<b>LESS:</b>			
<b>Own-source revenue</b>			
Rendering of services		3,282	1,943
Operating sublease rent and property recoveries		2,460	2,674
Other revenue	1.2A	5,701	36,258
<b>Total own-source revenue</b>		<b>11,443</b>	<b>40,875</b>
<b>Gains</b>			
Reversal of write-downs and impairment	3.1B	510	1,294
<b>Total gains</b>		<b>510</b>	<b>1,294</b>
<b>Net Cost of Services</b>		<b>419,690</b>	<b>358,941</b>
<b>Total revenue from Government</b>	1.2B	<b>374,313</b>	<b>348,041</b>
<b>Surplus/(Deficit)</b>		<b>(45,377)</b>	<b>(10,900)</b>
<b>OTHER COMPREHENSIVE INCOME</b>			
<b>Items not subject to subsequent reclassification to net cost of services</b>			
Changes in asset revaluation reserve		5,363	–
<b>Total comprehensive income/(loss)</b>		<b>(40,014)</b>	<b>(10,900)</b>

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

# Statement of Financial Position

AS AT 30 JUNE 2019

	Notes	2019 \$'000	2018 \$'000
<b>ASSETS</b>			
<b>Financial assets</b>			
Cash and cash equivalents	3.1A	65,221	62,703
Trade and other receivables	3.1B	135,158	122,430
<b>Total financial assets</b>		<b>200,379</b>	<b>185,133</b>
<b>Non-financial assets</b>			
Leasehold improvements	3.2A	28,802	26,057
Plant and equipment	3.2A	20,661	22,102
Computer software	3.2A	86,855	90,445
Prepayments		10,377	13,846
<b>Total non-financial assets</b>		<b>146,695</b>	<b>152,450</b>
<b>Total assets</b>		<b>347,074</b>	<b>337,583</b>
<b>LIABILITIES</b>			
<b>Payables</b>			
Suppliers	3.3A	49,621	42,485
Other payables	3.3B	40,113	40,540
<b>Total payables</b>		<b>89,734</b>	<b>83,025</b>
<b>Provisions</b>			
Employee provisions	6.1A	76,017	68,455
Other provisions	3.4A	18,280	14,685
<b>Total provisions</b>		<b>94,297</b>	<b>83,140</b>
<b>Total liabilities</b>		<b>184,031</b>	<b>166,165</b>
<b>Net assets</b>		<b>163,043</b>	<b>171,418</b>
<b>EQUITY</b>			
Contributed equity		436,058	404,419
Reserves		22,500	17,137
Accumulated deficit		(295,515)	(250,138)
<b>Total equity</b>		<b>163,043</b>	<b>171,418</b>

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

# Statement of Changes in Equity

FOR THE YEAR ENDED 30 JUNE 2019

	Notes	2019 \$'000	2018 \$'000
<b>CONTRIBUTED EQUITY</b>			
Opening balance		404,419	364,970
<b>Transactions with owners</b>			
<b>Contributions by owners</b>			
Equity injections – Appropriations		7,294	22,185
Departmental capital budget		24,345	17,264
<b>Total transactions with owners</b>		<b>31,639</b>	<b>39,449</b>
<b>Closing balance as at 30 June</b>		<b>436,058</b>	<b>404,419</b>
<b>RETAINED EARNINGS</b>			
Opening balance		(250,138)	(235,316)
s51 withholding of prior year appropriations		–	(3,922)
<b>Comprehensive income</b>			
Surplus/(Deficit) for the period		(45,377)	(10,900)
<b>Total comprehensive loss</b>		<b>(45,377)</b>	<b>(10,900)</b>
<b>Closing balance as at 30 June</b>		<b>(295,515)</b>	<b>(250,138)</b>
<b>ASSET REVALUATION RESERVE</b>			
Opening balance		17,137	17,137
<b>Comprehensive income</b>			
Other comprehensive income		5,363	–
<b>Total comprehensive income</b>		<b>5,363</b>	<b>–</b>
<b>Closing balance as at 30 June</b>		<b>22,500</b>	<b>17,137</b>
<b>TOTAL EQUITY</b>			
Opening balance		171,418	146,791
s51 withholding of prior year appropriations		–	(3,922)
<b>Comprehensive income</b>			
Other comprehensive income		5,363	–
Surplus/(Deficit) for the period		(45,377)	(10,900)
<b>Total comprehensive loss</b>		<b>(40,014)</b>	<b>(10,900)</b>
<b>Transactions with owners</b>			
<b>Contributions by owners</b>			
Equity injections – Appropriations		7,294	22,185
Departmental capital budget	5.1A	24,345	17,264
<b>Total transactions with owners</b>		<b>31,639</b>	<b>39,449</b>
<b>Closing balance as at 30 June</b>		<b>163,043</b>	<b>171,418</b>

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



# Cash Flow Statement

FOR THE YEAR ENDED 30 JUNE 2019

	Notes	2019 \$'000	2018 \$'000
<b>OPERATING ACTIVITIES</b>			
<b>Cash received</b>			
Appropriations		370,324	390,181
Operating cash received		3,282	1,920
Net GST received		14,261	15,882
Cost recoveries		3,649	32,649
Other cash received		5,008	11,449
<b>Total cash received</b>		<b>396,523</b>	<b>452,081</b>
<b>Cash used</b>			
Employees		220,589	210,220
Suppliers		162,252	164,096
Transfers to the Official Public Account		12,032	47,827
<b>Total cash used</b>		<b>(394,873)</b>	<b>(422,143)</b>
<b>Net cash from/(used by) operating activities</b>		<b>1,651</b>	<b>29,938</b>
<b>INVESTING ACTIVITIES</b>			
<b>Cash used</b>			
Purchase of leasehold improvements, plant and equipment and intangibles		38,160	46,448
<b>Net cash (used by) investing activities</b>		<b>(38,160)</b>	<b>(46,448)</b>
<b>FINANCING ACTIVITIES</b>			
<b>Cash received</b>			
Appropriations – contributed equity		39,027	42,014
<b>Net cash from financing activities</b>		<b>39,027</b>	<b>42,014</b>
<b>Net increase/(decrease) in cash held</b>		<b>2,518</b>	<b>25,504</b>
Cash and cash equivalents at the beginning of the reporting period		62,703	37,199
<b>Cash and cash equivalents at the end of the reporting period</b>	3.1A	<b>65,221</b>	<b>62,703</b>

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

# Administered Schedule of Comprehensive Income

FOR THE YEAR ENDED 30 JUNE 2019

	Notes	2019 \$'000	2018 \$'000
<b>NET COST OF SERVICES</b>			
<b>Expenses</b>			
Grants	2.1A	12,953	3,552
Impairment loss allowance on financial instruments	2.1B	61,944	53,948
Claims for unclaimed monies	2.1C	53,521	65,813
Promotional costs for MoneySmart initiatives		570	547
<b>Total expenses</b>		<b>128,988</b>	<b>123,860</b>
<b>LESS:</b>			
<b>Own-source revenue</b>			
<b>Taxation revenue</b>			
Fees		800,216	760,857
Supervisory cost recovery levies		50,157	27,824
<b>Total taxation revenue</b>		<b>850,373</b>	<b>788,681</b>
<b>Non-taxation revenue</b>			
Supervisory cost recovery levies		223,204	208,542
Fees and fines	2.2A	199,054	219,023
Unclaimed monies lodgements	2.2B	70,862	88,477
<b>Total non-taxation revenue</b>		<b>493,120</b>	<b>516,042</b>
<b>Total revenue</b>		<b>1,343,493</b>	<b>1,304,723</b>
<b>Net contribution by services</b>		<b>1,214,505</b>	<b>1,180,863</b>

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

# Administered Schedule of Assets and Liabilities

AS AT 30 JUNE 2019

	Notes	2019 \$'000	2018 \$'000
<b>ASSETS</b>			
<b>Financial assets</b>			
Cash and cash equivalents		1,859	1,641
Supervisory cost recovery levies receivable		282,438	236,366
Fees and fines receivable	4.1A	143,150	137,087
Trade and other receivables	4.1B	8,600	6,424
<b>Total assets administered on behalf of Government</b>		<b>436,047</b>	<b>381,518</b>
<b>LIABILITIES</b>			
<b>Payables and provisions</b>			
Suppliers and other payables	4.2A	31,707	29,872
Unclaimed monies provisions	4.2B	347,790	348,936
<b>Total liabilities administered on behalf of Government</b>		<b>379,497</b>	<b>378,808</b>
<b>Net assets/(liabilities)</b>		<b>56,550</b>	<b>2,710</b>

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

# Administered Reconciliation Schedule

AS AT 30 JUNE 2019

	2019 \$'000	2018 \$'000
<b>Opening assets less liabilities as at 1 July</b>	<b>2,710</b>	(241,167)
<b>Net contribution by services:</b>		
Administered income	<b>1,343,493</b>	1,304,723
Administered expenses	<b>(128,988)</b>	(123,860)
	<b>1,214,505</b>	1,180,863
<b>Transfers (to)/from the Australian Government</b>		
Appropriation transfers from Official Public Account:		
Special (unlimited) and ordinary appropriations		
Appropriation Act No. 1	<b>15,004</b>	5,566
Banking Act unclaimed monies	<b>16,535</b>	28,109
Life Insurance Act unclaimed monies	<b>4,081</b>	3,609
Section 77 PGPA Act	<b>37,104</b>	39,012
Total of appropriation transfers from Official Public Account	<b>72,724</b>	76,296
Administered transfers to Official Public Account	<b>(1,233,389)</b>	(1,013,282)
<b>Closing assets less liabilities as at 30 June</b>	<b>56,550</b>	2,710

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

# Administered Cash Flow Statement

FOR THE YEAR ENDED 30 JUNE 2019

	2019 \$'000	2018 \$'000
<b>OPERATING ACTIVITIES</b>		
<b>Cash received</b>		
Corporations Act, National Consumer Credit Protection Act, Business Names Registration (Fees) Act and Superannuation Industry (Supervision) Act	1,158,389	920,811
Corporation Act unclaimed monies	50,665	63,652
Banking Act unclaimed monies	12,902	6,512
Life Insurance Act unclaimed monies	7,295	18,312
<b>Total cash received</b>	<b>1,229,251</b>	<b>1,009,287</b>
<b>Cash used</b>		
Refunds paid to:		
Company shareholders	34,050	36,613
Deposit-taking institution account holders	16,537	28,109
Life insurance policy holders	4,081	3,609
Promotion expenses for MoneySmart Initiatives	10,528	560
Grants	3,220	3,578
Net GST paid	(46)	(28)
<b>Total cash used</b>	<b>(68,368)</b>	<b>(72,441)</b>
<b>Net cash from operating activities</b>	<b>1,160,883</b>	<b>936,846</b>
<b>Cash from Official Public Account for:</b>		
Appropriations	72,724	76,296
<b>Less: Cash to Official Public Account for:</b>		
Corporations Act, National Consumer Credit Protection Act and Business Names Registration (Fees) Act fees and charges	1,162,527	924,806
Corporations Act unclaimed monies	50,665	63,652
Banking Act unclaimed monies	12,902	6,512
Life Insurance Act unclaimed monies	7,295	18,312
<b>Total cash to Official Public Account</b>	<b>(1,233,389)</b>	<b>(1,013,282)</b>
<b>Net (decrease) in cash held</b>	<b>218</b>	<b>(140)</b>
Cash and cash equivalents at the beginning of the reporting period	1,641	1,781
<b>Cash and cash equivalents at the end of the reporting period</b>	<b>1,859</b>	<b>1,641</b>

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

# Notes to and forming part of the financial statements

FOR THE YEAR ENDED 30 JUNE 2019

## Overview

### Objectives of the Australian Securities and Investments Commission (ASIC)

ASIC is an independent Commonwealth Government body operating under the *Australian Securities and Investments Commission Act 2001* (ASIC Act) to administer the *Corporations Act 2001*, and other legislation, throughout Australia. ASIC is a not-for-profit entity and our objectives, outlined in s1(2) of the ASIC Act, include:

- › the promotion of confident and informed participation of investors and consumers in the financial system;
- › the maintenance, facilitation and improvement in the performance of the financial system and the entities within that system in the interests of commercial certainty, reducing business costs, and the efficiency and development of the economy; and
- › to administer the laws that confer functions and powers on it effectively and with a minimum of procedural requirements.

ASIC collects and administers revenue under the *Corporations Act 2001* and the *National Consumer Credit Protection Act 2009* and prescribed fees set by the *Corporations (Fees) Act 2001*, the *Corporations (Review Fees) Act 2003*, the *National Consumer Credit Protection Act 2009*, the *Business Names Registration (Fees) Regulations 2010* and *Superannuation Industry (Supervision) Act 1993*. In addition, ASIC collects taxation revenue under the *ASIC Supervisory Cost Recovery Levy Act 2017*, the *ASIC Supervisory Cost Recovery Levy (Collection) Act 2017*, the *ASIC Supervisory Cost Recovery Levy (Consequential Amendments) Act 2017*, the *ASIC Supervisory Cost Recovery Levy Regulations 2017*; and the *ASIC Supervisory Cost Recovery Levy (Consequential Amendments) Regulations 2017*. This revenue is not available to ASIC and is remitted to the Official Public Account (OPA). Transactions and balances relating to these fees are reported as administered items. Administered items are distinguished by shading in these financial statements.

ASIC is structured to deliver a single outcome, and the result is in the Statement of Comprehensive Income:

*To allow markets to allocate capital efficiently to fund the real economy by promoting investor and financial consumer trust and confidence, facilitating fair, orderly and transparent markets and delivering efficient and accessible registration.*

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

### **Basis of preparation**

The financial statements are general purpose financial statements and are required by section 42 of the *Public Governance, Performance and Accountability Act 2013* (PGPA Act).

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

- › Public Governance, Performance and Accountability (Financial Reporting) Rule 2015 (FRR); and
- › Australian Accounting Standards – Reduced Disclosure Requirement issued by the Australian Accounting Standards Board (AASB) that apply for the reporting period.

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

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

### **New Accounting Standards**

From 1 July 2018, AASB 139 *Financial Instruments: Recognition and Measurement* was replaced by AASB 9 *Financial Instruments*. ASIC's financial instruments consist of cash and cash equivalents, trade debtors, trade creditors and grants payable. Under the new standard ASIC uses the simplified approach and continues to measure financial instruments at amortised cost. This is shown in Note 7.2. All other new accounting standards, amendments to standards and interpretations that were issued prior to the sign-off date and are applicable to the current reporting period did not have a material effect and are not expected to have a future material effect on ASIC's financial statements.

### **Taxation**

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

## Reporting of Administered activities

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

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

## Prior period adjustments

In 2018–19, ASIC made a prior year adjustment relating to the over accrual of revenue relating to the supervision of Australia’s financial markets and competition for market services and the Supervisory cost recovery levies. The table below summarises the adjustments to the prior year.

	Note	2018 \$'000	Adjustments \$'000	2018 (Restated) \$'000
<b>Administered Schedule of Comprehensive Income</b>				
Non-taxation revenue				
Supervisory cost recovery levies		219,548	(11,006)	208,542
<b>Statement of Financial Position</b>				
Financial Assets				
Supervisory cost recovery levies receivable		247,372	(11,006)	236,366
Fees and fine receivable	4.1A	137,812	(725)	137,087
<b>Administered Reconciliation Schedule</b>				
Opening assets less liabilities as at 1 July		(240,443)	(725)	(241,168)
Administered Income		1,315,730	(11,006)	1,304,724
Closing assets less liabilities as at 30 June		14,441	(11,731)	2,710

## Events after the reporting period

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



## Note 1: Departmental financial performance

This section analyses the financial performance of ASIC for the year ended 30 June 2019

### 1.1 Expenses

	2019 \$'000	2018 \$'000
<b>1.1A: Employee benefits</b>		
Wages and salaries	167,415	155,664
Superannuation		
Defined-benefit schemes	11,133	11,380
Defined-contribution schemes	21,101	19,684
Leave and other entitlements	28,253	19,974
Separation and redundancies <sup>1,2</sup>	(867)	2,824
<b>Total employee benefits</b>	<b>227,035</b>	<b>209,526</b>

- 1 Separation and redundancy costs are generally calculated on the basis of two weeks pay for every year of service for each employee with a minimum of four weeks and a maximum of 48 weeks.
- 2 The Separation and redundancies amount of (\$0.867m) is mainly attributable to a downward revision to provisions for employee restructuring (refer to Note 6.1A: Employee provisions – Restructuring provision and Note 3.4A: Other provisions – Provision for restructuring).

#### Accounting Policy

Accounting policies for employee related expenses are detailed in Note 6. People and relationships.

	2019 \$'000	2018 \$'000
<b>1.1B: Suppliers</b>		
<b>Goods and services supplied or rendered</b>		
Legal and forensic costs	32,382	27,835
Consultants and specialist services	28,843	27,249
Office computer and software expenses	27,896	28,394
Information costs	9,189	9,489
Property-related outgoings	8,180	9,161
Travel	6,260	5,048
Other goods and services	4,354	3,968
Learning and development	3,884	3,445
Bank fees	2,888	2,730
Communications	2,661	2,227
Postage and freight	2,405	2,951
Security	2,008	1,985
Recruitment	1,569	1,463
<b>Total goods and services supplied or rendered</b>	<b>132,519</b>	<b>125,945</b>
Goods supplied	2,142	2,244
Services rendered	130,377	123,701
<b>Total goods and services supplied or rendered</b>	<b>132,519</b>	<b>125,945</b>
<b>Other suppliers</b>		
Operating lease rentals	22,736	21,926
Workers compensation expense	2,024	1,930
Fringe benefits tax	189	114
<b>Total other suppliers</b>	<b>24,949</b>	<b>23,970</b>
<b>Total suppliers</b>	<b>157,468</b>	<b>149,915</b>

## Leasing commitments

ASIC, in its capacity as lessee, has a range of long-term leases with fixed dates for expiry. In 2018–19, ASIC entered into new leases in Adelaide and Traralgon.

	2019 \$'000	2018 \$'000
<b>Commitments for minimum lease payments in relation to non-cancellable operating leases are payable as follows:</b>		
Within 1 year	22,565	26,902
Between 1 to 5 years	56,307	43,445
More than 5 years	16,575	32,597
<b>Total operating lease commitments</b>	<b>95,447</b>	<b>102,944</b>

### Accounting Policy

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

### 1.1C: Write-down and impairment of other assets

Write-off of plant & equipment	205	71
<b>Total write-down and impairment of other assets</b>	<b>205</b>	<b>71</b>

## 1.2 Own-source revenue

### Accounting Policy

#### Rendering of services

Revenue from rendering of services is recognised when the resources have been purchased. Revenue is recognised when:

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

#### Operating lease revenue

Operating sublease revenue is recognised as revenue on commencement of the lease under the Memorandum of Understanding. The leases terms are on a 12 month rolling basis.

	2019 \$'000	2018 \$'000
<b>1.2A: Other revenue</b>		
Cost recoveries <sup>1</sup>	3,648	34,094
Other <sup>2</sup>	2,053	2,164
<b>Total other revenues</b>	<b>5,701</b>	<b>36,258</b>

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

2 Includes resources received free of charge (auditors' remuneration) of \$0.380m (2018: \$0.360m).

### Accounting Policy

#### Resources received free of charge

Resources received free of charge are recognised 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. Resources received free of charge are recorded as either revenue or gains depending on their nature.

### 1.2B: Revenue from Government

Appropriations:

Departmental appropriations	338,096	321,762
Departmental special appropriations <sup>3</sup>	36,217	26,279
<b>Total revenue from Government</b>	<b>374,313</b>	<b>348,041</b>

3 A special account is a limited special appropriation that notionally sets aside an amount that can be expended for a particular purpose. \$36.2m of ASIC's 2018–19 ordinary annual appropriation has been allocated to the Enforcement Special Account, which was established to fund the costs arising from the investigation and litigation of matters of significant public interest.

### Accounting Policy

#### Revenue from Government

Amounts appropriated for departmental appropriations for the period (adjusted for any formal additions and reductions) are recognised as revenue from Government when ASIC gains control of the appropriation. Appropriations receivable are recognised at their nominal amounts.

## Note 2: Income and expenses administered on behalf of Government

This section analyses the activities that ASIC does not control but administers on behalf of the Government. Unless otherwise noted, the accounting policies adopted are consistent with those applied for departmental reporting.

### 2.1 Administered – expenses

	2019 \$'000	2018 \$'000
<b>2.1A: Grants</b>		
Rendering of services		
Insolvency practitioners	2,953	3,552
Ecstra Foundation <sup>1</sup>	10,000	–
<b>Total grants</b>	<b>12,953</b>	<b>3,552</b>

1 In the 2018–19 Budget, the Federal Government provided a one-off grant in administered funding to be provided to the Ecstra Foundation to support initiatives which enhance female financial capability. The grant was paid in June 2019.

#### Accounting Policy

ASIC administers payments to registered insolvency practitioners to undertake preliminary investigations of suspected breaches of directors' duties and fraudulent conduct and to report the outcome of their findings to ASIC for further action as appropriate.

Grant liabilities are recognised to the extent that (i) the services required to be performed by the grantee have been performed or (ii) the grant eligibility criteria have been satisfied, but payments due have not been made. When the Government enters into an agreement to make these grants and services, but services have not been performed or criteria satisfied, this is considered a commitment.

#### 2.1B: Impairment loss allowance on financial instruments

Impairment of receivables	58,374	51,251
Waiver of fees and charges owing	3,570	2,697
<b>Total impairment on financial instruments</b>	<b>61,944</b>	<b>53,948</b>

	2019 \$'000	2018 \$'000
<b>2.1C: Claims for unclaimed monies</b>		
Claims – Bank and deposit taking institution account holders	9,533	2,969
Claims – Life Insurance policy holders	4,036	13,133
Claims – Corporations Act 2001	39,952	49,711
<b>Total other expenses</b>	<b>53,521</b>	<b>65,813</b>

### Accounting Policy

Refer to Note 4.1 for the policy pertaining to the impairment of receivables and fee waivers.

In determining whether a fee should be waived in whole or part, ASIC considers the extent to which the company's officers or its representatives contributed to the circumstances of the matter, in accordance with Part 7 of the Finance Minister's Delegation under section 63 of the PGPA Act.

Administered expenses for refunds of unclaimed monies under the *Banking Act 1959*, *Life Insurance Act 1995* and *Corporations Act 2001* are recognised by estimating the value of claims likely to be repaid in respect of unclaimed money collected by ASIC as at balance date. The methodology used to determine the value of probable claims is determined by an independent actuary. Successful claims are paid out of the provision account.

## 2.2 Administered – income

### Accounting Policy

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

Administered revenue is generated from fees and fines under the following legislation:

- › *Corporations (Fees) Act 2001*
- › *Corporations (Review Fees) Act 2003*,
- › *National Consumer Credit Protection (Fees) Regulation 2010*,
- › *Business Names Registration (Fees) Regulation 2012* and
- › *Superannuation Industry (Supervision) Act 1993*.

Administered fee revenue is recognised on an accruals basis when:

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

Administered taxation revenue is recognised at its nominal amount due and an expense is recognised for impaired debts.

	2019 \$'000	2018 \$'000
<b>Non-taxation revenue</b>		
<b><u>2.2A: Fees and fines</u></b>		
Fines	134,579	155,196
Searches and information brokers fees	64,475	63,827
<b>Total fees and fines</b>	<b>199,054</b>	<b>219,023</b>
<b><u>2.2B: Unclaimed monies lodgements</u></b>		
<i>Corporations Act 2001</i> unclaimed monies	50,665	63,652
<i>Banking Act 1959</i> unclaimed monies	12,902	6,513
<i>Life Insurance Act 1995</i> unclaimed monies	7,295	18,312
<b>Total unclaimed monies</b>	<b>70,862</b>	<b>88,477</b>

## Accounting Policy

ASIC undertakes the collection of certain levies on behalf of the Government. These comprise of:

- › the *ASIC Supervisory Cost Recovery Levy Act 2017*;
- › the *ASIC Supervisory Cost Recovery Levy (Collection) Act 2017*;
- › the *ASIC Supervisory Cost Recovery Levy (Consequential Amendments) Act 2017*;
- › the *ASIC Supervisory Cost Recovery Levy Regulations 2017*; and
- › the *ASIC Supervisory Cost Recovery Levy (Consequential Amendments) Regulations 2017*.

ASIC also receives non-taxation revenue from search fees, fines – including late fees, court fines, penalties and infringement notices – and from unclaimed monies received under the *Banking Act 1959*, *Life Insurance Act 1995* and *Corporations Act 2001*. This revenue is not available to ASIC and is transferred to the OPA.

Administered revenue arising from levies is recognised on an accrual basis.

The collectability of debts is reviewed at balance date. Provisions are made when collection of the debt is judged to be less, rather than more, likely.

## Note 3: Departmental financial position

This section analyses ASIC's assets used to conduct its operations and the operating liabilities incurred as a result. Employee related information is disclosed in the People and Relationships section.

### 3.1 Financial assets

	2019 \$'000	2018 \$'000
<b>3.1A: Cash and cash equivalents</b>		
Cash in special accounts	62,954	59,135
Cash on hand	2,267	3,568
<b>Total cash and cash equivalents</b>	<b>65,221</b>	<b>62,703</b>
Cash in special accounts does not include amounts held in trust. (\$12.196m in 2019 and \$4.908m in 2018).		
<b>3.1B: Trade and other receivables</b>		
<b>Goods and services receivables:</b>		
Goods and services	5,179	1,551
<b>Total goods and services receivables (gross)</b>	<b>5,179</b>	<b>1,551</b>
<b>Less impairment allowance</b>	<b>(602)</b>	<b>(616)</b>
<b>Total goods and services receivables (net)</b>	<b>4,577</b>	<b>935</b>
<b>Appropriations receivables:</b>		
Appropriations receivable	126,040	117,407
<b>Total appropriations receivable</b>	<b>126,040</b>	<b>117,407</b>
<b>Other receivables:</b>		
GST receivable from the Australian Taxation Office	4,541	4,088
<b>Total other receivables</b>	<b>4,541</b>	<b>4,088</b>
<b>Total trade and other receivables (net)</b>	<b>135,158</b>	<b>122,430</b>
<b>Trade and other receivables are expected to be recovered:</b>		
No more than 12 months	135,158	122,430
Credit terms for goods and services were within 30 days (2018: 30 days)		



	2019 \$'000	2018 \$'000
<b>Reconciliation of the movement in the impairment allowance account</b>		
As at 1 July	616	1,051
Amounts recovered and reversed	(510)	(1,294)
Increase recognised in net cost of services	496	859
<b>Total as at 30 June</b>	<b>602</b>	<b>616</b>

## Accounting Policy

### Receivables

Trade receivables and other receivables are classified as 'loans and receivables' and recorded at face value less any impairment. Trade receivables are recognised where ASIC becomes party to a contract and has a legal right to receive cash. Trade receivables are derecognised on payment.

Financial assets are assessed for impairment at the end of each reporting period. Allowances are made when collectability of the debt is no longer probable.

## 3.2 Non-financial assets

### 3.2A: Reconciliation of the opening and closing balances of leasehold improvements, plant & equipment and intangibles

	Leasehold improvements \$'000	Plant & equipment \$'000	Computer software \$'000	Total \$'000
<b>As at 1 July 2018</b>				
Gross book value	91,079	58,939	344,598	494,616
Accumulated depreciation/amortisation and impairment	(65,022)	(36,837)	(254,153)	(356,012)
<b>Total as at 1 July 2018</b>	<b>26,057</b>	<b>22,102</b>	<b>90,445</b>	<b>138,604</b>
Additions:				
by purchase	3,366	5,378	2,079	10,823
internally developed	–	–	27,855	27,855
<b>Total additions</b>	<b>3,366</b>	<b>5,378</b>	<b>29,934</b>	<b>38,678</b>
Revaluations and impairments recognised in operating result	3,804	1,559	–	5,363
Depreciation/amortisation expense	(4,425)	(8,173)	(33,524)	(46,122)
Write-offs recognised in the operating result	–	(205)	–	(205)
<b>Total as at 30 June 2019</b>	<b>28,802</b>	<b>20,661</b>	<b>86,855</b>	<b>136,318</b>

	Leasehold improvements \$'000	Plant & equipment \$'000	Computer software \$'000	Total \$'000
<b>Total as at 30 June 2019 represented by:</b>				
Gross book value	94,213	65,616	374,532	534,361
Accumulated depreciation/amortisation and impairment	(65,411)	(44,955)	(287,677)	(398,043)
<b>Total as at 30 June 2019</b>	<b>28,802</b>	<b>20,661</b>	<b>86,855</b>	<b>136,318</b>

The carrying value of leasehold improvements, plant & equipment and computer Hardware was reviewed at 30 June 2019. No indicators of impairment were found.

### Accounting Policy

Assets are recorded at cost of acquisition, except where stated below.

The cost of acquisition includes the fair value of assets transferred in exchange and liabilities undertaken. Financial assets are initially measured at their fair value plus transaction costs where appropriate.

#### Asset Recognition Threshold

Purchases of leasehold improvements, plant and equipment are initially recognised at cost in the Statement of Financial Position, except for purchases costing less than \$2,000, which are expensed in the year of acquisition (other than where they form part of a group of similar items which are significant in total).

The initial cost of an asset includes an estimate of the cost of dismantling and removing the item and restoring the site on which it is located. This is particularly relevant to 'make good' provisions taken up by ASIC where there exists an obligation to restore the premises to their original condition at the conclusion of the lease. These costs are included in the value of ASIC's property expenses with a corresponding provision for the 'make good' recognised.

#### Revaluations

Following initial recognition at cost, leasehold improvements, plant and equipment were carried at latest revaluation less accumulated depreciation and accumulated impairment losses. Valuations are conducted with sufficient frequency to ensure that the carrying amounts of assets did not differ materially from the assets' fair values as at the reporting date. The regularity of independent valuations depended on the volatility of movements in market values for the relevant assets. An independent valuation of ASIC's assets was undertaken as at 30 June 2019.

### Accounting Policy (continued)

Revaluation adjustments are made on a class basis. Any revaluation increment was credited to equity under the heading of asset revaluation reserve except to the extent that it reversed a previous revaluation decrement of the same asset class that was previously recognised in the surplus/deficit. Revaluation decrements for a class of assets are recognised directly in the surplus/deficit except to the extent that they reversed a previous revaluation increment for that class.

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

### Depreciation

All depreciable leasehold improvements, plant and equipment assets are written down to their estimated residual values over their estimated useful lives to ASIC, using the straight-line method of depreciation.

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

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

	2019	2018
Leasehold improvements	<b>Residual lease term</b>	Residual lease term
Plant and equipment	<b>2 to 80 years</b>	2 to 80 years

## Accounting Policy

### Impairment

All assets were assessed for impairment as at 30 June 2019. Where indications of impairment exist, the asset's recoverable amount is estimated and an impairment adjustment made if the asset's recoverable amount is less than its carrying amount.

The recoverable amount of an asset is the higher of its fair value less costs of disposal and its value in use. Value in use is the present value of the future cash flows expected to be derived from the asset. Where the future economic benefit of an asset is not primarily dependent on the asset's ability to generate future cash flows, and the asset would be replaced if the entity were deprived of the asset, its value in use is taken to be its current replacement cost.

### Derecognition

An item of property, plant and equipment is derecognised upon disposal or when no further future economic benefits are expected from its use or disposal.

### Intangibles

ASIC's intangibles comprise software either purchased or internally developed for internal use. These assets are carried at cost less accumulated amortisation and accumulated impairment losses.

Software is amortised on a straight-line basis over its anticipated useful life. The useful life of ASIC's hardware is 2 to 10 years (2018: 2 to 10 years).

All software assets were assessed for indications of impairment as at 30 June 2019.

### Significant accounting judgements and estimates

In the process of applying the accounting policies listed in this note, ASIC has made assumptions or estimates in the following areas that have the most significant impact on the amounts recorded in the financial statements:

- › The fair value of leasehold improvements and property, plant and equipment is assessed at market value or current replacement cost as determined by an independent valuer and is subject to management assessment between formal valuations.

## 3.3 Payables

	Note	2019 \$'000	2018 \$'000
<b>3.3A: Suppliers</b>			
Trade creditors and accruals	7.2A	<b>41,832</b>	32,723
Operating lease rent payable		<b>7,789</b>	9,762
<b>Total suppliers</b>		<b>49,621</b>	42,485

Supplier payables are settled per the terms of the purchase order or contract and are expected to be settled within 12 months.

	2019 \$'000	2018 \$'000
<b>3.3B: Other payables</b>		
Other unearned revenue	9,199	7,176
Property lease incentives <sup>1</sup>	17,818	19,335
Salaries and bonuses	12,384	12,335
Separations and redundancies	505	1,674
Other	207	20
<b>Total other payables</b>	<b>40,113</b>	<b>40,540</b>

1 Lease incentives are amortised over the lease term.

### 3.4 Other provisions

	Provision for restructuring \$'000	Provision for restoration costs \$'000	Provision for settlement costs \$'000	Total Other Provisions \$'000
As at 1 July 2018	1,142	8,873	4,670	14,685
Additions	–	–	7,150	7,150
Amounts reversed	(353)	(1,426)	(2,000)	(3,779)
Amortisation of restoration provision discount	–	224	–	224
<b>Total as at 30 June 2019</b>	<b>789</b>	<b>7,671</b>	<b>9,820</b>	<b>18,280</b>

#### Accounting Policy

##### Restoration costs

ASIC currently has seven lease agreements (2018: seven) for the leasing of premises which have provisions requiring ASIC to restore the premises to their original condition at the conclusion of the lease. The provision reflects the current best estimate of these future restoration costs discounted to reflect the present value of the future payments.

##### Settlement costs

ASIC recognises a provision for the estimated costs that will be paid on settlement of current legal proceedings based on past history of settlement costs.

The accounting policy for the provision for restructuring is contained in Note 6 People and relationships.

## Note 4: Assets and liabilities administered on behalf of the Government

This section analyses assets used to conduct operations and the operating liabilities incurred as a result of activities that ASIC does not control but administers on behalf of the Government. Unless otherwise noted, the accounting policies adopted are consistent with those applied for departmental reporting.

### 4.1 Administered – financial assets

	2019 \$'000	2018 \$'000
<b>4.1A: Taxation receivables</b>		
Fees and fines receivable	220,744	206,689
<b>Total taxation receivables (gross)</b>	<b>220,744</b>	<b>206,689</b>
Less impairment loss allowance		
Fees and fines	77,594	69,602
<b>Total taxation receivables (net)</b>	<b>143,150</b>	<b>137,087</b>
Taxation receivables are due from entities that are not part of the Australian Government. Credit terms for goods and services were within 30 days (2018: 30 days)		
<b>4.1B: Trade and other receivables</b>		
Information brokers' fees	8,463	6,241
GST receivable	137	183
<b>Total trade and other receivables (gross)</b>	<b>8,600</b>	<b>6,424</b>

## Accounting Policy

### Receivables

Administered receivables are recognised at their nominal value less an impairment allowance. The Finance Minister has determined that statutory receivables are not financial instruments and accordingly ASIC has assessed administered receivables for impairment under *AASB 136 Impairment of Assets (FRR 26.3)*.

The impairment allowance is raised against receivables for any doubtful debts and any probable credit amendments, and is based on a review of outstanding debts at balance date. This includes an examination of individual large debts and disputed amounts with reference to historic collection patterns.

The impairment allowance expense is calculated using estimation techniques to determine an estimate of current receivables which are unlikely to be collected in the future.

Administered receivables that are irrecoverable at law or are uneconomic to pursue are written off under s63 of the PGPA Act.

## 4.2 Administered – payables

	2019 \$'000	2018 \$'000
<b>4.2A: Suppliers and other payables</b>		
Supplier payables	233	191
Refund of fees payable	16,669	15,295
Unallocated monies	7,008	6,634
Grants payable <sup>1</sup>	1,023	1,290
Other non-current payables <sup>2</sup>	6,774	6,462
<b>Total payables</b>	<b>31,707</b>	<b>29,872</b>

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

All payables, with the exception of Other non-current payables, are expected to be settled within 12 months. Settlement is usually made within 30 days.

- 1 Settlement is made according to the terms and conditions of each grant. This is usually within 30 days of performance and eligibility.
- 2 Other non-current payables are over payments of fees where payments are made to ASIC in error. The settlement period is expected to be greater than 12 months as these are unidentified payments.

	2019 \$'000	2018 \$'000
<b>4.2B: Unclaimed monies provisions</b>		
<i>Corporations Act 2001 claims</i>	<b>197,957</b>	192,054
<i>Banking Act 1959 claims</i>	<b>123,229</b>	130,233
<i>Life Insurance Act 1995 claims</i>	<b>26,604</b>	26,649
<b>Total other provisions</b>	<b>347,790</b>	348,936

## Accounting Policy

### Provisions

The provisions recognised in the Administered Schedule of Assets and Liabilities are for estimated claims payable from collections of unclaimed monies administered by ASIC as at balance date. ASIC adopted a provision for future claims based on an independent valuation calculated by a registered actuary, under AASB 137 *Provisions, Contingent Liabilities and Contingent Assets*.

### Significant accounting judgements and estimates

The provision has been estimated taking into account the historic claims pattern experienced since 2002 and the outstanding lodgements. The estimate reflects the volatility of unclaimed monies lodgements and claims from year to year, which is impacted by factors including economic events, legislative change, media exposure and the behaviour of claimants, each of which has differed significantly from year to year and over time. The estimated future flow of refunds over time has been discounted to present value at a risk-free rate of interest based on government bond rates with similar terms to the expected refunds. Allowance has been made for payment of compounding interest for all claims from 1 July 2013 on unclaimed balances in accordance with actual legislated interest rates and estimated future interest rates based on economist expectations for inflation in the medium to longer term, noting legislated interest rates are linked to movements in the CPI.



## Note 5: Funding

This section identifies ASIC's funding structure.

### 5.1 Appropriations

#### 5.1A: Annual appropriations ('recoverable GST exclusive')

Annual appropriations for 2019	Annual appropriation \$'000	Adjustments to appropriation <sup>1</sup> \$'000	Total appropriation \$'000	Appropriation applied in 2019 (current and prior years) \$'000	Variance <sup>2</sup> \$'000
<b>Departmental</b>					
Ordinary annual services	374,313	12,032	<b>386,345</b>	400,204	<b>(13,859)</b>
Capital Budget	24,345	–	<b>24,345</b>	25,958	<b>(1,613)</b>
Other Services					
Equity Injections	7,294	–	<b>7,294</b>	13,069	<b>(5,775)</b>
<b>Total Departmental</b>	<b>405,952</b>	<b>12,032</b>	<b>417,984</b>	<b>439,231</b>	<b>(21,247)</b>
<b>Administered</b>					
Ordinary annual services	19,683	–	19,683	14,905	4,778
<b>Total Administered</b>	<b>19,683</b>	<b>–</b>	<b>19,683</b>	<b>14,905</b>	<b>4,778</b>

1 Section 74 receipts.

2 The variance in the departmental expenses is due to accrued expenses from the prior year being drawn down in the current year from operating and equity funding, as well as unspent appropriation from departmental capital budget.

### Accounting Policy

#### Equity Injections

Amounts appropriated which are designated as 'equity injections' for a year (less any formal reductions) and Departmental Capital Budgets (DCB) are recognised directly in contributed equity in that year.

Annual appropriations for 2018	Annual appropriation <sup>1</sup> \$'000	Adjustments to appropriation <sup>2</sup> \$'000	Total appropriation \$'000	Appropriation applied in 2018 (current and prior years) \$'000	Variance \$'000
Departmental					
Ordinary annual services	348,041	47,827	395,868	364,885	30,983
Capital Budget	20,868	–	20,868	14,236	6,632
Other Services					
Equity Injections	22,185	–	22,185	27,777	(5,592)
Total Departmental	391,094	47,827	438,921	406,898	32,023
Administered					
Ordinary annual services	7,302	–	7,302	5,439	1,863
Total Administered	7,302	–	7,302	5,439	1,863

1 Determination under section 51 of the PGPA Act. Appropriation Act (No. 1) DCB 2017–2018 reduced by \$3.604m.

2 Section 74 receipts

	2019 \$'000	2018 \$'000
<b>5.1B: Unspent annual appropriations ('recoverable GST exclusive')</b>		
<b>Departmental</b>		
<i>Appropriation Act (No. 1) 2016–2017<sup>1</sup></i>	<b>3,922</b>	3,922
<i>Supply Act (No. 2) 2016–2017</i>	–	229
<i>Appropriation Act (No. 2) 2016–2017</i>	–	3,634
<i>Appropriation Act (No. 1) 2017–2018</i>	–	97,146
<i>Appropriation Act (No. 1) DCB 2017–2018<sup>2</sup></i>	<b>3,604</b>	11,375
<i>Appropriation Act (No. 2) 2017–2018</i>	<b>1,951</b>	4,376
<i>Appropriation Act (No. 3) 2017–2018</i>	–	7,818
<i>Appropriation Act (No. 1) 2018–2019</i>	<b>75,767</b>	–
<i>Appropriation Act (No. 1) DCB 2018–2019</i>	<b>6,158</b>	–
<i>Appropriation Act (No. 3) 2018–2019</i>	<b>31,885</b>	–
<i>Appropriation Act (No. 2) 2018–2019</i>	<b>21</b>	–
<i>Appropriation Act (No. 4) 2018–2019</i>	<b>492</b>	–
Enforcement Special Account	<b>62,954</b>	59,135
<b>Total departmental</b>	<b>186,754</b>	187,635

Unspent departmental appropriations include cash balances of \$2.267m (2018: \$4.135m).

1 Includes \$3.922m quarantined under section 51 of the PGPA Act. The balance of this appropriation is not available beyond 30 June 2019, following the repeal of Appropriation Act (No.1) 2016–2017 on 1 July 2019.

2 Includes \$3.604m quarantined under section 51 of the PGPA Act.

	2019 \$'000	2018 \$'000
<b>Administered</b>		
<i>Appropriation Act (No. 1) 2017–2018</i>	1,473	3,810
<i>Appropriation Act (No. 1) 2018–2019</i>	6,032	–
<i>Appropriation Act (No. 3) 2018–2019</i>	1,045	–
<b>Total administered</b>	<b>8,550</b>	3,810

Unspent administered appropriations include cash balances of \$0.564m (2018: \$0.465m). Comparatives have changed as closing cash at bank was not previously included.

### 5.1C: Special appropriations ('recoverable GST exclusive')

Authority	Type	Purpose	Appropriation applied	
			2019 \$'000	2018 \$'000
s69 <i>Banking Act 1959</i> , Administered	Unlimited	ASIC has responsibility for the administration of unclaimed monies from banking and deposit taking institutions. ASIC receives special appropriations from the OPA (section 69 <i>Banking Act 1959</i> ) to refund amounts to banking and deposit taking institution account holders.	16,535	28,109
s216 <i>Life Insurance Act 1995</i> , Administered	Unlimited	ASIC has responsibility for the administration of unclaimed monies from life insurance institutions and friendly societies. ASIC receives special appropriations from the OPA (section 216 <i>Life Insurance Act 1995</i> ) to refund amounts to life insurance policy holders.	4,081	3,609
s77 <i>PGPA Act, Corporations Act 2001, National Consumer Credit Protection Act 2009, Business Names Registration (Fees) Regulations 2010 and Superannuation Industry (Supervision) Act 1993</i> . (Refunds of overpaid Corporations Act fees and charges), Administered	Unlimited	ASIC has responsibility for the administration and collection of Corporations Act fees and charges. All fees and charges are deposited into the OPA as received. Refunds of overpayments are appropriated under section 77 of the PGPA Act.	4,150	4,040
s77 <i>PGPA Act, Corporations Act 2001</i> (Refunds of unclaimed money held under s1341 <i>Corporations Act 2001</i> ), Administered	Unlimited	ASIC has responsibility for the administration of unclaimed monies under s1341 of the <i>Corporations Act 2001</i> .	32,955	34,971
<b>Total</b>			<b>57,721</b>	<b>70,729</b>

## 5.2 Special Accounts

	Enforcement Special Account <sup>1</sup>		ASIC Trust and Other Moneys Special Account 2018 <sup>2</sup>		Deregistered Companies Trust Moneys Special Account <sup>3</sup>		Security Deposits Special Accounts <sup>4</sup>		Investigations, Legal Proceedings, Settlements and Court Orders Special Account <sup>5</sup>	
	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000
Balance carried forward from previous year	59,135	33,064	4,908	–	–	3,504	–	467	–	11
Appropriation for the reporting period	36,217	26,279	51,556	327	–	791	–	–	–	–
Costs recovered	2,213	29,355	118	10	–	39	–	5	–	–
Available for payments	97,565	88,698	56,582	337	–	4,334	–	472	–	11
Cash payments from the Special Account	(34,611)	(29,563)	(44,386)	(21)	–	(225)	–	–	–	–
Adjustments	–	–	–	4,592	–	(4,109)	–	(472)	–	(11)
Balance carried forward to the next period	62,954	59,135	12,196	4,908	–	–	–	–	–	–
Balance represented by:										
Cash held in entity bank accounts	–	–	12,196	4,908	–	–	–	–	–	–
Cash held in the Official Public Account	62,954	59,135	–	–	–	–	–	–	–	–
	62,954	59,135	12,196	4,908	–	–	–	–	–	–

- 1 Appropriation: *s78 Public Governance, Performance and Accountability Act 2013*. Establishing Instrument: *s78 Public Governance, Performance and Accountability Act 2013*. Purpose: the Enforcement Special Account (ESA) is a departmental special account which was established by a determination of the Finance Minister on 23 August 2016 to fund the costs of ASIC arising from the investigation and litigation of matters of significant public interest.
- 2 Appropriation: *s78 Public Governance, Performance and Accountability Act 2013*. Establishing Instrument: *s78 Public Governance, Performance and Accountability Act 2013*. Purpose: the ASIC Trust and Other Moneys Special Account was established by a determination of the Finance Minister on 31 March 2018, to consolidate the three Special Accounts above, which expired due to the sunset provisions of the *Legislations Act 2003*.
- 3 Appropriation: *s78 Public Governance, Performance and Accountability Act 2013*. Establishing Instrument: *s78 Public Governance, Performance and Accountability Act 2013*. Purpose: the Deregistered Companies Trust Moneys Special Account was established by the Finance Minister on 18 February 2008 to manage property vesting in the Commonwealth as a result of the deregistration provisions of the *Corporations Act 2001*. This special account expired on 31 March 2018 due to the sunset provisions of the *Legislations Act 2003*.
- 4 Appropriation: *s78 Public Governance, Performance and Accountability Act 2013*. Establishing Instrument: *s78 Public Governance, Performance and Accountability Act 2013*. Purpose: the ASIC Security Deposits Special Account was established by a determination of the Finance Minister on 18 February 2008 to manage security deposits lodged with ASIC by registered liquidators, licensed securities dealers, licensed investment advisers and financial services licensees. This special account expired on 31 March 2018 due to the sunset provisions of the *Legislations Act 2003*.
- 5 Appropriation: *s78 Public Governance, Performance and Accountability Act 2013*. Establishing Instrument: *s78 Public Governance, Performance and Accountability Act 2013*. Purpose: the ASIC Investigations, Legal Proceedings, Settlements and Court Orders Special Account was established by a determination of the Finance Minister on 18 February 2008 to manage money or other property temporarily held by ASIC for the benefit of a person other than the Commonwealth as a result of investigations conducted by ASIC, legal proceedings to which ASIC is a party, deeds of settlement to which ASIC is a party, enforceable undertakings accepted by ASIC and court orders referring to ASIC. This special account expired on 31 March 2018 due to the sunset provisions of the *Legislations Act 2003*.

ASIC also has a Services for Other Entities and Trust Moneys Special Account – Australian Securities and Investments Commission (SOETM). This account was established under *s78 Public Governance, Performance and Accountability Act 2013*. The SOETM combines the purposes of the Other Trust Moneys and the Services for other Government and Non-agency Bodies special accounts into a single standard-purpose Special Account. The SOETM enables ASIC to continue to hold and expend amounts on behalf of persons or entities other than the Commonwealth. The SOETM will typically be used to accommodate small amounts of miscellaneous monies, for example, amounts received in connection with services performed for or on behalf of any persons or entities that are not agencies as prescribed under the PGPA Act, such as other governments. For the year ended 30 June 2019, the account had a nil balance and there were no transactions debited or credited to it during the current or prior reporting period.

### 5.3 Regulatory charging summary

	2019 \$'000	2018 \$'000
<b>Amounts applied</b>		
Departmental		
Appropriation applied	286,961	247,372
<b>Total amounts applied</b>	<b>286,961</b>	<b>247,372</b>
<b>Expenses</b>		
Departmental	286,961	247,372
<b>Total expenses</b>	<b>286,961</b>	<b>247,372</b>
<b>External Revenue</b>		
Administered		
Fees for services	13,600	–
ASIC Supervisory Cost Recovery Levy	273,361	247,372
<b>Total external revenue</b>	<b>286,961</b>	<b>247,372</b>

#### Regulatory charging activities

On 20 April 2016, the Australian Government announced it would introduce an industry funding model for ASIC. Under the industry funding model ASIC's regulatory costs will be recovered from the industry sectors we regulate, through a combination of:

- general industry levies (cost recovery levies);
- statutory industry levies; and
- cost recovery fees (fees for service), for user-initiated, transaction-based activities where we provide a specific service to individual entities.

ASIC's costs associated with regulatory activities will be recovered from industry as outlined in ASIC's Cost Recovery Implementation Statement. Activities include:

- › stakeholder engagement
- › education
- › guidance
- › surveillance
- › enforcement
- › policy advice.

The cost recovery implementation statement for the above activities is available at:

<https://download.asic.gov.au/media/5169042/cris-asic-industry-funding-model-2018-19-published-27-june-2019.pdf>

## 5.4 Net cash appropriation arrangements

	2019 \$'000	2018 \$'000
<b>Total comprehensive income/(loss) less depreciation/ amortisation expenses previously funded through revenue appropriations</b>	<b>6,108</b>	29,809
Plus: depreciation/amortisation expenses previously funded through revenue appropriation	<b>(46,122)</b>	(40,709)
<b>Total comprehensive (loss) – as per the Statement of Comprehensive Income</b>	<b>(40,014)</b>	(10,900)

## Note 6: People and relationships

This section describes a range of employment and post-employment benefits provided to our people and our relationships with other key people.

### 6.1 Employee provisions

	2019 \$'000	2018 \$'000
<b><u>6.1A: Employee provisions</u></b>		
Annual leave entitlement	<b>22,127</b>	21,203
Long service leave entitlement	<b>49,986</b>	41,278
Restructuring provision	<b>1,712</b>	3,822
Redundancy provision	<b>2,192</b>	2,152
<b>Total employee provisions</b>	<b>76,017</b>	68,455



## Accounting Policy

Liabilities for 'short-term employee benefits' (as defined in AASB 119 *Employee Benefits*) and termination benefits expected within 12 months of the end of the reporting period are measured at their nominal amounts.

Other long term employee benefits are measured as net total of the present value of the defined benefit obligations at the end of the reporting period minus the fair value at the reporting period of plan assets (if any) of which the obligations are to be settled directly.

### Leave

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

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

The liability for long service leave has been determined by reference to the work of an independent actuary dated 18 December 2018. Actuarial reviews of long service leave are undertaken at least every five years. The estimate of the present value of the liability takes into account attrition rates and pay increases through promotion and inflation.

### Superannuation

ASIC employees are members of the Commonwealth Superannuation Scheme (CSS), the Public Sector Superannuation Scheme (PSS), the PSS Accumulation Plan (PSSap) or other superannuation funds held outside the Australian Government.

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

The liability for defined benefits is recognised in the financial statements of the Australian Government and is settled by the Australian Government in due course. This liability is reported in the Department of Finance's administered schedule and notes.

ASIC makes employer contributions to its employees' defined-benefit superannuation schemes at rates determined by an actuary to be sufficient to meet the current cost to the Government, and ASIC accounts for the contributions as if they were contributions to defined contribution plans.

The liability for superannuation recognised as at 30 June represents outstanding contributions.

### Separation and redundancy

Provision is made for separation and redundancy benefit payments. ASIC recognises a provision for termination when it has developed a detailed formal plan for the terminations and has informed those employees affected that it will carry out the terminations.

## Accounting Policy continued

### Restructuring

ASIC recognises a provision for restructuring when the Government has announced a funding measure which will result in a future reduction in functions, resources and staff and the costs associated with these future reductions can be reliably estimated.

### Significant accounting judgement and estimates

In the process of applying the accounting policies listed in this note, ASIC has made assumptions or estimates in the following areas that have the most significant impact on the amounts recorded in the financial statements:

- › Leave provisions involve assumptions based on the expected tenure of existing staff, patterns of leave claims and payouts, future salary movements and future discount rate.

## 6.2 Key management personnel remuneration

Key management personnel (KMP) are those persons having authority and responsibility for planning, directing and controlling the activities of ASIC, directly or indirectly. ASIC has determined the key management personnel to be members of the Commission, the Portfolio Minister and Minister for Revenue and Financial Services and other Australian Government entities and ASIC Executive Directors. Key management personnel remuneration is reported in the table below:

	2019 \$'000	2018 \$'000
Short-term employee benefits	6,558	3,902
Post-employment benefits	622	437
Other long-term benefits	150	406
<b>Total key management personnel remuneration expenses<sup>1</sup></b>	<b>7,330</b>	<b>4,745</b>

The total number of key management personnel who are included in the above table is 22 (2018: 13). During the financial year, an overpayment to a former KMP totalling \$1,672 was identified. This payment is a recoverable payment under s16A(1) of the *Remuneration Tribunal Act 1973* and is repayable to the Commonwealth.

1 The above key management personnel remuneration excludes the remuneration and other benefits of the Portfolio Minister. The Portfolio Minister's remuneration and other benefits are set by the Remuneration Tribunal and are not paid by ASIC.

## 6.3 Related party disclosures

### Related party relationships

ASIC is an Australian Government controlled entity. Related parties to ASIC are Key Management Personnel including the Commission members and ASIC Executive Directors that have the responsibilities for planning, directing, and controlling ASIC's resources.

### Transactions with related parties

Given the breadth of Government activities, related parties may transact with the government sector in the same capacity as ordinary citizens. Such transactions include the payment or refund of taxes, receipt of a Medicare rebate or higher education loans. These transactions have not been separately disclosed in this note.

ASIC transacts with other Australian Government controlled entities consistent with normal day-to-day business operations provided under normal terms and conditions, including the payment of workers compensation and insurance premiums, sub-leasing of office space and payment of superannuation contributions. These are not considered individually significant to warrant separate disclosure as related party transactions.

During the financial year ASIC entered into transactions with a KMP for relocation purposes totalling \$86,208.

## Note 7: Managing uncertainties

This section describes how ASIC manages financial risks within its operating environment.

### 7.1 Contingent assets and liabilities

	2019 \$'000	2018 \$'000
<b>7.1A: Departmental contingent liabilities and assets</b>		
<b>Contingent assets</b>		
Claims for costs		
Balance from previous period	6,239	2,881
Adjustments to prior period contingent receivables:		
Assets relinquished	(2,914)	(487)
Revisions to estimates	2,064	(1,000)
New contingent receivables	4,249	4,845
<b>Total contingent assets</b>	<b>9,638</b>	<b>6,239</b>
<b>Net contingent assets</b>	<b>9,638</b>	<b>6,239</b>

### **Quantifiable contingencies (ASIC Departmental)**

The above contains 20 matters (2018: 12 matters) of contingent assets disclosed in respect to matters which ASIC has received an award of costs in its favour, however agreement with respect to the quantum payable to ASIC has not been reached. ASIC has estimated these matters represent a combined receivable of \$9.638m (2018: \$6.239m), which is disclosed as a contingent asset because realisation of this debt is not virtually certain.

### **Unquantifiable contingencies (ASIC Departmental)**

ASIC is party to many civil litigation matters arising out of its statutory duty to administer and enforce laws for which it is responsible.

Like any corporate body, ASIC may from time to time be the subject of legal proceedings for damages brought against it or may receive notice indicating that such proceedings may be brought. In either case ASIC, like any other party to civil litigation, may be required to pay the other party's costs if ASIC is unsuccessful. In accordance with AASB 137 *Provisions, Contingent Liabilities and Contingent Assets*, ASIC has not disclosed the value of these matters on the grounds that it may seriously prejudice the outcome of these cases.

As at the date of this report there are civil matters that may result in an award of costs in favour or against ASIC.

### **Civil litigation brought, or threatened to be brought, against ASIC as a defendant**

There is, at the date of this report, four matters of this type where proceedings are current. In this matter, ASIC denies liability and is of the view that, save for having to pay legal fees and other out-of-pocket expenses, it is likely that ASIC will:

- › successfully defend the actions instituted; and
- › not be required to pay any damages.

Conversely, ASIC, like any other party to civil litigation, may be entitled to recover costs arising out of such litigation if it is successful. In addition to the matters specifically referred to in this note, ASIC has legal action pending in a number of other matters, however, due to the uncertainty over the outcome of outstanding and pending court cases, duration of court cases and the legal costs of the opposing party, ASIC is unable to reliably estimate either its potential payments to, or potential cost recoveries from, opposing litigants. There may also be other matters where ASIC has received an award of costs in its favour, however no contingent asset has been disclosed as recovery of the debt is not probable. There may also be other matters where no contingency has been quantified because the costs awarded for or against ASIC are estimated to be less than \$20,000 each.

### **Accounting Policy**

Contingent liabilities and contingent assets are not recognised in the Statement of Financial Position but are reported in this note. They may arise from uncertainty as to the existence of a liability or asset or represent an asset or liability in respect of which the amount cannot be reliably measured. Contingent assets are disclosed when settlement is probable but not virtually certain and contingent liabilities are disclosed when settlement is greater than remote.

### **Significant accounting judgements and estimates**

No accounting assumptions or estimates have been identified that have a significant risk of causing a material adjustment to carrying amounts of assets and liabilities within the next reporting period.

### Quantifiable administered contingencies – Banking Act, Life Insurance Act and Corporations Act administration

An actuarial assessment of the number of claims that are likely to be lodged with ASIC in respect to unclaimed monies was conducted by a registered actuary. ASIC adopted the registered actuary's calculation for the likely claims payable, excluding interest and reported in Note 4.2B.

The contingent liability represents an estimate of the principal unclaimed monies that have been lodged with ASIC but where the likelihood of a successful claim is regarded as remote. No allowance has been made for the compounding interest, which is payable for a successful claim lodged from 1 July 2013 in accordance with legislated interest rates. The contingent liability has been calculated by deducting from the total principal balance, excluding interest, of unclaimed monies lodged but not yet claimed, the undiscounted amount of the provision for future refunds excluding any interest:

<i>Banking Act 1959</i>	\$475.864m (2018: \$463.273m)
<i>Life Insurance Act 1995</i>	\$73.882m (2018: \$69.098m)
<i>Corporations Act 2001</i>	\$345.075m (2018: \$318.626m)

### Unquantifiable administered contingencies

There are no unquantifiable administered contingent liabilities.

### Accounting Policy

Administered contingent liabilities represent a repayment estimate of unclaimed monies that are considered remote. There are no administered contingent assets as at 30 June 2019 (2018: nil).

## 7.2 Financial instruments

	Notes	2019 \$'000	2018 \$'000
<b>7.2A: Categories of financial instruments</b>			
<b>Financial assets under AASB 139</b>			
Loans and receivables:			
Cash and cash equivalents <sup>1</sup>	3.1A		3,568
Trade receivables	3.1B		935
<b>Total financial assets at amortised cost</b>			<b>4,503</b>
<b>Financial assets under AASB 9</b>			
<b>Financial assets at amortised cost</b>			
Loans and receivables:			
Cash and cash equivalents <sup>1</sup>	3.1A	<b>2,267</b>	
Trade receivables	3.1B	<b>4,577</b>	
<b>Total financial assets at amortised cost</b>		<b>6,844</b>	
<b>Total financial assets</b>		<b>6,844</b>	4,503
<b>Financial liabilities</b>			
<b>Financial liabilities at amortised cost</b>			
Trade creditors	3.3A	<b>41,832</b>	32,723
<b>Total financial liabilities at amortised cost</b>		<b>41,832</b>	32,723

1 Cash and cash equivalents is cash on hand only and is recognised at its nominal amount.

## Accounting Policy

### Financial assets

With the implementation of *AASB 9 Financial Instruments* for the first time in 2019, ASIC classifies its financial assets in the following category:

- › Cash and cash equivalents are measured at nominal amounts.
- › Trade receivables are measured at amortised cost

The classification depends on both ASIC's business model for managing the financial assets and contractual cash flow characteristics at the time of initial recognition. Financial assets are recognised when the entity becomes a party to the contract and, as a consequence, has a legal right to receive or a legal obligation to pay cash and derecognised when the contractual rights to the cash flows from the financial asset expire or are transferred upon trade date.

Comparatives have not been impacted by the application of AASB 9.

### Financial assets at amortised cost

Financial assets included in this category need to meet two criteria:

1. the financial asset is held in order to collect the contractual cash flows; and
2. the cash flows are solely payments of principal and interest (SPPI) on the principal outstanding amount.

Amortised cost is determined using the effective interest method.

### Effective interest method

Income is recognised on an effective interest rate basis for financial assets that are recognised at amortised cost.

### Impairment of financial assets

Financial assets are assessed for impairment at the end of each reporting period based on the simplified approach.

The simplified approach for trade debtors is used. This approach always measures the loss allowance as the amount equal to the lifetime expected credit losses.

A write-off constitutes a derecognition event where the write-off directly reduces the gross carrying amount of the financial asset.

### Financial liabilities at amortised cost

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

### Accounting judgement and estimates

No accounting assumptions or estimates have been identified that have a significant risk of causing a material adjustment to carrying amounts of financial assets and liabilities within the next reporting period.

The application of AASB 9 has had no impact on the classification or carrying amount of Trade receivables.

	2019 \$'000	2018 \$'000
<b>7.2B: Net gains or losses on financial assets</b>		
<b>Financial assets at amortised cost</b>		
Impairment	589	859
<b>Net gain/(loss) on financial assets at amortised cost</b>	<b>589</b>	<b>859</b>

### 7.3 Administered – financial instruments

	Notes	2019 \$'000	2018 \$'000
<b>7.3A: Categories of financial instruments</b>			
<b>Financial assets under AASB 139</b>			
Cash and cash equivalents <sup>1</sup>			1,641
Trade receivables	4.1B		6,241
<b>Total financial assets at amortised costs</b>			<b>7,882</b>
<b>Financial assets under AASB 9</b>			
<b>Financial assets at amortised cost</b>			
Loans and receivables:			
Cash and cash equivalents <sup>1</sup>		1,859	
Trade receivables	4.1B	8,600	
<b>Total financial assets at amortised cost</b>		<b>10,459</b>	
<b>Total financial assets</b>		<b>10,459</b>	<b>7,882</b>
<b>Financial liabilities</b>			
<b>Financial liabilities at amortised cost</b>			
Grants payable	4.2A	1,023	1,290
Suppliers payables	4.2A	233	191
<b>Total financial liabilities at amortised cost</b>		<b>1,256</b>	<b>1,481</b>

1 Cash and cash equivalents is cash on hand only and is recognised at its nominal amount.

The application of AASB 9 has had no impact on the classification or carrying amount of Administered trade receivables or liabilities.



## 7.4 Fair value measurement

### Accounting Policy

ASIC deems transfers between levels of the fair value hierarchy to have occurred at the end of the reporting period. See Note 3.2A for further details on ASIC's valuation policy and procedures.

	Fair value measurements at the end of the reporting period	
	2019 \$'000	2018 \$'000
<b>Non-financial assets:</b>		
Leasehold improvements	28,802	26,057
Plant and equipment	20,661	22,102
<b>Total non-financial assets</b>	<b>49,463</b>	<b>48,159</b>

ASIC did not measure any non-financial assets at fair value on a non-recurring basis as at 30 June 2019.

## Note 8: Other information

### 8.1 Aggregate assets and liabilities

	2019 \$'000	2018 \$'000
<b>8.1A: Aggregate assets and liabilities</b>		
Assets expected to be recovered in:		
No more than 12 months	210,756	199,067
More than 12 months	136,318	138,604
<b>Total assets</b>	<b>347,074</b>	<b>337,671</b>
Liabilities expected to be settled in:		
No more than 12 months	101,460	89,651
More than 12 months	82,571	76,603
<b>Total liabilities</b>	<b>184,031</b>	<b>166,253</b>

	2019 \$'000	2018 \$'000
<b>8.1B: Administered – aggregate assets and liabilities</b>		
Assets expected to be recovered in:		
No more than 12 months	434,188	379,877
More than 12 months	–	–
<b>Total assets</b>	<b>434,188</b>	<b>379,877</b>
Liabilities expected to be settled in:		
No more than 12 months	372,723	372,346
More than 12 months	6,774	6,462
<b>Total liabilities</b>	<b>379,497</b>	<b>378,808</b>

## 8.2 Expenditure relating to statutory boards and tribunal

### Accounting Policy

Pursuant to Parts 11 and 12 of the ASIC Act and the *Superannuation (Resolution of Complaints) Act 1993*, ASIC is required to support the Companies Auditors Disciplinary Board and the Superannuation Complaints Tribunal. Employee and administrative expenditure incurred on behalf of this board and the tribunal are included in the Statement of Comprehensive Income of ASIC.

	2019 \$'000	2018 \$'000
Companies Auditors Disciplinary Board	427	525
Superannuation Complaints Tribunal	7,502	6,185

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

### 8.3 Assets of deregistered companies vesting in ASIC

Section 601AD of the *Corporations Act 2001* provides that, on deregistration of a company, all of the company's property vests in ASIC. In 2011–12, ASIC began taking a proactive approach to administering vested property and accounts for any proceeds on realisation of those assets in accordance with its statutory duties.

Vested assets are not available to ASIC and are not recognised in the financial statements.

	2019 Quantity	2018 Quantity
Class of asset		
Land	638	521
Shares	117	76
Other	90	74
<i>Closing balance</i>	<b>845</b>	671

Land is comprised of real property as described on the relevant Land Titles Registry. Shares are comprised of parcels of shares in both private and publicly listed companies and include those parcels held by the company as trustee. Other assets include such property as intellectual property (e.g. trademarks) and mortgages.

### 8.4 Security deposits from dealers, investment advisers and liquidators

The *Corporations Act 2001* and the *Corporations Regulations 2001* require applicants for a dealer's or investment adviser's licence, and applicants for registration as a liquidator, to lodge a security deposit with ASIC. These monies, deposits, stock, bonds or guarantees are not available to ASIC and are not recognised in the financial statements.

	2019 \$'000	2018 \$'000
Security deposits under Corporations Regulations 2001 regulation 7.6.02AA (dealers and investment advisers)		
Cash (at bank)	83	303
Inscribed stock	20	20
Bank guarantees	8,900	8,920
<i>Closing balance</i>	<b>9,003</b>	9,243
Security deposits under the <i>Corporations Act 2001</i> s1284(1) (liquidators)		
Insurance bond	1,800	1,800
<i>Closing balance</i>	<b>1,800</b>	1,800

## 8.5 Budgetary reports and explanations of major variances

### 8.5A: Departmental Budgetary Reports

The following tables provide a comparison of the original budget as presented in the 2018–19 Portfolio Budget Statements (PBS) to the 2018–19 final outcome as presented in accordance with Australian Accounting Standards for ASIC. The budget is not audited. Explanations for variances greater than +/- 10% and greater than +/- \$5m are provided.

#### Statement of Comprehensive Income

	Actual	Original Budget	Variance
	2019 \$'000	2019 \$'000	2019 \$'000
<b>NET COST OF SERVICES</b>			
<b>Expenses</b>			
Employee benefits	227,035	234,677	(7,642)
Suppliers	157,468	112,416	45,052
Depreciation and amortisation	46,122	37,246	8,876
Finance costs – unwinding of restoration provision	224	504	(280)
Impairment loss allowance on financial instruments – trade and other receivables	589	–	589
Write-down and impairment of assets	205	–	205
<b>Total expenses</b>	<b>431,643</b>	<b>384,843</b>	<b>46,800</b>
<b>LESS:</b>			
<b>Own-source revenue</b>			
Rendering of services	3,282	3,662	(380)
Operating sublease rent and property recoveries	2,460	2,700	(240)
Other revenue	5,701	2,160	3,541
<b>Total own-source revenue</b>	<b>11,443</b>	<b>8,522</b>	<b>2,921</b>
<b>Gains</b>			
Reversal of write-downs and impairment	510	–	510
<b>Total gains</b>	<b>510</b>	<b>–</b>	<b>510</b>
<b>Net Cost of Services</b>	<b>419,690</b>	<b>376,321</b>	<b>43,369</b>
<b>Total revenue from Government</b>	<b>374,313</b>	<b>342,428</b>	<b>31,885</b>
<b>Surplus/(Deficit)</b>	<b>(45,377)</b>	<b>(33,893)</b>	<b>(11,484)</b>

	Actual	Original Budget	Variance
	2019	2019	2019
	\$'000	\$'000	\$'000

## OTHER COMPREHENSIVE INCOME

### Items not subject to reclassification to net cost of services

Changes in asset revaluation reserve	5,363	–	5,363
<b>Total comprehensive income/(loss)</b>	<b>(40,014)</b>	<b>(33,893)</b>	<b>(6,121)</b>

### Explanations of major variances

### Affected line items

#### Expense

Supplier expenses were higher than budgeted due mainly to the additional revenue from Government received as part of the Mid-Year Economic and Fiscal Outlook (MYEFO) in December 2018 for new budget measures.

Suppliers

Depreciation and amortisation expenses were higher than budgeted due to accelerated depreciation associated with the capitalisation of a major computer software asset.

Depreciation and amortisation

## Statement of Financial Position

	Actual	Original Budget	Variance
	2019 \$'000	2019 \$'000	2019 \$'000
<b>ASSETS</b>			
<b>Financial assets</b>			
Cash and cash equivalents	65,221	37,199	28,022
Trade and other receivables	135,158	109,289	25,869
<b>Total financial assets</b>	200,379	146,488	53,891
<b>Non-financial assets</b>			
Leasehold improvements	28,802	25,477	3,325
Plant and equipment	20,661	13,558	7,103
Computer software	86,855	98,824	(11,969)
Other non-financial assets	10,377	16,573	(6,196)
<b>Total non-financial assets</b>	146,695	154,432	(7,737)
<b>Total assets</b>	347,074	300,920	46,154
<b>LIABILITIES</b>			
<b>Payables</b>			
Suppliers	49,621	45,571	4,050
Other payables	40,113	27,820	12,293
<b>Total payables</b>	89,734	73,391	16,343
<b>Provisions</b>			
Employee provisions	76,017	70,417	5,600
Other provisions	18,280	11,227	7,053
<b>Total provisions</b>	94,297	81,644	12,653
<b>Total liabilities</b>	184,031	155,035	28,996
<b>Net assets</b>	163,043	145,885	17,158
<b>EQUITY</b>			
Contributed equity	436,058	434,263	1,795
Reserves	22,500	17,137	5,363
Accumulated deficits	(295,515)	(305,515)	10,000
<b>Total equity</b>	163,043	145,885	17,158

## Explanations of major variances

## Affected line items

### Financial assets

The increase in cash and cash equivalents is mainly attributed to timing differences in funding received and expenditure incurred with respect to the Enforcement Special Account.

Cash and cash equivalents

The increase in trade and other receivables is mainly attributable to timing differences in revenue from Government received and associated expenditure incurred.

Trade and other receivables

### Non-financial assets and Equity

The increase in these non-financial assets is attributable to a revaluation at the end of the year. This is also reflected in a net increase to the Asset Revaluation Reserve and recognised in Other Comprehensive Income. Refer to Note 3.2A.

Leasehold improvements, Plant & equipment and Reserves

Refer to the variance explanation for depreciation and amortisation.

Computer software

The variation in Other non-financial assets is due in part to a reduction in the number of prepayment arrangements in place. Additionally, most of the current prepayment arrangements pertain to 12-month contracts, which are fully amortised within the financial year.

Other non-financial assets

### Payables

The variance is due to a higher level of remaining court costs received in advance (Other unearned income) in relation to Enforcement Special Account (ESA) matters.

Other payables

The variance is due to higher than expected accrued ESA expenses.

Other provisions

## Statement of Changes in Equity

	Actual	Original Budget	Variance
	2019 \$'000	2019 \$'000	2019 \$'000
<b>CONTRIBUTED EQUITY</b>			
Opening balance	404,419	404,419	–
<b>Transactions with owners</b>			
<b>Contributions by owners</b>			
Equity injections – Appropriations	7,294	5,499	1,795
Departmental capital budget	24,345	24,345	–
<b>Total transactions with owners</b>	31,639	29,844	1,795
<b>Closing balance as at 30 June</b>	436,058	434,263	1,795
<b>RETAINED EARNINGS</b>			
Opening balance	(250,138)	(271,622)	21,484
<b>Comprehensive income</b>			
Surplus/(Deficit) for the period	(45,377)	(33,893)	(11,484)
<b>Total comprehensive loss</b>	(45,377)	(33,893)	(11,484)
<b>Closing balance as at 30 June</b>	(295,515)	(305,515)	10,000
<b>ASSET REVALUATION RESERVE</b>			
Opening balance	17,137	17,137	–
<b>Comprehensive income</b>			
Other comprehensive income	5,363	–	5,363
<b>Total comprehensive income</b>	5,363	–	5,363
<b>Closing balance as at 30 June</b>	22,500	17,137	5,363
<b>TOTAL EQUITY</b>			
Opening balance	171,418	149,934	21,484
<b>Comprehensive income</b>			
Other comprehensive income	5,363	–	5,363
Surplus/(Deficit) for the period	(45,377)	(33,893)	(11,484)
<b>Total comprehensive loss</b>	(40,014)	(33,893)	(6,121)
<b>Transactions with owners</b>			
<b>Contributions by owners</b>			
Equity injections – Appropriations	7,294	5,499	1,795
Departmental capital budget	24,345	24,345	–
<b>Total transactions with owners</b>	31,639	29,844	1,795
<b>Closing balance as at 30 June</b>	163,043	145,885	17,158



**Explanations of major variances****Affected line items**

The increase to the deficit is mainly attributable to the increase in depreciation and amortisation expense (refer to variance explanation for depreciation and amortisation).

Surplus/(Deficit) for the period –  
Retained earnings

**Cash Flow Statement**

	Actual	Original Budget	Variance
	2019 \$'000	2019 \$'000	2019 \$'000
<b>OPERATING ACTIVITIES</b>			
<b>Cash received</b>			
Appropriations	370,324	352,180	18,144
Operating cash received	3,282	3,662	(380)
Net GST received	14,261	–	14,261
Cost recoveries	3,649	–	3,649
Other cash received	5,008	4,500	508
<b>Total cash received</b>	<b>396,523</b>	<b>360,342</b>	<b>36,181</b>
<b>Cash used</b>			
Employees	220,589	234,677	(14,088)
Suppliers	162,252	113,064	49,188
Transfers to the Official Public Account	12,032	3,353	8,679
<b>Total cash used</b>	<b>394,873</b>	<b>351,094</b>	<b>43,779</b>
<b>Net cash from/(used by) operating activities</b>	<b>1,651</b>	<b>9,248</b>	<b>(7,597)</b>
<b>INVESTING ACTIVITIES</b>			
<b>Cash used</b>			
Purchase of property, plant and equipment	38,160	39,092	(932)
<b>Total cash used</b>	<b>(38,160)</b>	<b>(39,092)</b>	<b>932</b>
<b>Net cash (used by) investing activities</b>	<b>(38,160)</b>	<b>(39,092)</b>	<b>932</b>
<b>FINANCING ACTIVITIES</b>			
<b>Cash received</b>			
Appropriations – contributed equity	39,027	29,844	9,183
<b>Total cash received</b>	<b>39,027</b>	<b>29,844</b>	<b>9,183</b>
<b>Net cash from financing activities</b>	<b>39,027</b>	<b>29,844</b>	<b>9,183</b>

	Actual	Original Budget	Variance
	2019	2019	2019
	\$'000	\$'000	\$'000
<b>Net increase/(decrease) in cash held</b>	2,518	–	2,518
Cash at the beginning of the reporting period	62,703	37,199	25,504
<b>Cash at the end of the reporting period</b>	65,221	37,199	28,022

#### Explanations of major variances

#### Affected line items

##### Cash received

Net GST received is not budgeted for in the Portfolio Budget Statements (PBS). This item is offset against the Cash used – Suppliers original budget disclosed in the PBS.

Net GST received/Suppliers

Please refer to explanation for Cash and cash equivalent.

Appropriations – contributed equity

##### Cash used

Suppliers expenses were higher than budget due mainly to the combination of additional revenue from Government received at MYEFO for new budget measures and Net GST received offset (see variance comment for Net GST received).

Suppliers

The increase relates to higher Own-source revenue receipts. These receipts are unpredictable and therefore subject to variation.

Transfers to the Official Public Account

### 8.5B: Administered budgetary reports

The following tables provide a comparison of the original budget as presented in the 2018–19 Portfolio Budget Statements (PBS) to the 2018–19 final outcome as presented in accordance with Australian Accounting Standards for the entity. The budget is not audited. Explanations of variances greater than +/- 10% and greater than +/- \$5m are provided.

#### Administered Schedule of Comprehensive Income

	Actual	Original Budget	Variance
	2019	2019	2019
	\$'000	\$'000	\$'000
<b>EXPENSES</b>			
Grants	12,953	14,610	(1,657)
Impairment loss allowance on financial instruments	61,944	56,907	5,037
Claims for unclaimed monies	53,521	42,820	10,701
Promotional costs for MoneySmart initiatives	570	572	(2)
<b>Total expenses</b>	<b>128,988</b>	<b>114,909</b>	<b>14,079</b>
<b>LESS:</b>			
<b>Own-source revenue</b>			
<b>Taxation revenue</b>			
Fees	800,216	802,998	(2,782)
Supervisory cost recovery levies	50,157	41,829	8,328
<b>Total taxation revenue</b>	<b>850,374</b>	<b>844,827</b>	<b>5,547</b>
<b>Non-taxation revenue</b>			
Supervisory cost recovery levies	223,204	232,373	(9,169)
Fees and fines	199,054	188,678	10,376
Unclaimed monies	70,862	50,693	20,169
<b>Total non-taxation revenue</b>	<b>493,120</b>	<b>471,744</b>	<b>21,376</b>
<b>Total revenue</b>	<b>1,343,493</b>	<b>1,316,571</b>	<b>26,923</b>
<b>Net contribution by services</b>	<b>1,214,505</b>	<b>1,201,662</b>	<b>12,844</b>

#### Explanations of major variances

#### Affected line items

The increase in claims for unclaimed monies is due to the revaluation adjustment of the claims provision. Refer to the Accounting Policy note at 4.2B.

Claims for unclaimed monies/  
Non-taxation revenue unclaimed monies

The increase is due to new expenditure measures approved as part of MYEFO, leading to higher than budgeted cost recoveries.

Supervisory cost recovery levies/  
Taxation revenue

## Administered Schedule of Assets and Liabilities

	Actual	Original Budget	Variance
	2019 \$'000	2019 \$'000	2019 \$'000
<b>ASSETS</b>			
<b>Financial assets</b>			
Cash and cash equivalents	1,859	2,517	(658)
Supervisory cost recovery levies receivable	282,438	–	282,438
Fees and fines receivable	143,150	182,568	(39,418)
Trade and other receivables	8,600	212	8,388
<b>Total assets administered on behalf of Government</b>	<b>436,047</b>	<b>185,297</b>	<b>250,750</b>
<b>LIABILITIES</b>			
<b>Payables and provisions</b>			
Suppliers and other payables	31,707	20,896	10,811
Unclaimed monies provisions	347,790	311,699	36,091
<b>Total liabilities administered on behalf of Government</b>	<b>379,497</b>	<b>332,595</b>	<b>46,902</b>
<b>Net assets/(liabilities)</b>	<b>56,550</b>	<b>(147,298)</b>	<b>203,848</b>

### Explanations of major variances

### Affected line items

The variance is due to the classification, where the Supervisory cost recovery levies receivable and Trade and other receivables were budgeted for in Fees and fines receivable. The increase in total receivables arises as the Supervisory cost recovery levies were recognised in the budget on a cash basis whereas the actuals are recognised on an accrual basis.

This is mainly due to an increase in the value of unidentified payments received.

The provision has been impacted by an actuarial review of claims patterns and economic factors resulting in lower discount rate being applied.

Supervisory cost recovery levies receivable/Fees and fines receivable/Trade and other receivables

Suppliers and other payables

Unclaimed monies provisions