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Financial Statements

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Independent Auditor's Report



INDEPENDENT AUDITOR'S REPORT

To the Treasurer

Opinion

In my opinion, the financial statements of the Australian Securities and Investments Commission (the Entity) for the year ended 30 June 2020:

- (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 2020 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 as at 30 June 2020 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 a summary of significant accounting policies 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 (including Independence Standards)* (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.

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
Executive Director
Delegate of the Auditor-General

Canberra
9 September 2020

Statement by the Accountable Authority and Chief Financial Officer

In our opinion, the attached financial statements for the year ended 30 June 2020 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
9 September 2020



E. L. Hodgson
Chief Financial Officer
9 September 2020

Statement of Comprehensive Income

FOR THE YEAR ENDED 30 JUNE 2020

	Notes	2020 \$'000	2019 \$'000
NET COST OF SERVICES			
Expenses			
Employee benefits	1.1A	275,356	227,035
Suppliers	1.1B	149,288	157,468
Depreciation and amortisation	3.2	63,481	46,122
Finance costs	1.1C	1,397	224
Impairment loss on financial instruments	7.2B	40	589
Write-down and impairment of other assets	1.1D	2	205
Total expenses		489,564	431,643
LESS:			
Own-source revenue			
Sale of goods and rendering of services		1,703	3,282
Operating sublease rent and property recoveries		1,454	2,460
Other revenue	1.2A	14,903	5,701
Total own-source revenue		18,060	11,443
Gains			
Reversal of write-downs and impairment	3.1B	57	510
Total gains		57	510
Net Cost of Services		471,447	419,690
Total revenue from Government	1.2B	403,261	374,313
Surplus/(Deficit)		(68,186)	(45,377)
OTHER COMPREHENSIVE INCOME			
Items not subject to subsequent reclassification to net cost of services			
Changes in asset revaluation reserve		-	5,363
Total comprehensive income/(loss)		(68,186)	(40,014)

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

Statement of Financial Position

AS AT 30 JUNE 2020

	Notes	2020 \$'000	2019 \$'000
ASSETS			
Financial assets			
Cash and cash equivalents	3.1A	41,151	65,221
Trade and other receivables	3.1B	170,493	135,158
Total financial assets		211,644	200,379
Non-financial assets			
Buildings	3.2	236,404	28,802
Plant and equipment	3.2	19,511	20,661
Computer software	3.2	74,007	86,855
Prepayments		17,706	10,377
Total non-financial assets		347,628	146,695
Total assets		559,272	347,074
LIABILITIES			
Payables			
Suppliers	3.3A	30,798	49,621
Other payables	3.3B	37,217	40,113
Total payables		68,015	89,734
Interest-bearing liabilities			
Leases	3.4	242,810	–
Total interest-bearing liabilities		242,810	–
Provisions			
Employee provisions	6.1	83,248	76,017
Other provisions	3.5	12,739	18,280
Total provisions		95,987	94,297
Total liabilities		406,812	184,031
Net assets		152,460	163,043
EQUITY			
Contributed equity		474,633	436,058
Reserves		22,500	22,500
Accumulated deficit		(344,673)	(295,515)
Total equity		152,460	163,043

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

Statement of Changes in Equity

FOR THE YEAR ENDED 30 JUNE 2020

	Notes	2020 \$'000	2019 \$'000
CONTRIBUTED EQUITY			
Opening balance		436,058	404,419
Transactions with owners			
Contributions by owners			
Equity injections – Appropriations		13,426	7,294
Departmental capital budget		25,149	24,345
Total transactions with owners		38,575	31,639
Closing balance as at 30 June		474,633	436,058
RETAINED EARNINGS			
Opening balance		(295,515)	(250,138)
Adjustment on initial application of AASB 16		19,028	–
Adjusted opening balance		(276,487)	(250,138)
Comprehensive income			
Surplus/(Deficit) for the period		(68,186)	(45,377)
Total comprehensive loss		(68,186)	(45,377)
Closing balance as at 30 June		(344,673)	(295,515)
ASSET REVALUATION RESERVE			
Opening balance		22,500	17,137
Comprehensive income			
Other comprehensive income		–	5,363
Total comprehensive income		–	5,363
Closing balance as at 30 June		22,500	22,500
TOTAL EQUITY			
Opening balance		163,043	171,418
Adjustment on initial application of AASB 16		19,028	–
Adjusted opening balance		182,071	171,418
Comprehensive income			
Other comprehensive income		–	5,363
Surplus/(Deficit) for the period		(68,186)	(45,377)
Total comprehensive loss		(68,186)	(40,014)
Transactions with owners			
Contributions by owners			
Equity injections – Appropriations		13,426	7,294
Departmental capital budget	5.1A	25,149	24,345
Total transactions with owners		38,575	31,639
Closing balance as at 30 June		152,460	163,043

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

Cash Flow Statement

FOR THE YEAR ENDED 30 JUNE 2020

	Notes	2020 \$'000	2019 \$'000
OPERATING ACTIVITIES			
Cash received			
Appropriations		426,545	370,324
Operating cash received		1,703	3,282
Net GST received		20,922	14,261
Cost recoveries		8,057	3,649
Other cash received		10,887	5,008
Total cash received		468,114	396,523
Cash used			
Employees		262,990	220,589
Suppliers		194,067	162,252
Interest payments on lease liabilities		1,209	–
Section 74 receipts transferred to OPA		20,667	12,032
Total cash used		(478,933)	(394,873)
Net cash from/(used by) operating activities		(10,819)	1,651
INVESTING ACTIVITIES			
Cash used			
Purchase of leasehold improvements, plant and equipment and intangibles		34,756	38,160
Net cash (used by) investing activities		(34,756)	(38,160)
FINANCING ACTIVITIES			
Cash received			
Appropriations – contributed equity		35,967	39,027
Total cash received		35,967	39,027
Cash used			
Principal payments of lease liabilities		14,462	–
Total cash used		(14,462)	–
Net cash from/(used by) financing activities		21,505	39,027
Net increase/(decrease) in cash held		(24,070)	2,518
Cash and cash equivalents at the beginning of the reporting period		65,221	62,703
Cash and cash equivalents at the end of the reporting period	3.1A	41,151	65,221

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

Administered Schedule of Comprehensive Income

FOR THE YEAR ENDED 30 JUNE 2020

	Notes	2020 \$'000	2019 \$'000
NET COST OF SERVICES			
Expenses			
Grants	2.1A	6,255	12,953
Impairment loss allowance on financial instruments	2.1B	69,110	61,944
Claims for unclaimed monies	2.1C	127,163	53,521
Promotional costs for MoneySmart initiatives		565	570
Total expenses		203,093	128,988
LESS:			
Own-source revenue			
Taxation revenue			
Fees		814,536	785,717
Supervisory cost recovery levies		59,602	50,157
Total taxation revenue		874,138	835,874
Non-taxation revenue			
Supervisory cost recovery levies		263,288	223,204
Fees and fines	2.2A	221,036	213,553
Unclaimed monies lodgements	2.2B	201,896	70,862
Total non-taxation revenue		686,220	507,619
Total revenue		1,560,358	1,343,493
Net contribution by services		1,357,265	1,214,505

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

Administered Schedule of Assets and Liabilities

AS AT 30 JUNE 2020

	Notes	2020 \$'000	2019 \$'000
ASSETS			
Financial assets			
Cash and cash equivalents		1,435	1,859
Supervisory cost recovery levies receivable	4.1A	330,543	278,759
Fees and fines receivable	4.1B	138,836	143,150
Trade and other receivables	4.1C	7,901	8,600
Total assets administered on behalf of Government		478,715	432,368
LIABILITIES			
Payables and provisions			
Suppliers and other payables	4.2A	40,333	31,707
Unclaimed monies provisions	4.2B	417,284	347,790
Total liabilities administered on behalf of Government		457,617	379,497
Net assets/(liabilities)		21,098	52,871

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

Administered Reconciliation Schedule

AS AT 30 JUNE 2020

	2020 \$'000	2019 \$'000
Opening assets less liabilities as at 1 July	56,550	2,710
Net contribution by services:		
Administered income	1,560,358	1,343,493
Administered expenses	(203,093)	(128,988)
	1,357,265	1,214,505
Transfers (to)/from the Australian Government		
Appropriation transfers from Official Public Account:		
Special (unlimited) and ordinary appropriations		
Appropriation Act No. 1	5,059	15,004
Banking Act unclaimed monies	25,450	16,535
Life Insurance Act unclaimed monies	5,979	4,081
Section 77 PGPA Act	29,630	37,104
Total of appropriation transfers from Official Public Account	66,118	72,724
Administered transfers to Official Public Account	(1,458,835)	(1,233,389)
Closing assets less liabilities as at 30 June	21,098	56,550

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

Administered Cash Flow Statement

FOR THE YEAR ENDED 30 JUNE 2020

	2020 \$'000	2019 \$'000
OPERATING ACTIVITIES		
Cash received		
Corporations Act, National Consumer Credit Protection Act, Business Names Registration (Fees) Act and Superannuation Industry (Supervision) Act	1,252,283	1,158,389
Corporation Act unclaimed monies	58,410	50,665
Banking Act unclaimed monies	121,974	12,902
Life Insurance Act unclaimed monies	21,512	7,295
Net GST received	–	46
Total cash received	1,454,179	1,229,297
Cash used		
Refunds paid to:		
Company shareholders	26,203	34,050
Deposit-taking institution account holders	25,486	16,537
Life insurance policy holders	5,979	4,081
Promotion expenses for MoneySmart Initiatives	620	10,528
Grants	3,283	3,220
Net GST paid	315	–
Total cash used	(61,886)	(68,415)
Net cash from operating activities	1,392,293	1,160,883
Cash from Official Public Account for:		
Appropriations	66,118	72,724
Less: Cash to Official Public Account for:		
Corporations Act, National Consumer Credit Protection Act and Business Names Registration (Fees) Act fees and charges	1,256,939	1,162,527
Corporations Act unclaimed monies	58,410	50,665
Banking Act unclaimed monies	121,974	12,902
Life Insurance Act unclaimed monies	21,512	7,295
Total cash to Official Public Account	(1,458,835)	(1,233,389)
Net (decrease) in cash held	(424)	218
Cash and cash equivalents at the beginning of the reporting period	1,859	1,641
Cash and cash equivalents at the end of the reporting period	1,435	1,859

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 2020

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 the *Superannuation Industry (Supervision) Act 1993*. In addition, ASIC collects taxation revenue under the *ASIC Supervisory Cost Recovery Levy Act 2017*, and the ASIC Supervisory Cost Recovery Levy 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:

Improved confidence in Australia's financial markets through promoting informed investors and financial consumers, facilitating fair and efficient markets and delivering efficient registry systems.

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 2019, AASB 15, AASB 16, AASB 1058 and AASB 2016-8 became effective. The following outlines interpretation, financial disclosure and change implications in the application of these new standards. All other 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.

Standard/ Interpretation	Nature of change in accounting policy, transitional provisions, and adjustment to financial statements
<p>AASB 15 <i>Revenue from Contracts with Customers</i> / AASB 2016-8 <i>Amendments to Australian Accounting Standards – Australian Implementation Guidance for Not-for-Profit Entities</i> and AASB 1058 <i>Income of Not-For-Profit Entities</i></p>	<p>AASB 15, AASB 2016-8 and AASB 1058 became effective 1 July 2019.</p> <p>AASB 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaces existing revenue recognition guidance, including AASB 118 <i>Revenue</i>, AASB 111 <i>Construction Contracts</i> and Interpretation 13 <i>Customer Loyalty Programmes</i>. The core principle of AASB 15 is that an entity recognises revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.</p> <p>AASB 1058 is relevant in circumstances where AASB 15 does not apply. AASB 1058 replaces most of the not-for-profit (NFP) provisions of AASB 1004 <i>Contributions</i> and applies to transactions where the consideration to acquire an asset is significantly less than fair value principally to enable the entity to further its objectives, and where volunteer services are received.</p> <p>The details of the changes in accounting policies, transitional provisions and adjustments are disclosed below and in the relevant notes to the financial statements.</p>
<p>AASB 16 <i>Leases</i></p>	<p>AASB 16 became effective on 1 July 2019.</p> <p>This new standard has replaced AASB 117 <i>Leases</i>, Interpretation 4 <i>Determining whether an Arrangement contains a Lease</i>, Interpretation 115 <i>Operating Leases—Incentives</i> and Interpretation 127 <i>Evaluating the Substance of Transactions Involving the Legal Form of a Lease</i>.</p> <p>AASB 16 provides a single lessee accounting model, requiring the recognition of assets and liabilities for all leases, together with options to exclude leases where the lease term is 12 months or less, or where the underlying asset is of low value. AASB 16 substantially carries forward the lessor accounting in AASB 117, with the distinction between operating leases and finance leases being retained. The details of the changes in accounting policies, transitional provisions and adjustments are disclosed below and in the relevant notes to the financial statements.</p>

Application of AASB 15 Revenue from Contracts with Customers / AASB 1058 Income of Not-For-Profit Entities / AASB 2016-8 Amendments to Australian Accounting Standards – Australian Implementation Guidance for Not-for-Profit Entities

ASIC adopted AASB 15 and AASB 1058 using the modified retrospective approach, under which the cumulative effect of initial application is recognised in retained earnings at 1 July 2019. Accordingly, the comparative information presented for 2019 is not restated, that is, it is presented as previously reported under the various applicable AASBs and related interpretations.

Under the new income recognition model ASIC shall first determine whether an enforceable agreement exists and whether the promises to transfer goods or services to the customer are 'sufficiently specific'. If an enforceable agreement exists and the promises are 'sufficiently specific' (to a transaction or part of a transaction), ASIC applies the general AASB 15 principles to determine the appropriate revenue recognition. If these criteria are not met, ASIC shall consider whether AASB 1058 applies.

In relation to AASB 15, ASIC elected to apply the new standard to all new and uncompleted contracts from the date of initial application. The Entity is required to aggregate the effect of all of the contract modifications that occur before the date of initial application.

In terms of AASB 1058, ASIC is required to recognise volunteer services at fair value if those services would have been purchased if not provided voluntarily, and the fair value of those services can be measured reliably.

The bulk of ASIC's revenue comes from appropriations, fees and fines, which are accounted for under AASB 1058. Revenue from contracts with customers is accounted for under AASB 15. However, the contracts are short term (generally, point of sale) and therefore the application of these standards has had no impact on ASIC's revenue recognition.

Application of AASB 16 Leases

ASIC adopted AASB 16 using the modified retrospective approach, under which the cumulative effect of initial application is recognised in retained earnings at 1 July 2019. Accordingly, the comparative information presented for 2019 is not restated, that is, it is presented as previously reported under AASB 117 and related interpretations.

ASIC elected to apply the practical expedient to not reassess whether a contract is or contains a lease at the date of initial application. Contracts entered into before the transition date that were not identified as leases under AASB 117 were not reassessed. The definition of a lease under AASB 16 was applied only to contracts entered into or changed on or after 1 July 2019.

AASB 16 provides for certain optional practical expedients, including those related to the initial adoption of the standard. ASIC applied the following practical expedients when applying AASB 16 to leases previously classified as operating leases under AASB 117:

- › Apply a single discount rate to a portfolio of leases with reasonably similar characteristics;
- › Exclude initial direct costs from the measurement of Right of Use (ROU) assets at the date of initial application for leases where the ROU asset was determined as if AASB 16 had been applied since the commencement date;
- › Reliance on previous assessments on whether leases are onerous as opposed to preparing an impairment review under AASB 136 Impairment of assets as at the date of initial application; and
- › Applied the exemption not to recognise ROU assets and liabilities for leases with less than 12 months of lease term remaining as of the date of initial application.

As a lessee, ASIC previously classified leases as operating or finance leases based on its assessment of whether the lease transferred substantially all of the risks and rewards of ownership. Under AASB 16, ASIC recognises ROU assets and lease liabilities for most leases. However, ASIC has elected not to recognise ROU assets and lease liabilities for some leases of low value assets based on the value of the underlying asset when new or for short-term leases with a lease term of 12 months or less.

On adoption of AASB 16, ASIC recognised ROU assets and lease liabilities in relation to leases of office space, which had previously been classified as operating leases.

The lease liabilities were measured at the present value of the remaining lease payments, discounted using ASIC's incremental borrowing rate as at 1 July 2019. ASIC's incremental borrowing rate is the rate at which a similar borrowing could be obtained from an independent creditor under comparable terms and conditions. The weighted-average rate applied was 0.0882%.

The ROU assets were measured at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments and lease incentives.

Impact on transition

On transition to AASB 16, ASIC recognised additional ROU assets and additional lease liabilities. The impact on transition is summarised below:

Departmental

	1 July 2019
ROU assets – property, plant and equipment	\$80.420m
Lease liabilities	\$80.420m
Retained earnings	\$19.028m

The following table reconciles the Departmental minimum lease commitments disclosed in ASIC's 30 June 2019 annual financial statements to the amount of lease liabilities recognised on 1 July 2019:

	1 July 2019
	\$'000
Minimum operating lease commitment at 30 June 2019	95,447
Less: short-term leases not recognised under AASB 16	(11,732)
Less: low value leases not recognised under AASB 16	–
Plus: effect of extension options reasonable certain to be exercised	–
Undiscounted lease payments	83,715
Less: effect of discounting using the incremental borrowing rate as at the date of initial application	(3,295)
Lease liabilities recognised at 1 July 2019	80,420

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.

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 2020

1.1 Expenses

	2020 \$'000	2019 \$'000
1.1A: Employee benefits		
Wages and salaries	208,968	167,415
Superannuation		
Defined-benefit schemes	12,018	11,133
Defined-contribution schemes	25,403	21,101
Leave and other entitlements	28,047	28,253
Separation and redundancies ^{1,2}	920	(867)
Total employee benefits	275,356	227,035

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.

	2020 \$'000	2019 \$'000
1.1B: Suppliers		
Goods and services supplied or rendered		
Legal and forensic costs	46,352	32,382
Office computer and software expenses	29,372	27,896
Consultants and specialist services	26,083	28,843
Property-related outgoings	9,406	8,180
Information costs	5,337	9,189
Travel	4,318	6,260
Other goods and services	3,775	4,354
Bank fees	2,921	2,888
Learning and development	2,780	3,884
Postage and freight	2,693	2,405
Communications	2,346	2,661
Recruitment	2,079	1,569
Security	1,696	2,008
Total goods and services supplied or rendered	139,158	132,519
Goods supplied	1,556	2,142
Services rendered	137,602	130,377
Total goods and services supplied or rendered	139,158	132,519
Other suppliers		
Operating lease rentals ¹	–	22,736
Short-term leases	10,160	–
Workers compensation expense	(288)	2,024
Fringe benefits tax	258	189
Total other suppliers	10,130	24,949
Total suppliers	149,288	157,468

1 ASIC has applied AASB 16 using the modified retrospective approach and therefore the comparative information has not been restated and continues to be reported under AASB 117.

The above lease disclosures should be read in conjunction with Notes 1.1B, 1.1C and 3.4.

Accounting Policy

Short-term leases and leases of low-value assets

ASIC has elected not to recognise the ROU assets and lease liabilities for short-term leases of assets that have a lease term of 12 months or less and leases of low-value assets (less than \$10,000). ASIC recognises the lease payments associated with these leases as an expense on a straight-line basis over the life of the lease terms.

	2020 \$'000	2019 \$'000
1.1C: Finance costs		
Unwinding of restoration provision	188	224
Interest on lease liability	1,209	–
Total finance costs	1,397	224
1.1D: Write-down and impairment of other assets		
Write-off of plant & equipment	2	205
Total write-down and impairment of other assets	2	205

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.

	2020 \$'000	2019 \$'000
1.2A: Other revenue		
Cost recoveries ¹	8,920	3,648
Other ²	5,983	2,053
Total other revenues	14,903	5,701

- 1 Amounts recovered by ASIC for court costs, investigations, professional fees, legal costs and prosecution disbursements.
- 2 Other revenue includes resources received free of charge (auditors' remuneration) of \$0.348m (2019: \$0.380m) and revenue from the ATO to fund ASIC's contribution to the New Deregulation Agenda initiative announced in the 2019–20 MYEFO budget update.

Accounting Policy

Resources received free of charge

Resources received free of charge are recognised as revenue when, and only when, the 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.

	2020 \$'000	2019 \$'000
1.2B: Revenue from Government		
Appropriations:		
Departmental appropriations	362,066	338,096
Departmental special appropriations ³	41,195	36,217
Total revenue from Government	403,261	374,313

- 3 A special account is a limited special appropriation that notionally sets aside an amount that can be expended for a particular purpose. \$41.2m of ASIC's 2019–20 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

	2020 \$'000	2019 \$'000
2.1A: Grants		
Rendering of services		
Insolvency practitioners	6,255	2,953
Ecstra Foundation ¹	–	10,000
Total grants	6,255	12,953

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.

	2020 \$'000	2019 \$'000
2.1B: Impairment loss allowance on financial instruments		
Impairment of receivables	63,920	58,374
Waiver of fees and charges owing	5,190	3,570
Total impairment on financial instruments	69,110	61,944
2.1C: Claims for unclaimed monies		
Claims – Bank and deposit taking institution account holders ²	82,848	9,533
Claims – Life Insurance policy holders ²	10,997	4,036
Claims – <i>Corporations Act 2001</i>	33,318	39,952
Total other expenses	127,163	53,521

2 The increase in claims expense related to the significant volume of lodgements received under the *Banking Act 1959* and the *Life Insurance Act 1995* in 2019–20. In 2015, the period of inactive bank accounts and matured life insurance policies changed from 3 years to 7 years. 2019–20 represents the first year of lodgements under the revised arrangements.

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.

	2020 \$'000	2019 \$'000
Non-taxation revenue		
<u>2.2A: Fees and fines</u>		
Fines	149,265	134,579
Searches and information brokers fees ¹	59,725	64,475
Fee for service and insolvency practitioners ¹	12,046	14,499
Total fees and fines	221,036	213,553
<u>2.2B: Unclaimed monies lodgements</u>		
<i>Corporations Act 2001</i> unclaimed monies	58,410	50,665
<i>Banking Act 1959</i> unclaimed monies	121,974	12,902
<i>Life Insurance Act 1995</i> unclaimed monies	21,512	7,295
Total unclaimed monies	201,896	70,862

¹ Comparatives have been updated to include additional disclosure.

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*; and
- › the *ASIC Supervisory Cost Recovery Levy 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

	2020 \$'000	2019 \$'000
3.1A: Cash and cash equivalents		
Cash in special accounts	39,599	62,954
Cash at bank	1,552	2,267
Total cash and cash equivalents	41,151	65,221

Cash in special accounts does not include amounts held in trust. (\$8.711m in 2020 and \$12.196m in 2019).

3.1B: Trade and other receivables

Goods and services receivables:

Goods and services	40,381	5,179
Total goods and services receivables (gross)	40,381	5,179
Less impairment allowance	(585)	(602)
Total goods and services receivables (net)	39,796	4,577

	2020 \$'000	2019 \$'000
Appropriations receivables:		
Appropriations receivable	126,031	126,040
Total appropriations receivable	126,031	126,040
Other receivables:		
GST receivable from the Australian Taxation Office	4,666	4,541
Total other receivables	4,666	4,541
Total trade and other receivables (net)	170,493	135,158
Trade and other receivables are expected to be recovered:		
No more than 12 months	170,493	135,158
Credit terms for goods and services were within 20 days (2019: 30 days)		
Reconciliation of the movement in the impairment allowance account		
As at 1 July	602	616
Amounts recovered and reversed	(57)	(510)
Increase recognised in net cost of services	40	496
Total as at 30 June	585	602

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

The carrying value of leasehold improvements, plant & equipment and computer software was reviewed at 30 June 2020. No indicators of impairment were found.

Reconciliation of the opening and closing balances of leasehold improvements, plant & equipment and intangibles¹

	Buildings \$'000	Plant & equipment \$'000	Computer software \$'000	Total \$'000
As at 1 July 2019				
Gross book value	94,213	65,616	374,532	534,361
Accumulated depreciation/amortisation and impairment	(65,411)	(44,955)	(287,677)	(398,043)
Total as at 1 July 2019	28,802	20,661	86,855	136,318
Recognition of ROU assets on initial application of AASB 16	80,420	–	–	80,420
Adjusted total as at 1 July 2019	109,222	20,661	86,855	216,738
Additions:				
by purchase	7,380	6,330	850	14,560
internally developed	–	–	19,859	19,859
ROU assets	142,248	–	–	142,248
Total additions	149,628	6,330	20,709	176,667
Depreciation and amortisation	(6,396)	(7,478)	(33,557)	(47,431)
Depreciation of ROU assets	(16,050)	–	–	(16,050)
Write-offs recognised in the operating result	–	(2)	–	(2)
Total as at 30 June 2020	236,404	19,511	74,007	329,922
Total as at 30 June 2020 represented by:				
Gross book value	324,261	70,148	395,242	789,651
Accumulated depreciation/amortisation and impairment	(87,857)	(50,637)	(321,235)	(459,729)
Total as at 30 June 2020	236,404	19,511	74,007	329,922
Carrying amount of ROU asset	206,618	–	–	206,618

¹ The above table discloses property, plant and equipment not subject to operating leases.

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 \$5,000, 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.

Lease Right of Use (ROU) Assets

Leased ROU assets are capitalised at the commencement date of the lease and comprise of the initial lease liability amount, initial direct costs incurred when entering into the lease less any lease incentives received. These assets are accounted for by Commonwealth lessees as separate asset classes to corresponding assets owned outright, but included in the same column as where the corresponding underlying assets would be presented if they were owned.

On initial adoption of AASB 16 ASIC has adjusted the ROU assets at the date of initial application by the amount of any provision for onerous leases recognised immediately before the date of initial application. Following initial application, an impairment review is undertaken for any right of use lease asset that shows indicators of impairment and an impairment loss is recognised against any right of use lease asset that is impaired. Lease ROU assets continue to be measured at cost after initial recognition in Commonwealth agency, GGS and Whole of Government financial statements.

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:

	2020	2019
Leasehold improvements	Residual lease term	Residual lease term
Plant and equipment	2 to 80 years	2 to 80 years

Impairment

All assets were assessed for impairment as at 30 June 2020. 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.

Accounting Policy (continued)

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 (2019: 2 to 10 years).

All software assets were assessed for indications of impairment as at 30 June 2020.

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 (excluding ROU assets) 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

	2020 \$'000	2019 \$'000
3.3A: Suppliers		
Trade creditors and accruals	30,798	41,832
Operating lease rent payable ¹	–	7,789
Total suppliers	30,798	49,621

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

3.3B: Other payables

Prepayments received/unearned income	15,423	9,199
Property lease incentives ¹	–	17,818
Salaries and bonuses	16,603	12,384
Separations and redundancies	1,401	505
Other	3,790	207
Total other payables	37,217	40,113

¹ ASIC has applied AASB 16 using the modified retrospective approach and therefore the comparative information has not been restated and continues to be reported under AASB 117.

3.4 Interest-bearing liabilities

Lease liability	257,272	–
Repayment of lease liability	(14,462)	–
Total interest-bearing liabilities	242,810	–

Accounting Policy

Refer to the Overview section for the accounting policy on leases.

3.5 Other provisions

	Provision for restructuring \$'000	Provision for restoration costs \$'000	Provision for settlement costs \$'000	Total Other Provisions \$'000
As at 1 July 2019	789	7,671	9,820	18,280
Additions	–	112	4,000	4,112
Amounts reversed	(489)	(1,552)	(7,800)	(9,841)
Amortisation of restoration provision discount	–	188	–	188
Total as at 30 June 2020	300	6,419	6,020	12,739

Accounting Policy

Restoration costs

ASIC currently has four lease agreements (2019: 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

	2020 \$'000	2019 \$'000
4.1A: Supervisory cost recovery levies receivables		
Supervisory cost recovery levies receivables – taxation	59,602	50,157
Supervisory cost recovery levies receivables – non-taxation	274,088	232,280
Total supervisory cost recovery levies receivables (gross)	333,690	282,438
Less impairment loss allowance		
Supervisory cost recovery levies	3,147	–
Total supervisory cost recovery levies receivables (net)	330,543	282,438
4.1B: Other taxation receivables		
Fees and fines receivable	219,965	220,744
Total other taxation receivables (gross)	219,965	220,744
Less impairment loss allowance		
Fees and fines	81,129	77,594
Total other taxation receivables (net)	138,836	143,150
Taxation receivables are due from entities that are not part of the Australian Government. Credit terms for goods and services were within 30 days (2019: 30 days)		
4.1C: Trade and other receivables		
Information brokers' fees	7,449	8,463
GST receivable	452	137
Total trade and other receivables (gross)	7,901	8,600

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

	2020 \$'000	2019 \$'000
4.2A: Suppliers and other payables		
Supplier payables	178	233
Refund of fees payable	19,060	16,669
Unallocated monies	9,917	7,008
Grants payable ¹	3,995	1,023
Other non-current payables ²	7,183	6,774
Total payables	40,333	31,707

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

All supplier and other 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.

	2020 \$'000	2019 \$'000
4.2B: Unclaimed monies provisions		
<i>Corporations Act 2001 claims</i>	205,071	197,957
<i>Banking Act 1959 claims</i>	180,591	123,229
<i>Life Insurance Act 1995 claims</i>	31,622	26,604
Total other provisions	417,284	347,790

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 as at 30 June, 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 2020	Annual appropriation \$'000	Adjustments to appropriation ¹ \$'000	Total appropriation \$'000	Appropriation applied in 2020 (current and prior years) \$'000	Variance ² \$'000
Departmental					
Ordinary annual services	403,261	20,667	423,928	515,165	(91,237)
Capital Budget ³	25,149	–	25,149	26,569	(1,420)
Other Services					
Equity Injections	13,426	–	13,426	9,398	4,028
Total Departmental	441,836	20,667	462,503	551,132	(88,629)
Administered					
Ordinary annual services	10,261	–	10,261	5,194	5,067
Total Administered	10,261	–	10,261	5,194	5,067

1 Section 74 receipts.

2 The variance in Departmental expenses is due to the payment of prior year accrued expenses in the current year and approximately \$20m of expenditure funded from the opening balance of the Enforcement Special Account.

3 Departmental Capital Budgets are appropriated through Appropriation Acts (No.1,3,5). They form part of ordinary annual services and are not separately identified in the Appropriation Acts.

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 2019	Annual appropriation \$'000	Adjustments to appropriation ¹ \$'000	Total appropriation \$'000	Appropriation applied in 2020 (current and prior years) \$'000	Variance ² \$'000
Departmental					
Ordinary annual services	374,313	12,032	386,345	400,204	(13,859)
Capital Budget	24,345	–	24,345	25,958	(1,613)
Other Services					
Equity Injections	7,294	–	7,294	13,069	(5,775)
Total Departmental	405,952	12,032	417,984	439,231	(21,247)
Administered					
Ordinary annual services	19,683	–	19,683	14,905	4,778
Total Administered	19,683	–	19,683	14,905	4,778

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.

	2020 \$'000	2019 \$'000
5.1B: Unspent annual appropriations ('recoverable GST exclusive')		
Departmental		
<i>Appropriation Act (No. 1) DCB 2017–2018¹</i>	3,604	3,604
<i>Appropriation Act (No. 2) 2017–2018</i>	–	1,951
<i>Appropriation Act (No. 1) 2018–2019</i>	–	75,767
<i>Appropriation Act (No. 1) DCB 2018–2019</i>	4,409	6,158
<i>Appropriation Act (No. 3) 2018–2019</i>	–	31,885
<i>Appropriation Act (No. 2) 2018–2019</i>	21	21
<i>Appropriation Act (No. 4) 2018–2019</i>	3	492
<i>Appropriation Act (No. 1) 2019–2020</i>	115,311	–
<i>Appropriation Act (No. 1) DCB 2019–2020</i>	329	–
<i>Appropriation Act (No. 3) 2019–2020</i>	1,042	–
<i>Appropriation Act (No. 4) 2019–2020</i>	6,468	–
Enforcement Special Account	39,599	62,954
Total departmental	170,786	186,754

Unspent departmental appropriations include cash balances of \$1.552m (2019: \$2.267m).

1 Includes \$3.604m quarantined under section 51 of the PGPA Act. The balance of this appropriation is not available beyond 30 June 2020, following the repeal of Appropriation Act (No.1) 2017–2018 on 1 July 2020.

<i>Appropriation Act (No. 1) 2017–2018¹</i>	284	1,473
<i>Appropriation Act (No. 1) 2018–2019</i>	3,239	6,032
<i>Appropriation Act (No. 3) 2018–2019</i>	–	1,045
<i>Supply Act (No. 1) 2019–2020</i>	3,836	–
<i>Appropriation Act (No. 1) 2019–2020</i>	6,202	–
Total administered	13,561	8,550

Unspent administered appropriations include cash balances of \$0.598m (2019: \$0.564m).

1 This amount is not available beyond 30 June 2020, following the repeal of Appropriation Act (No.1) 2017–2018 on 1 July 2020.

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

Authority	Type	Purpose	Appropriation applied	
			2020 \$'000	2019 \$'000
<i>s69 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.	25,450	16,535
<i>s216 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.	5,979	4,081
<i>s77 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.	4,750	4,150
<i>s77 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> .	24,880	32,955
Total			61,059	57,721

5.2 Special Accounts

	Enforcement Special Account ¹		ASIC Trust and Other Moneys Special Account 2018 ²	
	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
Balance brought forward from previous period	62,954	59,135	12,196	4,908
Increases				
Appropriation for the reporting period	41,195	36,217	–	–
Other increases	7,549	2,213	9,884	51,674
Available for payments	111,698	97,565	22,080	56,582
Decreases				
Departmental				
Cash payments from the Special Account	(72,099)	(34,611)	–	–
Total departmental	(72,099)	(34,611)	–	–
Administered				
Cash payments from the Special Account	–	–	(13,242)	(44,386)
Total administered	–	–	(13,242)	(44,386)
	–	–		
Balance carried forward to the next period	39,599	62,954	8,838	12,196
Balance represented by:				
Cash held in entity bank accounts	–	–	8,838	12,196
Cash held in the Official Public Account	39,599	62,954	–	–
	39,599	62,954	8,838	12,196

- 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 30 June 2018,
- (a) to perform duties or exercise powers for and on behalf of the Commonwealth in relation to money and other property vested in or held on behalf of the Commonwealth as a trustee, including:
- by making payments in relation to deregistered companies and property vested in the Commonwealth under Part 5A.1 of the Corporations Act;
 - by making payments in relation to liabilities imposed on property vested in the Commonwealth under Part 5A.1 of the Corporations Act; or
 - by making payments in relation to expenses incurred by or on behalf as the Commonwealth as a trustee.

- (b) to perform functions or exercise powers in relation to money or other property held on behalf of or for the benefit of a person other than the Commonwealth, including:
 - (i) in relation to money or other property held temporarily by ASIC as a consequence 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;
 - (ii) by making payments to or for the benefit of a person for whose benefit the money was held by ASIC;
 - (iii) making payments of amounts required or contemplated to be paid by ASIC in the course of an investigation;
 - (iv) making payments to give effect to court orders, enforceable undertakings, settlements, transfers of assets, or other disbursements of monies held by ASIC on behalf of a person other than the Commonwealth; or
 - (v) making payments in relation to expenses incurred in relation to holding and realising third party assets, or locating and identifying any person for whose benefit an amount is held.
- (c) to perform functions and to exercise powers in relation to security bonds and security deposits lodged by registered liquidators, licensed securities dealers, licensed investment advisers and financial services licensees, including security bonds and security deposits lodged under section 912B of the Corporations Act, and regulations 7.6.02AAA and 7.6.02AA of the Corporations Regulations, including by:
 - (i) discharging, returning or releasing a security bond or security deposit lodged with ASIC in whole or in part; or
 - (ii) making payments from security bonds or security deposits to compensate a person other than the Commonwealth who has suffered a pecuniary loss.
- (d) to repay an amount where a court order, Act or other law requires or permits the repayment of an amount received under clause 7; or
- (e) to reduce the balance of the special account (and, therefore, the available appropriation for the special account) without making a real or notional payment.

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 period ended 30 June 2020, 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

	2020 \$'000	2019 \$'000
Amounts applied		
Departmental		
Appropriation applied	337,843	286,961
Total amounts applied	337,843	286,961
Expenses		
Departmental	337,843	286,961
Total expenses	337,843	286,961
External Revenue		
Administered		
Fees for services	11,274	13,600
ASIC Supervisory Cost Recovery Levy	326,569	273,361
Total external revenue	337,843	286,961

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:

- (a) general industry levies (cost recovery levies);
- (b) statutory industry levies; and
- (c) 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:

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

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

<https://download.asic.gov.au/media/5623776/cris-asic-industry-funding-model-2019-20-for-feedback-published-12-june-2020.pdf>

5.4 Net cash appropriation arrangements

	2020 \$'000	2019 \$'000
Total comprehensive income/(loss) less depreciation/amortisation expenses previously funded through revenue appropriations	(19,167)	6,108
Plus: depreciation/amortisation expenses previously funded through revenue appropriation	47,431	46,122
Plus: depreciation ROU assets	16,050	–
Less: principal repayments – leased assets	(14,462)	–
Total comprehensive (loss) – as per the Statement of Comprehensive Income	(68,186)	(40,014)

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

	2020 \$'000	2019 \$'000
Annual leave entitlement	25,950	22,127
Long service leave entitlement	54,923	49,986
Restructuring provision	1,358	1,712
Redundancy provision	1,017	2,192
Total employee provisions	83,248	76,017

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 personal leave as all personal leave is non-vesting and the average personal leave taken in future years by employees of ASIC is estimated to be less than the annual entitlement for personal 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:

	2020 \$'000	2019 \$'000
Short-term employee benefits	8,300	6,558
Post-employment benefits	845	622
Other long-term benefits	183	150
Total key management personnel remuneration expenses¹	9,328	7,330

The total number of key management personnel who are included in the above table is 21 (2019: 22). During the 2018–19 financial year, an overpayment to a former KMP totalling \$1,672 was identified. This payment was a recoverable payment under s16A(1) of the *Remuneration Tribunal Act 1973* and has been repaid 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.

Note 7. Managing uncertainties

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

7.1 Contingent assets and liabilities

	2020 \$'000	2019 \$'000
7.1: Departmental contingent assets		
Claims for costs		
Balance from previous period	9,638	6,239
New contingent assets	3,722	4,249
Re-measurement	1,663	2,064
Assets realised	(7,949)	–
Assets relinquished	(1,548)	(2,914)
Total contingent assets	5,526	9,638
Net contingent assets	5,526	9,638

Quantifiable contingencies (ASIC Departmental)

The above note contains 19 matters (2019: 20 matters) where a contingent asset is disclosed in respect of cases where 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 \$5.526m (2019: \$9.638m), 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.

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

There are, at the date of this report, four matters of this type where proceedings are current. In these matters, 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 unlikely.

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, 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 unlikely. 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:

	2020 \$'000	2019 \$'000
<i>Banking Act 1959</i>	523,334	475,864
<i>Life Insurance Act 1995</i>	85,739	73,882
<i>Corporations Act 2001</i>	379,573	345,075

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 unlikely to be paid. There are no administered contingent assets as at 30 June 2020 (2019: nil).

7.2 Financial instruments

	Notes	2020 \$'000	2019 \$'000
7.2A: Categories of financial instruments			
Financial assets at amortised cost			
Loans and receivables:			
Cash and cash equivalents ¹	3.1A	41,151	65,221
Trade receivables	3.1B	39,796	4,577
Total financial assets at amortised cost		80,947	69,798
Financial liabilities at amortised cost			
Trade creditors	3.3A	30,798	41,832
Total financial liabilities at amortised cost		30,798	41,832

1 Comparatives have been changed to include Cash in special accounts.

Accounting Policy

Financial assets

ASIC classifies its financial assets in the following categories:

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

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 on the principal outstanding amount.

Accounting Policy (continued)

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.

	Notes	2020 \$'000	2019 \$'000
7.2B: Impairment loss on financial instruments			
Financial assets at amortised cost			
Impairment		40	589
Net gain/(loss) on financial assets at amortised cost		40	589

7.3 Administered – financial instruments

	Notes	2020 \$'000	2019 \$'000
Financial assets at amortised cost			
Loans and receivables:			
Cash and cash equivalents ¹		1,435	1,859
Trade receivables ²	4.1B	7,449	8,463
Total financial assets at amortised cost		8,884	10,322
Total financial assets		8,884	10,322
1 Cash and cash equivalents is cash on hand only and is recognised at its nominal amount.			
2 Comparatives have been changed to exclude GST.			

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.

	2020 \$'000	2019 \$'000
Non-financial assets:		
Leasehold improvements	29,786	28,802
Plant and equipment	19,511	20,661
Total non-financial assets	49,297	49,463

ASIC did not measure any non-financial assets at fair value on a non-recurring basis as at 30 June 2020.

Note 8. Other information

8.1 Aggregate assets and liabilities

	2020 \$'000	2019 \$'000
8.1A: Aggregate assets and liabilities		
Assets expected to be recovered in:		
No more than 12 months	229,350	210,756
More than 12 months	329,922	136,318
Total assets	559,272	347,074
Liabilities expected to be settled in:		
No more than 12 months	121,329	101,460
More than 12 months	285,483	82,571
Total liabilities	406,812	184,031

8.1B: Administered – aggregate assets and liabilities

Assets expected to be recovered in:		
No more than 12 months	478,715	434,188
More than 12 months	–	–
Total assets	478,715	434,188
Liabilities expected to be settled in: ¹		
No more than 12 months	33,150	24,933
More than 12 months	424,467	354,564
Total liabilities	457,617	379,497

1 2019 comparatives have been amended to reflect the correct split between current and non-current liabilities.

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.

	2020 \$'000	2019 \$'000
Companies Auditors Disciplinary Board	502	427
Superannuation Complaints Tribunal	7,686	7,502

The Superannuation Complaints Tribunal 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. ASIC takes 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.

	2020 Quantity	2019 Quantity
Class of asset		
Land	592	638
Shares	122	117
Other	99	90
<i>Closing balance</i>	813	845

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.

Note 8.4: Security deposits from dealers, investment advisers and liquidators

	2020 \$'000	2019 \$'000
Security deposits under Corporations Regulations 2001 regulation 7.6.02AA (dealers and investment advisers)		
Cash (at bank)	83	83
Inscribed stock	–	20
Bank guarantees	8,780	8,900
<i>Closing balance</i>	<u>8,863</u>	<u>9,003</u>
Security deposits under the Corporations Act 2001 s1284(1) (liquidators)		
Insurance bond	1,800	1,800
<i>Closing balance</i>	<u>1,800</u>	<u>1,800</u>

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 2019–20 Portfolio Budget Statements (PBS) to the 2019–20 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
	2020 \$'000	2020 \$'000	2020 \$'000
NET COST OF SERVICES			
Expenses			
Employee benefits	275,356	238,558	36,798
Suppliers	149,338	163,782	(14,444)
Depreciation and amortisation	63,481	39,676	23,805
Finance costs – unwinding of restoration provision	1,397	5,676	(4,279)
Impairment loss on financial instruments	40	–	40

	Actual	Original Budget	Variance
	2020	2020	2020
	\$'000	\$'000	\$'000
Write-down and impairment of assets	2	–	2
Total expenses	489,614	447,692	41,922
LESS:			
Own-source revenue			
Rendering of services	1,703	2,000	(297)
Operating sublease rent and property recoveries	1,454	2,700	(1,246)
Other revenue	14,903	2,160	12,743
Total own-source revenue	18,060	6,860	11,200
Gains			
Reversal of write-downs and impairment	57	–	57
Total gains	57	–	57
Net Cost of Services	471,497	440,832	30,665
Total revenue from Government	403,261	402,219	1,042
Surplus/(Deficit)	(68,237)	(38,613)	(29,624)
OTHER COMPREHENSIVE INCOME			
Items not subject to reclassification to net cost of services			
Changes in asset revaluation reserve	–	–	–
Total comprehensive income/(loss)	(68,237)	(38,613)	(29,624)

Explanations of major variances

Affected line items

Expense

Employee benefits were higher than budgeted due mainly to the application of additional revenue from Government received as part of the Mid-Year Economic and Fiscal Outlook (MYEFO) in December 2019 for new budget measures, revaluation of employee entitlement provisions and accelerated enforcement actions funded from the Enforcement Special Account (ESA).

Employee benefits

Depreciation and amortisation expenses were higher than budgeted due mainly to the application of AASB16 Leases.

Depreciation and amortisation

Own-source revenue

The increase mainly relates to higher than expected court cost recoveries. These revenues are unpredictable and therefore subject to variation.

Other revenue

Statement of Financial Position

	Actual	Original Budget	Variance
	2020 \$'000	2020 \$'000	2020 \$'000
ASSETS			
Financial assets			
Cash and cash equivalents	41,151	62,703	(21,552)
Trade and other receivables	170,493	112,766	57,727
Total financial assets	211,644	175,469	36,175
Non-financial assets			
Buildings	236,404	26,546	209,858
Plant and equipment	19,511	9,520	9,991
Computer software	74,007	78,952	(4,945)
Other non-financial assets	17,706	13,846	3,860
Total non-financial assets	347,629	128,864	218,764
Total assets	559,273	304,333	254,939
LIABILITIES			
Payables			
Suppliers	30,798	42,486	(11,688)
Other payables	37,217	36,211	1,006
Total payables	68,015	78,697	(10,682)
Interest-bearing liabilities			
Leases	242,810	–	242,810
Total interest-bearing liabilities	242,810	–	242,810
Provisions			
Employee provisions	83,248	68,455	14,793
Other provisions	12,789	14,181	(1,392)
Total provisions	96,037	82,636	13,401
Total liabilities	164,052	161,333	2,719
Net assets	395,221	143,000	252,221
EQUITY			
Contributed equity	474,633	459,075	15,558
Reserves	22,500	17,137	5,363
Accumulated deficits	(344,723)	(333,212)	(11,511)
Total equity	152,410	143,000	9,410

Explanations of major variances

Affected line items

Financial assets

The decrease in cash and cash equivalents is mainly attributed to timing differences in funding received and accelerated expenditure incurred with respect to the ESA.

Cash and cash equivalents

The increase in trade and other receivables is mainly attributable to a \$34 million lease incentive receivable recognised by the application of AASB16 *Leases*.

Trade and other receivables

Non-financial assets and Equity

The increase in these non-financial assets is mainly attributable to the application of AASB16 *Leases*. Refer to Note 3.2A.

Buildings

The variance is due to upgraded expenditure on devices to enable remote working, mainly associated with COVID-19.

Plant & equipment

Payables

The variance is due to the timing of supplier payments.

Suppliers

The increase is attributable to the application of AASB16 *Leases*.

Interest-bearing liabilities

Provisions

The variance is due to higher than expected increases and revaluations to employee provisions, mainly attributable to changes to valuation discount rates and increases to staff numbers associated with additional revenue received from Government as part of MYEFO for new budget measures and accelerated enforcement actions funded from the ESA.

Employee provisions

Equity

The increase in equity is attributable to a higher than expected asset revaluation adjustment to Reserves in 2018–19, subsequent to the publication of the PBS.

Reserves

Statement of Changes in Equity

	Actual	Original Budget	Variance
	2020	2020	2020
	\$'000	\$'000	\$'000
CONTRIBUTED EQUITY			
Opening balance	436,058	431,649	–
Transactions with owners			
Contributions by owners			
Equity injections – Appropriations	13,426	2,277	11,149
Departmental capital budget	25,149	25,149	–
Total transactions with owners	38,575	27,426	11,149
Closing balance as at 30 June	474,633	459,075	15,558
RETAINED EARNINGS			
Opening balance	(295,515)	(294,599)	(916)
Adjustment on initial application of AASB 16	19,028	–	19,028
Adjusted opening balance	(276,487)	(294,599)	18,112
Comprehensive income			
Surplus/(Deficit) for the period	(68,237)	(38,613)	(29,624)
Total comprehensive loss	(68,237)	(38,613)	(29,624)
Closing balance as at 30 June	(344,724)	(333,212)	(11,512)
ASSET REVALUATION RESERVE			
Opening balance	22,500	17,137	–
Comprehensive income			
Other comprehensive income	–	–	–
Total comprehensive income	–	–	–
Closing balance as at 30 June	22,500	17,137	5,363
TOTAL EQUITY			
Opening balance	163,043	154,187	8,856
Adjustment on initial application of AASB 16	19,028	–	19,028
Adjusted opening balance	182,071	154,187	27,884
Comprehensive income			
Other comprehensive income	–	–	–
Surplus/(Deficit) for the period	(68,237)	(38,613)	(29,624)
Total comprehensive loss	(68,237)	(38,613)	(29,624)

	Actual	Original Budget	Variance
	2020	2020	2020
	\$'000	\$'000	\$'000
Transactions with owners			
Contributions by owners			
Equity injections – Appropriations	13,426	2,277	11,149
Departmental capital budget	25,149	25,149	–
Total transactions with owners	38,575	27,426	11,149
Closing balance as at 30 June	152,409	143,000	9,409

Explanations of major variances

Affected line items

Equity injections – Appropriations was higher than budgeted due mainly to the application of additional revenue from Government received as part of MYEFO for new budget measures.

Equity injections – Appropriations

Adjustment on initial application of AASB 16.

Adjustment on initial application of AASB 16

The increase to the deficit is mainly attributable to the application of AASB16 Leases and accelerated enforcement actions funded from the ESA.

Surplus/(Deficit) for the period – Retained earnings

Cash Flow Statement

	Actual	Original Budget	Variance
	2020	2020	2020
	\$'000	\$'000	\$'000
OPERATING ACTIVITIES			
Cash received			
Appropriations	426,545	402,219	24,326
Operating cash received	1,703	4,700	(2,997)
Net GST received	20,922	–	20,922
Cost recoveries	8,057	–	8,057
Other cash received	10,887	1,800	9,088
Total cash received	468,114	408,719	59,395
Cash used			
Employees	262,990	238,558	24,432
Suppliers	194,067	169,098	24,969
Interest payments on lease liabilities	1,209	–	1,209
Transfers to the Official Public Account	20,667	1,063	19,604
Total cash used	478,933	408,719	70,214
Net cash from/(used by) operating activities	(10,819)	–	(10,819)
INVESTING ACTIVITIES			
Cash used			
Purchase of property, plant and equipment	34,756	27,426	7,330
Total cash used	(34,756)	(27,426)	(7,330)
Net cash (used by) investing activities	(34,756)	(27,426)	(7,330)
FINANCING ACTIVITIES			
Cash received			
Appropriations – contributed equity	35,967	27,426	8,541
Total cash received	35,967	27,426	8,541
Cash used			
Principal payments of lease liabilities	14,462	–	14,462
Total cash used	(14,462)	–	(14,462)
Net cash from financing activities	21,505	–	21,505
Net increase/(decrease) in cash held	(24,070)	–	(24,070)
Cash at the beginning of the reporting period	65,221	62,703	2,518
Cash at the end of the reporting period	41,151	62,703	(21,552)

Explanations of major variances

Affected line items

Cash received

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

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.

Equity injections – Appropriations was higher than budgeted due mainly to the application of additional revenue from Government received as part of MYEFO for new budget measures.

Cost recoveries &
Other cash received

Net GST received/
Suppliers

Appropriations –
contributed equity

Cash used

Employee and supplier cash used were higher than budgeted due mainly to the application of additional revenue from Government received as part of MYEFO for new budget measures, and accelerated enforcement actions funded from the ESA, along with higher supplier prepayments.

Increase in the Purchase of property, plant and equipment was due mainly to the application of additional revenue from Government received as part of MYEFO for new budget measures.

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

The increase relates to the application of AASB16 Leases.

Employees and
Suppliers

Purchase of
property, plant and
equipment

Transfers to the
Official Public
Account

Principal and
interest payments –
lease liabilities

8.5B: Administered budgetary reports

The following tables provide a comparison of the original budget as presented in the 2019–20 Portfolio Budget Statements (PBS) to the 2019–20 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
	2020	2020	2020
	\$'000	\$'000	\$'000
EXPENSES			
Grants	6,255	7,083	(828)
Impairment loss allowance on financial instruments	69,110	61,156	7,954
Claims for unclaimed monies	127,163	72,097	55,066
Promotional costs for MoneySmart initiatives	565	570	(5)
Total expenses	203,093	140,906	62,187
LESS:			
Own-source revenue			
Taxation revenue			
Fees	814,536	854,324	(39,788)
Supervisory cost recovery levies	59,602	19,028	40,574
Total taxation revenue	874,138	873,352	786
Non-taxation revenue			
Supervisory cost recovery levies	263,288	242,688	20,600
Fees and fines	221,036	218,117	2,919
Unclaimed monies	201,896	100,665	101,231
Total non-taxation revenue	686,220	561,470	124,750
Total revenue	1,560,357	1,434,822	125,536
Net contribution by services	1,357,264	1,293,916	63,349

Explanations of major variances

The increase in the impairment loss allowance is due to unexpected environmental and economic factors.

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.

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

The increase in revenue for unclaimed monies is due to lodgement revenue received under the Banking Act 1959 and Life Insurance Act 1995.

Affected line items

Impairment loss allowance on financial instruments

Claims for unclaimed monies

Supervisory cost recovery levies/Taxation revenue

Non-taxation revenue unclaimed monies

Administered Schedule of Assets and Liabilities

	Actual	Original Budget	Variance
	2020	2020	2020
	\$'000	\$'000	\$'000
ASSETS			
Financial assets			
Cash and cash equivalents	1,435	1,965	(530)
Supervisory cost recovery levies receivable	330,214	–	330,214
Fees and fines receivable	139,165	393,053	(253,888)
Trade and other receivables	7,901	6,641	1,260
Total assets administered on behalf of Government	478,714	401,659	77,055
LIABILITIES			
Payables and provisions			
Suppliers and other payables	40,333	36,685	3,648
Unclaimed monies provisions	417,286	344,640	72,646
Total liabilities administered on behalf of Government	457,619	381,325	76,294
Net assets/(liabilities)	21,096	20,334	762

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 significantly higher lodgement revenue and 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