



# 6

## Financial Statements

# Contents

<b>Independent Auditor’s Report</b>	<b>143</b>	<b>Administered Schedule of Comprehensive Income</b>	<b>151</b>
<b>Statement by the Accountable Authority and Chief Financial Officer</b>	<b>145</b>	<b>Administered Schedule of Assets and Liabilities</b>	<b>152</b>
<b>Statement of Comprehensive Income</b>	<b>146</b>	<b>Administered Reconciliation Schedule</b>	<b>153</b>
<b>Statement of Financial Position</b>	<b>147</b>	<b>Administered Cash Flow Statement</b>	<b>154</b>
<b>Statement of Changes in Equity</b>	<b>148</b>		
<b>Cash Flow Statement</b>	<b>150</b>		
<b>Notes to and forming part of the financial statements</b>			
<b>Overview</b>	<b>155</b>	<b>Note 6. People and relationships</b>	<b>182</b>
<b>Note 1. Departmental financial performance</b>	<b>157</b>	6.1 Employee provisions	182
1.1 Expenses	157	6.2 Key management personnel remuneration	184
1.2 Own-source revenue	160	6.3 Related party disclosures	185
<b>Note 2. Income and expenses administered on behalf of Government</b>	<b>161</b>	<b>Note 7. Managing uncertainties</b>	<b>185</b>
2.1 Administered – expenses	161	7.1 Contingent assets and liabilities	185
2.2 Administered – income	163	7.2 Financial instruments	188
<b>Note 3. Departmental financial position</b>	<b>165</b>	7.3 Administered financial instruments	189
3.1 Financial assets	165	7.4 Fair value measurement	190
3.2 Non-financial assets	167	<b>Note 8. Other information</b>	<b>191</b>
3.3 Payables	170	8.1 Current/non-current distinction for assets and liabilities	191
3.4 Interest-bearing liabilities	170	8.2 Restructuring	193
3.5 Other provisions	171	8.3 Expenditure relating to statutory board and tribunal	194
<b>Note 4. Assets and liabilities administered on behalf of the Government</b>	<b>172</b>	8.4 Assets of deregistered companies vesting in ASIC	194
4.1 Administered – financial assets	172	8.5 Security deposits from dealers, investment advisers and liquidators	195
4.2 Administered – payables	173	8.6 Budgetary reports and explanations of major variances	195
<b>Note 5. Funding</b>	<b>175</b>		
5.1 Appropriations	175		
5.2 Special Accounts	179		
5.3 Regulatory charging summary	181		
5.4 Net cash appropriation arrangements	182		

# 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 2022:

- (a) comply with Australian Accounting Standards – Simplified Disclosures 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 2022 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 2022 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 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 – Simplified Disclosures 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

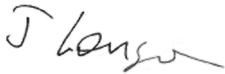
Canberra

17 August 2022

# Statement by the Accountable Authority and Chief Financial Officer

In our opinion, the attached financial statements for the year end 30 June 2022 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.P. Longo  
Chair  
17 August 2022



P.J. Dunlop  
Chief Financial Officer  
17 August 2022

# Statement of Comprehensive Income

FOR THE PERIOD ENDED 30 JUNE 2022

	Notes	2022 \$'000	2021 \$'000
<b>NET COST OF SERVICES</b>			
<b>Expenses</b>			
Employee benefits	1.1A	269,139	282,840
Suppliers	1.1B	129,993	135,855
Depreciation and amortisation	3.2	64,689	70,513
Finance costs	1.1C	1,719	2,150
Impairment loss on financial instruments		–	53
Write-down and impairment of other assets	1.1D	220	704
<b>Total expenses</b>		<b>465,760</b>	492,115
<b>Own-source revenue</b>			
Sale of goods and rendering of services		1,281	1,343
Revenue from other Australian Government entities	1.2A	40,581	30,351
Other revenue	1.2B	26,011	8,904
<b>Total own-source revenue</b>		<b>67,873</b>	40,598
<b>Gains</b>			
Reversal of write-downs and impairment	3.1B	–	8
<b>Total gains</b>		<b>–</b>	8
<b>Net (cost) of services</b>		<b>(397,887)</b>	(451,509)
<b>Total revenue from Government</b>	1.2C	<b>422,001</b>	437,092
<b>Surplus/(Deficit)</b>		<b>24,114</b>	(14,417)
<b>OTHER COMPREHENSIVE INCOME</b>			
<b>Items not subject to subsequent reclassification to net cost of services</b>			
Asset revaluation	3.2	1,033	–
Movement in makegood provision	3.5	3,449	–
Loss on disposal of previously revalued assets	3.2	(802)	–
<b>Total comprehensive income/(loss)</b>		<b>27,794</b>	(14,417)

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

# Statement of Financial Position

AS AT 30 JUNE 2022

	Notes	2022 \$'000	2021 \$'000
<b>ASSETS</b>			
<b>Financial assets</b>			
Cash and cash equivalents	3.1A	72,743	46,304
Trade and other receivables	3.1B	142,066	157,936
<b>Total financial assets</b>		<b>214,809</b>	204,240
<b>Non-financial assets</b>			
Buildings	3.2	190,642	214,302
Plant and equipment	3.2	24,414	25,896
Computer software	3.2	105,375	83,417
Prepayments		14,332	13,533
<b>Total non-financial assets</b>		<b>334,763</b>	337,148
<b>Total assets</b>		<b>549,572</b>	541,388
<b>LIABILITIES</b>			
<b>Payables</b>			
Suppliers	3.3A	29,510	29,750
Other payables	3.3B	35,345	34,209
<b>Total payables</b>		<b>64,855</b>	63,959
<b>Interest-bearing liabilities</b>			
Leases	3.4	185,524	217,968
<b>Total interest-bearing liabilities</b>		<b>185,524</b>	217,968
<b>Provisions</b>			
Employee provisions	6.1	77,490	81,387
Other provisions	3.5	5,131	13,961
<b>Total provisions</b>		<b>82,621</b>	95,348
<b>Total liabilities</b>		<b>333,000</b>	377,275
<b>Net assets</b>		<b>216,572</b>	164,113
<b>EQUITY</b>			
Contributed equity		525,368	500,703
Reserves		26,180	22,500
Accumulated deficit		(334,976)	(359,090)
<b>Total equity</b>		<b>216,572</b>	164,113

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

# Statement of Changes in Equity

FOR THE PERIOD ENDED 30 JUNE 2022

	Notes	2022 \$'000	2021 \$'000
<b>CONTRIBUTED EQUITY</b>			
<b>Opening balance</b>		500,703	474,633
<b>Transactions with owners</b>			
<b>Distributions to owners</b>			
Returns of capital			
Restructuring	8.2	–	(1,690)
Return of equity	5.1B	(4,409)	–
<b>Contributions by owners</b>			
Equity injections – Appropriations		3,530	6,904
Departmental capital budget	5.1A	25,544	20,856
<b>Total transactions with owners</b>		<b>24,665</b>	<b>26,070</b>
<b>Closing balance as at 30 June</b>		<b>525,368</b>	<b>500,703</b>
<b>RETAINED EARNINGS</b>			
<b>Opening balance</b>		<b>(359,090)</b>	<b>(344,673)</b>
Surplus/(Deficit) for the period		24,114	(14,417)
<b>Total comprehensive income/(loss)</b>		<b>24,114</b>	<b>(14,417)</b>
<b>Closing balance as at 30 June</b>		<b>(334,976)</b>	<b>(359,090)</b>
<b>ASSET REVALUATION RESERVE</b>			
<b>Opening balance</b>		22,500	22,500
<b>Comprehensive income</b>			
Other comprehensive income		3,680	–
<b>Total comprehensive income</b>		<b>3,680</b>	<b>–</b>
<b>Closing balance as at 30 June</b>		<b>26,180</b>	<b>22,500</b>
<b>TOTAL EQUITY</b>			
<b>Opening balance</b>		<b>164,113</b>	<b>152,460</b>
<b>Comprehensive income</b>			
Surplus/(Deficit) for the period		24,114	(14,417)
Other comprehensive income		3,680	–
<b>Total comprehensive income/(loss)</b>		<b>27,794</b>	<b>(14,417)</b>



	Notes	2022 \$'000	2021 \$'000
<b>Transactions with owners</b>			
<b>Distributions to owners</b>			
Returns of capital			
Restructuring		–	(1,690)
Return of equity		(4,409)	–
<b>Contributions by owners</b>			
Equity injections – Appropriations		3,530	6,904
Departmental capital budget		25,544	20,856
<b>Total transactions with owners</b>		<b>24,665</b>	<b>26,070</b>
<b>Closing balance as at 30 June</b>		<b>216,572</b>	<b>164,113</b>

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

# Cash Flow Statement

FOR THE PERIOD ENDED 30 JUNE 2022

	Notes	2022 \$'000	2021 \$'000
<b>OPERATING ACTIVITIES</b>			
<b>Cash received</b>			
Appropriations		500,469	484,672
Operating cash received		1,281	1,343
Net GST received		14,851	15,002
Cost recoveries		24,497	6,728
Other cash received		67,639	28,100
<b>Total cash received</b>		<b>608,737</b>	<b>535,845</b>
<b>Cash used</b>			
Employees		269,991	283,077
Suppliers		153,167	148,863
Interest payments on lease liabilities		1,689	2,134
Section 74 receipts transferred to OPA		108,063	28,768
<b>Total cash used</b>		<b>(532,910)</b>	<b>(462,842)</b>
<b>Net cash from operating activities</b>		<b>75,827</b>	<b>73,003</b>
<b>INVESTING ACTIVITIES</b>			
<b>Cash used</b>			
Purchase of leasehold improvements, plant and equipment and intangibles		59,424	73,044
<b>Net cash (used by) investing activities</b>		<b>(59,424)</b>	<b>(73,044)</b>
<b>FINANCING ACTIVITIES</b>			
<b>Cash received</b>			
Appropriations – contributed equity		29,106	29,784
<b>Total cash received</b>		<b>29,106</b>	<b>29,784</b>
<b>Cash used</b>			
Principal payments of lease liabilities		19,070	24,590
<b>Total cash used</b>		<b>(19,070)</b>	<b>(24,590)</b>
<b>Net cash from/(used by) financing activities</b>		<b>10,036</b>	<b>5,194</b>
<b>Net increase/(decrease) in cash held</b>		<b>26,439</b>	<b>5,153</b>
Cash and cash equivalents at the beginning of the reporting period		46,304	41,151
<b>Cash and cash equivalents at the end of the reporting period</b>	3.1A	<b>72,743</b>	<b>46,304</b>

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

# Administered Schedule of Comprehensive Income

FOR THE PERIOD ENDED 30 JUNE 2022

	Notes	2022 \$'000	2021 \$'000
<b>NET COST OF SERVICES</b>			
<b>Expenses</b>			
Grants	2.1A	5,191	6,007
Impairment loss allowance on financial instruments	2.1B	62,392	60,436
Claims for unclaimed monies	2.1C	77,507	160,701
Promotional costs for Moneysmart initiatives		575	574
<b>Total expenses</b>		<b>145,665</b>	<b>227,718</b>
<b>LESS:</b>			
<b>Own-source revenue</b>			
<b>Taxation revenue</b>			
Fees		943,822	892,685
Supervisory cost recovery levies		73,497	62,960
<b>Total taxation revenue</b>		<b>1,017,319</b>	<b>955,645</b>
<b>Non-taxation revenue</b>			
Supervisory cost recovery levies		240,218	235,781
Fees and fines	2.2A	418,234	321,137
Unclaimed monies lodgements	2.2B	289,011	295,304
<b>Total non-taxation revenue</b>		<b>947,463</b>	<b>852,222</b>
<b>Total revenue</b>		<b>1,964,782</b>	<b>1,807,867</b>
<b>Net contribution by services</b>		<b>1,819,117</b>	<b>1,580,149</b>

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

# Administered Schedule of Assets and Liabilities

AS AT 30 JUNE 2022

	Notes	2022 \$'000	2021 \$'000
<b>ASSETS</b>			
<b>Financial assets</b>			
Cash and cash equivalents		1,380	1,524
Supervisory cost recovery levies receivable	4.1A	311,875	314,471
Fees and fines receivable	4.1B	150,403	141,513
Trade and other receivables	4.1C	13,732	10,006
<b>Total assets administered on behalf of Government</b>		<b>477,390</b>	467,514
<b>LIABILITIES</b>			
<b>Payables and provisions</b>			
Suppliers and other payables	4.2A	48,360	44,526
Unclaimed monies provisions	4.2B	458,953	491,183
<b>Total liabilities administered on behalf of Government</b>		<b>507,313</b>	535,709
<b>Net assets/(liabilities)</b>		<b>(29,923)</b>	(68,195)

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

# Administered Reconciliation Schedule

FOR THE PERIOD ENDED 30 JUNE 2022

	2022 \$'000	2021 \$'000
<b>Opening assets less liabilities as at 1 July</b>	<b>(68,195)</b>	21,098
<b>Net contribution by services:</b>		
Administered income	<b>1,964,782</b>	1,807,867
Administered expenses	<b>(145,665)</b>	(227,718)
	<b>1,819,117</b>	1,580,149
<b>Transfers (to)/from the Australian Government</b>		
Appropriation transfers from Official Public Account:		
Special (unlimited) and ordinary appropriations		
Appropriation Act (No. 1)	<b>6,678</b>	7,777
Banking Act unclaimed monies	<b>65,944</b>	52,551
Life Insurance Act unclaimed monies	<b>9,424</b>	4,960
Section 77 PGPA Act	<b>38,239</b>	32,298
Total of appropriation transfers from Official Public Account	<b>120,285</b>	97,586
Administered transfers to Official Public Account	<b>(1,901,130)</b>	(1,767,028)
<b>Closing assets less liabilities as at 30 June</b>	<b>(29,923)</b>	(68,195)

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

# Administered Cash Flow Statement

FOR THE PERIOD ENDED 30 JUNE 2022

	2022 \$'000	2021 \$'000
<b>OPERATING ACTIVITIES</b>		
<b>Cash received</b>		
Corporations Act, National Consumer Credit Protection Act, Business Names Registration (Fees) Act, Superannuation Industry (Supervision) Act and ASIC Supervisory Cost Recovery Levy	1,607,104	1,467,555
Corporations Act unclaimed monies	113,072	88,418
Banking Act unclaimed monies	158,336	167,555
Life Insurance Act unclaimed monies	17,603	39,331
Net GST received	26	–
<b>Total cash received</b>	<b>1,896,141</b>	<b>1,762,859</b>
<b>Cash used</b>		
Refunds paid to:		
Company shareholders	34,338	29,254
Deposit-taking institution account holders	65,976	52,588
Life insurance policy holders	9,424	4,960
Promotion expenses for Moneysmart initiatives	485	724
Grants	5,217	5,780
Net GST paid	–	22
<b>Total cash used</b>	<b>(115,440)</b>	<b>(93,328)</b>
<b>Net cash from operating activities</b>	<b>1,780,701</b>	<b>1,669,531</b>
<b>Cash from Official Public Account for:</b>		
Appropriations	120,285	97,586
<b>Less: Cash to Official Public Account for:</b>		
Corporations Act, National Consumer Credit Protection Act, Business Names Registration (Fees) Act and ASIC Supervisory Cost Recovery Levy fees and charges	1,612,118	1,471,724
Corporations Act unclaimed monies	113,073	88,418
Banking Act unclaimed monies	158,336	167,555
Life Insurance Act unclaimed monies	17,603	39,331
<b>Total cash to Official Public Account</b>	<b>(1,901,130)</b>	<b>(1,767,028)</b>
<b>Net increase/(decrease) in cash held</b>	<b>(144)</b>	<b>89</b>
Cash and cash equivalents at the beginning of the reporting period	1,524	1,435
<b>Cash and cash equivalents at the end of the reporting period</b>	<b>1,380</b>	<b>1,524</b>

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

# Notes to and forming part of the financial statements

FOR THE PERIOD ENDED 30 JUNE 2022

## Overview

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 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 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 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 and interpretations, including simplified disclosures for Tier 2 Entities under AASB 1060 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**

All new accounting standards, amendments to standards and interpretations that were issued prior to the sign-off date and are applicable to the current reporting period did not have a material effect and are not expected to have a future material effect on ASIC's financial statements.

*AASB 1060 General Purpose Financial Statements – Simplified Disclosures for For-Profit and Not-for-Profit Tier 2 Entities* became effective on 1 July 2021. The application of AASB 1060 involves some reduction in disclosure compared to the reduced disclosure requirements framework with no impact on ASIC's reported financial position, financial performance and cash flows.

### **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 2022.

### 1.1 Expenses

	2022 \$'000	2021 \$'000
<b>1.1A: Employee benefits</b>		
Wages and salaries	207,967	215,154
Superannuation		
Defined-benefit schemes	10,267	11,260
Defined-contribution schemes	29,157	28,687
Leave and other entitlements	19,037	25,808
Separation and redundancies <sup>1</sup>	2,711	1,931
<b>Total employee benefits</b>	<b>269,139</b>	<b>282,840</b>

1. Separation and redundancy costs are generally calculated based on two weeks pay for every year of service for each employee with a minimum of four weeks and a maximum of 48 weeks.

#### Accounting Policy

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

	2022 \$'000	2021 \$'000
<b>1.1B: Suppliers</b>		
<b>Goods and services supplied or rendered</b>		
Legal and forensic costs	42,241	46,380
Office computer and software expenses	33,871	32,718
Consultants and specialist services	21,971	23,653
Property-related outgoings	9,400	8,748
Other goods and services <sup>1</sup>	5,410	3,454
Information costs	3,894	4,115
Bank fees	3,249	3,343
Communications	3,198	3,203
Learning and development	2,448	3,149
Security	1,338	1,743
Recruitment	1,242	1,916
Travel	1,147	471
Postage and freight	250	2,526
<b>Total goods and services supplied or rendered</b>	<b>129,659</b>	<b>135,419</b>
Goods supplied	588	1,145
Services rendered	129,071	134,274
<b>Total goods and services supplied or rendered</b>	<b>129,659</b>	<b>135,419</b>
<b>Other suppliers</b>		
Short-term leases	46	404
Workers' compensation expense <sup>1</sup>	205	176
Fringe benefits tax <sup>2</sup>	83	(144)
<b>Total other suppliers</b>	<b>334</b>	<b>436</b>
<b>Total suppliers</b>	<b>129,993</b>	<b>135,855</b>

1. Comparisons have been changed to reclassify part of the 2021 Workers' compensation premium originally booked to Other goods and services.

2. The credit in 2020–21 Fringe benefits tax expense is from overpayments in 2019 and 2020.

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

## Accounting Policy

### Short-term leases and leases of low-value assets

ASIC has elected not to recognise the right of use (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.

	2022 \$'000	2021 \$'000
<b>1.1C: Finance costs</b>		
Unwinding of restoration provision	30	16
Interest on lease liability	1,689	2,134
<b>Total finance costs</b>	<b>1,719</b>	<b>2,150</b>
<b>1.1D: Write-down and impairment of other assets</b>		
Write-off of leasehold improvements	39	390
Write-off of plant and equipment	7	314
Write-off of software	174	–
<b>Total write-down and impairment of other assets</b>	<b>220</b>	<b>704</b>

## 1.2 Own-source revenue

	2022 \$'000	2021 \$'000
<b>1.2A: Revenue from other Australian Government entities<sup>1</sup></b>		
Australian Taxation Office (ATO)	27,755	20,260
Department of Home Affairs (DHA)	12,826	10,091
<b>Total revenue from other Australian Government entities</b>	<b>40,581</b>	<b>30,351</b>
<b>1.2B: Other revenue</b>		
Cost recoveries <sup>2</sup>	24,695	6,738
Resources received free of charge <sup>3</sup>		
Remuneration of auditors	388	378
Committee fees	23	24
Other <sup>3</sup>	905	1,764
<b>Total other revenue</b>	<b>26,011</b>	<b>8,904</b>

1. Relates to reimbursement of operating and capital expenditure incurred by ASIC on government programs funded directly by other Australian Government entities.
2. Amounts recovered by ASIC for court costs, investigations, professional fees, legal costs and prosecution disbursements.
3. 2020–21 comparatives have been changed due to the requirement to separately disclose resources received free of charge.

### **1.2C: Revenue from Government**

Appropriations:

Departmental appropriations <sup>1</sup>	357,190	377,871
Departmental special appropriations <sup>2</sup>	64,811	59,221
<b>Total revenue from Government</b>	<b>422,001</b>	<b>437,092</b>

1. 2020–21 ordinary annual appropriations, originally \$382.014m, were reduced by \$4.143m as part of the Modernising Business Registers program. Refer to Note 8.2.
2. A special account is a limited special appropriation that notionally sets aside an amount that can be expended for a particular purpose. \$64.811m of ASIC's 2021–22 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

### 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
- › the probable economic benefits associated with the transaction will flow to ASIC.

### 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.

### 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

	2022 \$'000	2021 \$'000
<b>2.1A: Grants</b>		
Rendering of services		
Insolvency practitioners	5,191	6,007
<b>Total grants</b>	<b>5,191</b>	<b>6,007</b>

## 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.

	2022 \$'000	2021 \$'000
<b>2.1B: Impairment loss allowance on financial instruments</b>		
Impairment of receivables	56,451	54,406
Waiver of fees and charges owing	5,941	6,030
<b>Total impairment on financial instruments</b>	<b>62,392</b>	<b>60,436</b>
<b>2.1C: Claims for unclaimed monies<sup>1</sup></b>		
Claims – Bank and deposit-taking institution account holders	65,976	52,588
Claims – <i>Corporations Act 2001</i>	34,338	29,256
Claims – Life Insurance policy holders	9,424	4,960
Adjustments to provisions	(32,231)	73,897
<b>Total other expenses</b>	<b>77,507</b>	<b>160,701</b>

1. 2020–21 comparatives have been adjusted to provide additional disclosure relating to actual claims paid and adjustments to the unclaimed monies provisions.

## 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

	2022 \$'000	2021 \$'000
<b>Non-taxation revenue</b>		
<b><u>2.2A: Fees and fines</u></b>		
Fines	335,953	241,250
Searches and information brokers' fees	67,773	64,905
Fees for service	14,508	14,982
<b>Total fees and fines</b>	<b>418,234</b>	<b>321,137</b>
<b><u>2.2B: Unclaimed monies lodgements</u></b>		
<i>Corporations Act 2001</i> unclaimed monies	113,072	88,418
<i>Banking Act 1959</i> unclaimed monies	158,336	167,555
<i>Life Insurance Act 1995</i> unclaimed monies	17,603	39,331
<b>Total unclaimed monies</b>	<b>289,011</b>	<b>295,304</b>

## Accounting Policy

All administered revenues are revenues relating to the course of ordinary activities managed 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
- › *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
- › 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.

ASIC undertakes the collection of certain levies on behalf of the Government.

These consist of:

- › the *ASIC Supervisory Cost Recovery Levy Act 2017*
- › 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 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 Note 6 People and relationships.

### 3.1 Financial assets

	2022 \$'000	2021 \$'000
<b>3.1A: Cash and cash equivalents</b>		
Cash in special accounts	71,137	45,174
Cash at bank	1,606	1,130
<b>Total cash and cash equivalents</b>	<b>72,743</b>	<b>46,304</b>

The closing balance of Cash in special accounts does not include amounts held in trust (\$19.897m in 2022 and \$11.724m in 2021). See Note 5.2 Special Accounts for more information.

#### Accounting Policy

Cash is recognised at its nominal amount. Cash and cash equivalents include:

- (a) cash on hand
- (b) cash in special accounts.

	2022 \$'000	2021 \$'000
<b>3.1B: Trade and other receivables</b>		
<b>Goods and services receivables:</b>		
Goods and services	7,943	47,781
<b>Total goods and services receivables (gross)</b>	<b>7,943</b>	47,781
<b>Less impairment allowance</b>	<b>(548)</b>	(630)
<b>Total goods and services receivables (net)</b>	<b>7,395</b>	47,151
<b>Appropriation receivables:</b>		
Appropriation receivable	130,349	105,195
<b>Total appropriation receivables</b>	<b>130,349</b>	105,195
<b>Other receivables:</b>		
Tax receivable from the ATO	4,322	5,590
<b>Total other receivables</b>	<b>4,322</b>	5,590
<b>Total trade and other receivables (net)</b>	<b>142,066</b>	157,936
<b>Trade and other receivables are expected to be recovered:</b>		
No more than 12 months	142,066	157,936

Credit terms for goods and services were within 20 days (2021: 20 days).

### 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

	Buildings \$'000	Plant and equipment \$'000	Computer software \$'000	Total \$'000
<b>As at 1 July 2021</b>				
Gross book value	268,496	75,882	437,641	<b>782,019</b>
Accumulated depreciation/amortisation and impairment	(54,194)	(49,986)	(354,224)	<b>(458,404)</b>
<b>Total as at 1 July 2021<sup>1</sup></b>	<b>214,302</b>	<b>25,896</b>	<b>83,417</b>	<b>323,615</b>
Additions:				
By purchase or internally developed	891	4,693	54,468	<b>60,052</b>
ROU assets	879	–	–	<b>879</b>
<b>Total additions</b>	<b>1,770</b>	<b>4,693</b>	<b>54,468</b>	<b>60,931</b>
Revaluations recognised in other comprehensive income	(267)	1,300	–	<b>1,033</b>
Impairments recognised in other comprehensive income	(646)	(156)	–	<b>(802)</b>
<b>Total revaluations and impairments recognised in other comprehensive income</b>	<b>(913)</b>	<b>1,144</b>	<b>–</b>	<b>231</b>
Depreciation and amortisation	(3,793)	(7,312)	(32,336)	<b>(43,441)</b>
Depreciation of ROU assets	(21,248)	–	–	<b>(21,248)</b>
<b>Total depreciation and amortisation</b>	<b>(25,041)</b>	<b>(7,312)</b>	<b>(32,336)</b>	<b>(64,689)</b>
ROU assets – adjustments <sup>2</sup>	563	–	–	<b>563</b>
Disposals				
Other	(39)	(7)	(174)	<b>(220)</b>
<b>Total as at 30 June 2022</b>	<b>190,642</b>	<b>24,414</b>	<b>105,375</b>	<b>320,431</b>
<b>Total as at 30 June 2022 represented by:</b>				
Gross book value	263,346	59,269	491,049	<b>813,664</b>
Accumulated depreciation/amortisation and impairment	(72,704)	(34,855)	(385,674)	<b>(493,233)</b>
<b>Total as at 30 June 2022</b>	<b>190,642</b>	<b>24,414</b>	<b>105,375</b>	<b>320,431</b>
<b>Carrying amount of ROU asset</b>	<b>154,380</b>	<b>–</b>	<b>–</b>	<b>154,380</b>

1. The opening gross book value and accumulated amortisation for Computer software has been adjusted for rounding. The net book value at 1 July 2021 has not changed.

2. ROU assets in Sydney and Brisbane were adjusted due to lease incentives being converted from fit-out incentives to rent abatement.

## Accounting Policy

Assets are recorded at cost of acquisition, except as 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

Lease ROU assets are capitalised at the commencement date of the lease and comprise of the initial lease liability amount and 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 ROU lease asset that shows indicators of impairment and an impairment loss is recognised against any ROU lease asset that is impaired. Lease ROU assets continue to be measured at cost after initial recognition in Commonwealth agency, General Government Sector and whole-of-government financial statements.

### Revaluations

Following initial recognition at cost, leasehold improvements, plant and equipment (excluding ROU assets) are carried at the 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 2022.

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.

## Accounting Policy (continued)

### 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:

	2022	2021
Leasehold improvements	<b>Residual lease term</b>	Residual lease term
Plant and equipment	<b>2 to 80 years</b>	2 to 80 years

### Impairment

All assets were assessed for impairment as at 30 June 2022. Where indications of impairment exist, the asset's recoverable amount is estimated and an impairment adjustment made if the asset's recoverable amount is less than its carrying amount.

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

### Derecognition

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

### Intangibles

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

Software is amortised on a straight-line basis over its anticipated useful life. The useful life of ASIC's software is 2 to 10 years (2021: 2 to 10 years).

All software assets were assessed for indications of impairment as at 30 June 2022.

### 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

	2022 \$'000	2021 \$'000
<b>3.3A: Suppliers</b>		
Trade creditors and accruals	29,510	29,750
<b>Total suppliers</b>	<b>29,510</b>	<b>29,750</b>

Supplier payables are settled in accordance with 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	12,045	11,404
Salaries and bonuses	21,335	18,990
Separations and redundancies	1,346	644
Other <sup>1</sup>	619	3,171
<b>Total other payables</b>	<b>35,345</b>	<b>34,209</b>

1. Includes GST payable of \$0.433m (2021: \$2.982m).

### 3.4 Interest-bearing liabilities

Lease liabilities	185,524	217,968
<b>Total leases</b>	<b>185,524</b>	<b>217,968</b>

Total cash outflow for leases for the year ended 30 June 2022 was \$20.759m (2021: \$26.725m).

#### **Maturity analysis – contractual undiscounted cash flows**

Within 1 year	17,174	23,181
Between 1 to 5 years	103,862	107,184
More than 5 years	71,233	102,535
<b>Total leases</b>	<b>192,269</b>	<b>232,900</b>

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

### Accounting Policy

For all new contracts entered into, ASIC considers whether the contract is, or contains, a lease. A lease is defined as 'a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration'.

Once it has been determined that a contract is, or contains, a lease, the lease liability is initially measured at the present value of the lease payments unpaid at the commencement date, discounted using the interest rate implicit in the lease, if that rate is readily determinable, or the Department of Finance's incremental borrowing rate.

Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest. It is remeasured to reflect any reassessment or modification to the lease. When the lease liability is remeasured, the corresponding adjustment is reflected in the right-of-use asset or profit and loss, depending on the nature of the reassessment or modification.

### 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 2021	322	5,899	7,740	13,961
Additional provisions made	160	215	272	647
Amounts used	(1)	250	(5,700)	(5,451)
Amounts reversed	(322)	(3,664)	(70)	(4,056)
Amortisation of restoration provision discount	–	30	–	30
<b>Total as at 30 June 2022</b>	<b>159</b>	<b>2,730</b>	<b>2,242</b>	<b>5,131</b>

### Accounting Policy

#### Restoration costs

ASIC currently has two lease agreements (2021: two) 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

	2022 \$'000	2021 \$'000
<b>4.1A: Supervisory cost recovery levies receivables</b>		
Supervisory cost recovery levies receivables – taxation	73,497	62,960
Supervisory cost recovery levies receivables – non-taxation	244,739	256,589
<b>Total supervisory cost recovery levies receivables (gross)</b>	<b>318,236</b>	<b>319,549</b>
Less impairment loss allowance		
Supervisory cost recovery levies	6,361	5,078
<b>Total supervisory cost recovery levies receivables (net)</b>	<b>311,875</b>	<b>314,471</b>
<b>4.1B: Other taxation receivables</b>		
Fees and fines receivable	232,778	219,745
<b>Total other taxation receivables (gross)</b>	<b>232,778</b>	<b>219,745</b>
Less impairment loss allowance		
Fees and fines	82,375	78,232
<b>Total other taxation receivables (net)</b>	<b>150,403</b>	<b>141,513</b>
Taxation receivables are due from entities that are not part of the Australian Government. Credit terms for goods and services were within 30 days (2021: 30 days).		
<b>4.1C: Trade and other receivables</b>		
Information brokers' fees	13,284	9,532
GST receivable	448	474
<b>Total trade and other receivables (gross)</b>	<b>13,732</b>	<b>10,006</b>



## Accounting Policy

### Cash and cash equivalents

Cash is recognised at its nominal amount. Cash and cash equivalents include:  
(a) cash on hand;

### 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 rule 11 of the PGPA Act.

## 4.2 Administered – payables

	2022 \$'000	2021 \$'000
<b>4.2A: Suppliers and other payables</b>		
Supplier payables	118	28
Refund of fees payable	25,694	22,196
Unallocated monies	10,394	10,535
Grants payable <sup>1</sup>	4,196	4,222
Other non-current payables <sup>2</sup>	7,958	7,545
<b>Total payables</b>	<b>48,360</b>	<b>44,526</b>

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

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

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

	2022 \$'000	2021 \$'000
<b>4.2B: Unclaimed monies provisions</b>		
<i>Banking Act 1959 claims</i>	<b>215,046</b>	228,710
<i>Corporations Act 2001 claims</i>	<b>207,535</b>	215,427
<i>Life Insurance Act 1995 claims</i>	<b>36,372</b>	47,046
<b>Total other provisions</b>	<b>458,953</b>	491,183

## 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 annually, calculated by a registered actuary, under AASB 137 *Provisions, Contingent Liabilities and Contingent Assets*.

### Significant accounting judgements and estimates

The provision has been estimated considering the historic claims pattern experienced since 2002 and lodgements not claimed at balance date. 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 claims 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 claims. This is consistent with standard actuarial practice and required under AASB 137 *Provisions, Contingent Liabilities and Contingent Assets*. The relevant discount rate for 2021–22 is 3.7% (2020–21: 1.7%). 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. The relevant CPI rate is March–March CPI from the previous year to be applied on 1 July each year. A 9% per annum decay rate is used for decay years 16 to 80 (2020–21: 11 to 40 years).

## Note 5. Funding

This section identifies ASIC's funding structure.

### 5.1 Appropriations

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

Annual appropriations for 2022	Annual Adjustments to appropriation \$'000	Annual Adjustments to appropriation <sup>1,2</sup> \$'000	Total appropriation \$'000	Appropriation applied in 2022 (current and prior years) \$'000	Variance <sup>3</sup> \$'000
<b>Departmental</b>					
Ordinary annual services	426,670	103,394	<b>530,064</b>	512,877	<b>17,187</b>
Capital budget <sup>4</sup>	25,544	–	<b>25,544</b>	23,588	<b>1,956</b>
Other services					
Equity injections	3,530	–	<b>3,530</b>	5,518	<b>(1,988)</b>
<b>Total departmental</b>	<b>455,744</b>	<b>103,394</b>	<b>559,138</b>	<b>541,983</b>	<b>17,155</b>
<b>Administered</b>					
Ordinary annual services	9,952	–	9,952	6,833	3,119
<b>Total administered</b>	<b>9,952</b>	<b>–</b>	<b>9,952</b>	<b>6,833</b>	<b>3,119</b>

1. Section 51 quarantine of \$4.669m reappropriated as capital through Appropriation Act (No. 3).
2. Section 74 receipts (\$108.063m).
3. The variance in departmental expenses is due to an underspend in operating activities, particularly in relation to the ESA.
4. Departmental capital budgets are appropriated through Appropriation Acts (Nos. 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 2021	Annual appropriation \$'000	Adjustments to appropriation <sup>1,2</sup> \$'000	Total appropriation \$'000	Appropriation applied in 2021 (current and prior years) \$'000	Variance <sup>3</sup> \$'000
Departmental					
Ordinary annual services	441,235	24,625	465,860	528,118	(62,258)
Capital budget <sup>4</sup>	20,856	–	20,856	20,749	107
Other services					
Equity injections	6,904	–	6,904	9,035	(2,131)
Total departmental	468,995	24,625	493,620	557,902	(64,282)
Administered					
Ordinary annual services	9,708	–	9,708	7,674	2,034
Total administered	9,708	–	9,708	7,674	2,034

1. Section 74 receipts (\$28.768m).

2. Section 75 Machinery of Government transfer (\$4.143m).

3. The variance in departmental expenses is due to the payment of prior year accrued expenses in the current year.

4. Departmental capital budgets are appropriated through Appropriation Acts (Nos. 1, 3, 5). They form part of ordinary annual services and are not separately identified in the Appropriation Acts.

### 5.1B: Unspent annual appropriations ('recoverable GST exclusive')

	2022 \$'000	2021 \$'000
<b>Departmental</b>		
<i>Appropriation Act (No. 1) DCB 2018–2019<sup>1</sup></i>	–	4,409
<i>Appropriation Act (No. 4) 2019–2020</i>	–	1,891
<i>Appropriation Act (No. 1) 2020–2021</i>	–	96,891
<i>Appropriation Act (No. 1) DCB 2020–2021</i>	–	436
<i>Appropriation Act (No. 2) 2020–2021</i>	376	1,433
<i>Supply Act (No. 2) 2020–2021</i>	219	1,037
<i>Appropriation Act (No. 3) 2020–2021</i>	–	228
<i>Appropriation Act (No. 1) 2021–2022<sup>2</sup></i>	128,223	–
<i>Appropriation Act (No. 3) 2021–2022</i>	3,636	–
<i>Appropriation Act (No. 3) DCB 2021–2022</i>	2,392	–
<i>Appropriation Act (No. 4) 2021–2022</i>	1,778	–
Enforcement Special Account	71,137	45,174
<b>Total departmental</b>	<b>207,761</b>	151,499

Unspent departmental appropriations include cash balances of \$1.606m (2021: \$1.130m).

1. This amount is not available beyond 30 June 2021, following the repeal of *Appropriation Act (No. 1) 2018–2019* on 1 July 2021.
2. Includes \$4.669m withheld under section 51 of the PGPA Act or quarantined for administrative reasons. The funds were transferred to Capital and were reappropriated through *Appropriation Act (No. 3) 2021–2022*.

	2022 \$'000	2021 \$'000
<b>Administered</b>		
<i>Appropriation Act (No. 1) 2018–2019<sup>1</sup></i>	–	2,933
<i>Appropriation Act (No. 1) 2019–2020</i>	1,521	4,312
<i>Supply Act (No. 1) 2019–2020</i>	1,087	1,087
<i>Appropriation Act (No. 1) 2020–2021</i>	3,560	3,916
<i>Supply Act (No. 1) 2020–2021</i>	1,728	2,907
<i>Appropriation Act (No. 1) 2021–2022</i>	7,445	–
<b>Total administered</b>	<b>15,341</b>	15,155

Unspent administered appropriations include cash balances of \$0.165m (2021: \$0.320m).

1. This amount is not available beyond 30 June 2021, following the repeal of *Appropriation Act (No. 1) 2018–2019* on 1 July 2021.

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

Authority	Type	Purpose	Appropriation applied	
			2022 \$'000	2021 \$'000
s69 <i>Banking Act 1959</i> , Administered	Unlimited	ASIC has responsibility for the administration of unclaimed monies from banking and deposit-taking institutions. ASIC receives special appropriations from the OPA (s69 <i>Banking Act 1959</i> ) to refund amounts to banking and deposit-taking institution account holders.	65,944	52,551
s216 <i>Life Insurance Act 1995</i> , Administered	Unlimited	ASIC has responsibility for the administration of unclaimed monies from life insurance institutions and friendly societies. ASIC receives special appropriations from the OPA (s216 <i>Life Insurance Act 1995</i> ) to refund amounts to life insurance policy holders.	9,424	4,960
s77 PGPA Act, <i>Corporations Act 2001</i> , <i>National Consumer Credit Protection Act 2009</i> , Business Names Registration (Fees) Regulations 2010 and <i>Superannuation Industry (Supervision) Act 1993</i> . (Refunds of overpaid <i>Corporations Act 2001</i> fees and charges), Administered	Unlimited	ASIC has responsibility for the administration and collection of <i>Corporations Act 2001</i> fees and charges. All fees and charges are deposited into the OPA as received. Refunds of overpayments are appropriated under s77 of the PGPA Act.	5,055	4,020
s77 PGPA Act, <i>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> .	33,185	28,278
<b>Total</b>			<b>113,608</b>	<b>89,809</b>

## 5.2 Special Accounts

	Enforcement Special Account <sup>1</sup>		ASIC Trust and Other Moneys Special Account 2018 <sup>2</sup>	
	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
Balance brought forward from previous period	45,174	39,599	11,724	8,838
<b>Increases</b>				
Appropriation for the reporting period	64,811	59,221	–	–
Other increases	20,643	5,964	10,696	3,682
Available for payments	130,628	104,784	22,420	12,520
<b>Decreases</b>				
Departmental				
Cash payments from the Special Account	(59,491)	(59,610)	–	–
Total departmental	(59,491)	(59,610)	–	–
Administered				
Cash payments from the Special Account	–	–	(2,523)	(796)
Total administered	–	–	(2,523)	(796)
Balance carried forward to the next period	71,137	45,174	19,897	11,724
Balance represented by:				
Cash held in entity bank accounts	–	–	19,897	11,724
Cash held in the Official Public Account	71,137	45,174	–	–
	71,137	45,174	19,897	11,724

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:
    - (i) by making payments in relation to deregistered companies and property vested in the Commonwealth under Part 5A.1 of the Corporations Act;
    - (ii) by making payments in relation to liabilities imposed on property vested in the Commonwealth under Part 5A.1 of the Corporations Act; or
    - (iii) 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 section 78 of the *Public Governance, Performance and Accountability Act 2013*. The SOETM combines the purposes of the Other Trust Moneys and the Services for other Government and Non-agency Bodies special accounts into a single standard-purpose Special Account. The SOETM enables ASIC to continue to hold and expend amounts on behalf of persons or entities other than the Commonwealth. The SOETM will typically be used to accommodate small amounts of miscellaneous monies, for example, amounts received in connection with services performed for or on behalf of any persons or entities that are not agencies as prescribed under the PGPA Act, such as other governments. For the year ended 30 June 2022, the account had a nil balance and there were no transactions debited or credited to it during the current or prior reporting period.

The closing balance of the ASIC Trust and Other Moneys Special Account 2018 includes amounts held in trust: \$11.724m in 2021 and \$19.897m in 2022.



### 5.3 Regulatory charging summary

	2022 \$'000	2021 \$'000
<b>Amounts applied</b>		
Departmental		
Appropriation applied	320,070	321,829
<b>Total amounts applied</b>	<b>320,070</b>	<b>321,829</b>
<b>Expenses</b>		
Departmental	320,070	321,829
<b>Total expenses</b>	<b>320,070</b>	<b>321,829</b>
<b>External Revenue</b>		
Administered		
Fees for services	12,886	14,596
ASIC Supervisory Cost Recovery Levy	307,184	307,233
<b>Total external revenue</b>	<b>320,070</b>	<b>321,829</b>

#### Regulatory charging activities

On 20 April 2016, the Australian Government announced it would introduce an industry funding model for ASIC. Under the industry funding model, ASIC's regulatory costs will be partially 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:

- › supervision and 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/4zujamd3/cris-asic-industry-funding-model-2021-22-for-feedback-published-6-june-2022.pdf>

## 5.4 Net cash appropriation arrangements

	2022 \$'000	2021 \$'000
<b>Total comprehensive income/(loss) – as per the Statement of Comprehensive Income</b>	<b>27,794</b>	(14,417)
<i>Plus: depreciation/amortisation expenses previously funded through appropriations (departmental capital budget funding and/or equity appropriations)<sup>1</sup></i>	<b>43,441</b>	45,062
<i>Plus: depreciation ROU assets<sup>2</sup></i>	<b>21,248</b>	25,451
<i>Less: lease principal repayments<sup>2</sup></i>	<b>19,070</b>	24,590
<b>Net cash operating surplus/(deficit)</b>	<b>73,413</b>	31,506

1. From 2010–11, the Government introduced net cash appropriation arrangements where revenue appropriations for depreciation/amortisation expenses of non-corporate Commonwealth entities and selected corporate Commonwealth entities were replaced with a separate capital budget provided through equity appropriations. Capital budgets are to be appropriated in the period when cash payment for capital expenditure is required.
2. The inclusion of depreciation/amortisation expenses related to ROU leased assets and the lease liability principal repayment amount reflects the impact of AASB 16 *Leases*, which does not directly reflect a change in appropriation arrangements.

## 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

	2022 \$'000	2021 \$'000
Annual leave entitlement	<b>29,588</b>	28,068
Long service leave entitlement	<b>45,413</b>	52,230
Restructuring provision	–	1,089
Separation and redundancy provision	<b>2,489</b>	–
<b>Total employee provisions</b>	<b>77,490</b>	81,387

## 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) out of which the obligations are to be settled directly.

### Leave

The liability for employee benefits includes provision for annual leave and long service 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 7 June 2022. 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.

### 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.

### 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.

## Accounting Policy (continued)

### Restructuring

ASIC recognises a provision for restructuring when strategic and operational priorities change or 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 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, the Minister for Superannuation, Financial Services and the Digital Economy and ASIC Executive Directors. Key management personnel remuneration is reported in the table below:

	2022 \$'000	2021 \$'000
Short-term employee benefits	6,597	6,558
Post-employment benefits	737	642
Other long-term benefits	161	55
Termination benefits	–	89
<b>Total key management personnel remuneration expenses<sup>1</sup></b>	<b>7,495</b>	<b>7,344</b>

The total number of key management personnel who are included in the above table is 15 (2021:19).

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, subleasing 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

	2022 \$'000	2021 \$'000
<b>7.1A: Departmental contingent assets and liabilities</b>		
<b>Contingent assets</b>		
Balance from previous period	11,539	5,526
New contingent assets	2,763	8,175
Re-measurement	1,175	1,055
Assets realised	(7,499)	(1,582)
Assets relinquished	(120)	(1,635)
<b>Total contingent assets</b>	<b>7,858</b>	<b>11,539</b>
<b>Contingent liabilities</b>		
Balance from previous period	(1,200)	–
New contingent liabilities	(150)	(1,200)
Obligations expired	1,200	–
<b>Total contingent liabilities</b>	<b>(150)</b>	<b>(1,200)</b>
<b>Net contingent assets</b>	<b>7,708</b>	<b>10,339</b>

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

The above table contains 20 matters (2021: 23 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 that these matters represent a combined receivable of \$7.858m (2021: \$11.539m), which is disclosed as a contingent asset because realisation of this debt is not virtually certain.

The above table contains one matter (2021: one matter) where a contingent liability is disclosed in respect of a case where ASIC has had costs awarded against it; however, agreement with respect to the quantum payable by ASIC has not been reached. ASIC has estimated that this matter represents a payable of \$0.150m (2021: \$1.200m), which is disclosed as a contingent liability because realisation of this payable 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, seven matters (2021: six 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, the 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.

	2022 \$'000	2021 \$'000
<b>7.1B: Administered contingent liabilities</b>		
<i>Banking Act 1959</i>	<b>683,083</b>	588,337
<i>Corporations Act 2001</i>	<b>491,812</b>	423,687
<i>Life Insurance Act 1995</i>	<b>121,499</b>	104,570

### 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 2022 (2021: nil).

## 7.2 Financial instruments

	Notes	2022 \$'000	2021 \$'000
<b>7.2A: Financial instruments</b>			
<b>Financial assets</b>			
Cash and cash equivalents	3.1A	<b>72,743</b>	46,304
Trade receivables	3.1B	<b>7,395</b>	47,151
<b>Total financial assets</b>		<b>80,138</b>	93,455
<b>Financial liabilities</b>			
Trade creditors	3.3A	<b>29,510</b>	29,750
<b>Total financial liabilities</b>		<b>29,510</b>	29,750

### Accounting Policy

#### Financial assets

In accordance with AASB 9 *Financial Instruments*, 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.

#### 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.

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.



## Accounting Policy (continued)

### 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.

2022  
\$'000

2021  
\$'000

## 7.2B: Impairment loss on financial instruments

### Financial assets at amortised cost

Impairment	–	53
<b>Net gain/(loss) on financial assets at amortised cost</b>	<b>–</b>	<b>53</b>

## 7.3 Administered financial instruments

	Notes	2022 \$'000	2021 \$'000
<b>Financial assets</b>			
Cash and cash equivalents		1,379	1,524
Trade receivables	4.1C	13,284	9,532
<b>Total financial assets</b>		<b>14,663</b>	11,056
<b>Financial liabilities</b>			
Grants payable	4.2A	4,196	4,222
Supplier payables	4.2A	118	28
<b>Total financial liabilities</b>		<b>4,314</b>	4,250

## 7.4 Fair value measurement

	2022 \$'000	2021 \$'000
<b>Non-financial assets:</b>		
Leasehold improvements	36,262	40,929
Plant and equipment	24,414	25,896
<b>Total non-financial assets</b>	<b>60,676</b>	<b>66,825</b>

ASIC did not measure any non-financial assets at fair value on a non-recurring basis as at 30 June 2022.

### Accounting Policy

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

## Note 8. Other information

### 8.1 Current/non-current distinction for assets and liabilities

	2022 \$'000	2021 \$'000
<b>8.1A: Current/non-current distinction for assets and liabilities</b>		
<b>Assets expected to be recovered in:</b>		
<b>No more than 12 months</b>		
Cash and cash equivalents	72,743	46,304
Trade and other receivables	142,066	157,936
Prepayments	14,332	13,533
<b>Total no more than 12 months</b>	<b>229,141</b>	<b>217,773</b>
<b>More than 12 months</b>		
Buildings	190,642	214,302
Plant and equipment	24,414	25,896
Computer software	105,375	83,417
<b>Total more than 12 months</b>	<b>320,431</b>	<b>323,615</b>
<b>Total assets</b>	<b>549,572</b>	<b>541,388</b>
<b>Liabilities expected to be settled in:</b>		
<b>No more than 12 months</b>		
Suppliers	29,510	29,750
Other payables	35,345	34,209
Leases	21,422	21,501
Employee provisions	24,506	22,580
Other provisions	2,242	7,740
<b>Total no more than 12 months</b>	<b>113,025</b>	<b>115,780</b>
<b>More than 12 months</b>		
Leases	164,103	196,467
Employee provisions	52,983	58,807
Other provisions	2,889	6,221
<b>Total more than 12 months</b>	<b>219,975</b>	<b>261,495</b>
<b>Total liabilities</b>	<b>333,000</b>	<b>377,275</b>

	2022 \$'000	2021 \$'000
<b>8.1B: Administered – current/non-current distinction for assets and liabilities</b>		
<b>Assets expected to be recovered in:</b>		
<b>No more than 12 months</b>		
Cash and cash equivalents	1,380	1,524
Supervisory cost recovery levies receivable	311,875	314,471
Fees and fines receivable	150,403	141,513
Trade and other receivables	13,732	10,006
<b>Total no more than 12 months</b>	<b>477,390</b>	<b>467,514</b>
<b>More than 12 months</b>		
<b>Total more than 12 months</b>	–	–
<b>Total assets</b>	<b>477,390</b>	<b>467,514</b>
<b>Liabilities expected to be settled in:</b>		
<b>No more than 12 months</b>		
Supplier and other payables	40,402	36,981
<b>Total no more than 12 months</b>	<b>40,402</b>	<b>36,981</b>
<b>More than 12 months</b>		
Supplier and other payables	7,958	7,545
Unclaimed monies provisions	458,953	491,183
<b>Total more than 12 months</b>	<b>466,911</b>	<b>498,728</b>
<b>Total liabilities</b>	<b>507,313</b>	<b>535,709</b>

## 8.2 Restructuring

	2022 \$'000	2021 \$'000
	Modernising Business Registers	Modernising Business Registers
	Australian Taxation Office <sup>1</sup>	Australian Taxation Office <sup>1</sup>
<b><u>FUNCTIONS RELINQUISHED</u></b>		
Revenue relinquished		
Revenue from Government <sup>2</sup>	–	4,143
<b>Total revenue relinquished</b>	–	4,143
Assets relinquished		
Appropriations receivable	–	(9,191)
Buildings – ROU asset	–	(15,339)
Buildings – leasehold improvements	–	(2,466)
Plant and equipment	–	(11)
Prepayments	–	(42)
<b>Total assets relinquished</b>	–	(27,049)
Liabilities relinquished		
Lease liabilities	–	16,006
Provision for restoration obligations – leased premises	–	120
Provision for employee entitlements	–	5,090
<b>Total liabilities relinquished</b>	–	21,216
<b>Net (assets) relinquished<sup>3</sup></b>	–	(1,690)

- Under the Modernising Business Registers (MBR) Program, the Government decided to establish a new whole-of-government registry platform, the Australian Business Registry Services (ABRS). As part of the MBR Program, in-scope business registers are to be transferred (in multiple stages) from ASIC to the ATO, along with associated ASIC staff. The first stage of the transfer of staff and departmental resources (appropriation) took place on 15 April 2021.
- \$4.143m of employee and supplier expenses was recognised by the ATO in the 2021 financial year, with ASIC's Departmental appropriation being reduced by the corresponding amount.
- Except for employee entitlements provision amounts and prepayments, the net book value of assets and liabilities was transferred to the ATO for no consideration.

### 8.3 Expenditure relating to statutory board and tribunal

The Superannuation Complaints Tribunal wound up in December 2020. Residual expenses in the process were incurred in 2022.

	2022 \$'000	2021 \$'000
Companies Auditors Disciplinary Board	338	371
Superannuation Complaints Tribunal	19	2,025

#### Accounting Policy

ASIC is required to support the Companies Auditors Disciplinary Board and the Superannuation Complaints Tribunal. Employee and administrative expenditure incurred on behalf of the board and the tribunal are included in the Statement of Comprehensive Income of ASIC.

### 8.4 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.

	2022 Quantity	2021 Quantity
Class of asset		
Land	529	544
Shares	190	175
Other	132	150
<i>Closing balance</i>	851	869

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.

## 8.5 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.

	2022 \$'000	2021 \$'000
Security deposits under <i>Corporations Regulations 2001</i> reg 7.6.02AA (dealers and investment advisers)		
Cash (at bank)	83	83
Inscribed stock	20	–
Bank guarantees	8,510	8,550
<i>Closing balance</i>	<u>8,613</u>	<u>8,633</u>
Security deposits under the <i>Corporations Act 2001</i> s1284(1) (liquidators)		
Insurance bond	1,800	1,800
<i>Closing balance</i>	<u>1,800</u>	<u>1,800</u>

## 8.6 Budgetary reports and explanations of major variances

### 8.6A: Departmental Budgetary Reports

The following tables provide a comparison of the original budget as presented in the 2021–22 Portfolio Budget Statements to the 2021–22 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
	2022 \$'000	2022 \$'000	2022 \$'000
<b>NET COST OF SERVICES</b>			
<b>Expenses</b>			
Employee benefits	269,139	256,624	12,515
Suppliers	129,993	147,697	(17,704)
Depreciation and amortisation	64,689	65,866	(1,177)
Finance costs – unwinding of restoration provision	1,719	3,480	(1,761)
Write-down and impairment of assets	220	–	220
<b>Total expenses</b>	<b>465,760</b>	<b>473,667</b>	<b>(7,907)</b>
<b>LESS:</b>			
<b>Own-source revenue</b>			
Sale of goods and rendering of services	1,281	2,000	(719)
Revenue from other Australian Government entities	40,581	10,532	30,049
Other revenue	26,011	4,374	21,637
<b>Total own-source revenue</b>	<b>67,873</b>	<b>16,906</b>	<b>50,967</b>
<b>Gains</b>			
Reversal of write-downs and impairment	–	–	–
<b>Total gains</b>	<b>–</b>	<b>–</b>	<b>–</b>
<b>Net (cost) of services</b>	<b>397,887</b>	<b>456,761</b>	<b>(58,874)</b>
<b>Total revenue from Government</b>	<b>422,001</b>	<b>423,034</b>	<b>(1,033)</b>
<b>Surplus/(Deficit)</b>	<b>24,114</b>	<b>(33,727)</b>	<b>57,841</b>
<b>OTHER COMPREHENSIVE INCOME</b>			
<b>Items not subject to subsequent reclassification to net cost of services</b>			
Asset revaluation	1,033	–	1,033
Movement in makegood provision	3,449	–	3,449
Loss on disposal of previously revalued assets	(802)	–	(802)
<b>Total comprehensive income/(loss)</b>	<b>27,794</b>	<b>(33,727)</b>	<b>61,521</b>



## Explanations of major variances

## Affected line items

### Expenses

The increase in Employee benefits was due to allocation between employee expense and suppliers cost.

Employee benefits/  
Suppliers

### Own-source revenue

This revenue stream was higher than budget due to receipts during the year from the ATO and DHA, which were provided to fund both capital and operating expense requirements for these programs.

Revenue from other  
Australian Government  
entities

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

Other revenue

The reduction in the deficit is primarily driven by the revenue variances mentioned above.

Surplus/(Deficit)

## Statement of Financial Position

	Actual	Original Budget	Variance
	2022	2022	2022
	\$'000	\$'000	\$'000
<b>ASSETS</b>			
<b>Financial assets</b>			
Cash and cash equivalents	72,743	30,307	42,436
Trade and other receivables	142,066	132,008	10,058
<b>Total financial assets</b>	<b>214,809</b>	<b>162,315</b>	<b>52,494</b>
<b>Non-financial assets</b>			
Buildings	190,642	221,678	(31,036)
Plant and equipment	24,414	7,818	16,596
Computer software	105,375	78,818	26,557
Other non-financial assets	14,332	17,706	(3,374)
<b>Total non-financial assets</b>	<b>334,763</b>	<b>326,020</b>	<b>8,743</b>
<b>Total assets</b>	<b>549,572</b>	<b>488,335</b>	<b>61,237</b>
<b>LIABILITIES</b>			
<b>Payables</b>			
Suppliers	29,510	27,618	1,892
Other payables	35,345	31,031	4,314
<b>Total payables</b>	<b>64,855</b>	<b>58,649</b>	<b>6,206</b>

	Actual	Original Budget	Variance
	2022	2022	2022
	\$'000	\$'000	\$'000
<b>Interest-bearing liabilities</b>			
Leases	185,524	199,449	(13,925)
<b>Total interest-bearing liabilities</b>	<b>185,524</b>	<b>199,449</b>	<b>(13,925)</b>
<b>Provisions</b>			
Employee provisions	77,490	82,255	(4,765)
Other provisions	5,131	13,578	(8,447)
<b>Total provisions</b>	<b>82,621</b>	<b>95,833</b>	<b>(13,212)</b>
<b>Total liabilities</b>	<b>333,000</b>	<b>353,931</b>	<b>(20,931)</b>
<b>Net assets</b>	<b>216,572</b>	<b>134,404</b>	<b>82,168</b>
<b>EQUITY</b>			
Contributed equity	525,368	525,020	348
Reserves	26,180	22,500	3,680
Accumulated deficits	(334,976)	(413,116)	78,140
<b>Total equity</b>	<b>216,572</b>	<b>134,404</b>	<b>82,168</b>

#### Explanations of major variances

#### Affected line items

##### Financial assets

The variance is mainly due to lower than expected ESA expenditure and unbudgeted court cost recoveries related to ESA matters.

Cash and cash equivalents

##### Non-financial assets

The decrease mainly relates to the transfer of building-related assets in relation to Machinery of Government (MoG) functional transfers from ASIC to ATO. At the time of budget preparation in April 2021, the property budget was inclusive of the MoG leasehold. This was offset with reallocation of capital spend to property, plant and equipment.

Buildings/Plant and equipment

The increase is driven by capital expenditure funded by the ATO and DHA.

Software

## Statement of Changes in Equity

	Actual	Original Budget	Variance
	2022	2022	2022
	\$'000	\$'000	\$'000
<b>CONTRIBUTED EQUITY</b>			
Opening balance	500,703	502,393	(1,690)
<b>Transactions with owners</b>			
<b>Distributions to owners</b>			
Returns of capital			
Return of equity	(4,409)	–	(4,409)
<b>Contributions by owners</b>			
Equity injections – Appropriations	3,530	1,752	1,778
Departmental capital budget	25,544	20,875	4,669
<b>Total transactions with owners</b>	<b>24,665</b>	<b>22,627</b>	<b>2,038</b>
<b>Closing balance as at 30 June</b>	<b>525,368</b>	<b>525,020</b>	<b>348</b>
<b>RETAINED EARNINGS</b>			
Opening balance	(359,090)	(379,389)	20,299
<b>Comprehensive income</b>			
Surplus/(Deficit) for the period	24,114	(33,727)	57,841
<b>Total comprehensive income/(loss)</b>	<b>24,114</b>	<b>(33,727)</b>	<b>57,841</b>
<b>Closing balance as at 30 June</b>	<b>(334,976)</b>	<b>(413,116)</b>	<b>78,140</b>
<b>ASSET REVALUATION RESERVE</b>			
Opening balance	22,500	22,500	–
<b>Comprehensive income</b>			
Other comprehensive income	3,680	–	3,680
<b>Total comprehensive income</b>	<b>3,680</b>	<b>–</b>	<b>3,680</b>
<b>Closing balance as at 30 June</b>	<b>26,180</b>	<b>22,500</b>	<b>3,680</b>
<b>TOTAL EQUITY</b>			
Opening balance	164,113	145,504	18,609
<b>Comprehensive income</b>			
Surplus/(Deficit) for the period	24,114	(33,727)	57,841
Other comprehensive income	3,680	–	3,680
<b>Total comprehensive income/(loss)</b>	<b>27,794</b>	<b>(33,727)</b>	<b>61,522</b>

	Actual	Original Budget	Variance
	2022	2022	2022
	\$'000	\$'000	\$'000
<b>Transactions with owners</b>			
<b>Distributions to owners</b>			
Returns of capital			
Return of equity	(4,409)	–	(4,409)
<b>Contributions by owners</b>			
Equity injections – Appropriations	3,530	1,752	1,778
Departmental capital budget	25,544	20,875	4,669
<b>Total transactions with owners</b>	24,665	22,627	2,038
<b>Closing balance as at 30 June</b>	216,572	134,404	63,560

#### Explanations of major variances

The variances are supported by the explanations provided above in the Statement of Comprehensive Income and the Statement of Financial Position portions of this note.

#### Cash Flow Statement

	Actual	Original Budget	Variance
	2022	2022	2022
	\$'000	\$'000	\$'000
<b>OPERATING ACTIVITIES</b>			
<b>Cash received</b>			
Appropriations	500,469	423,341	77,128
Operating cash received	1,281	2,625	(1,344)
Net GST received	14,851	–	14,851
Cost recoveries	24,497	–	24,497
Other cash received	67,639	13,927	53,712
<b>Total cash received</b>	608,737	439,893	168,844

	Actual	Original Budget	Variance
	2022	2022	2022
	\$'000	\$'000	\$'000
<b>Cash used</b>			
Employees	269,991	256,624	13,367
Suppliers	153,167	148,479	4,688
Interest payments on lease liabilities	1,689	2,651	(962)
Transfers to the Official Public Account	108,063	–	108,063
<b>Total cash used</b>	(532,910)	(407,754)	(125,156)
<b>Net cash from operating activities</b>	75,827	32,139	43,688
<b>INVESTING ACTIVITIES</b>			
<b>Cash used</b>			
Purchase of leasehold improvements, plant and equipment and intangibles	59,424	36,172	23,252
<b>Net cash (used by) investing activities</b>	(59,424)	(36,172)	(23,252)
<b>FINANCING ACTIVITIES</b>			
<b>Cash received</b>			
Appropriations – contributed equity	29,106	26,809	2,297
<b>Total cash received</b>	29,106	26,809	2,297
<b>Cash used</b>			
Principal payments of lease liabilities	19,070	22,776	(3,706)
<b>Total cash used</b>	(19,070)	(22,776)	3,706
<b>Net cash from financing activities</b>	10,036	4,033	6,003
<b>Net increase/(decrease) in cash held</b>	26,439	–	26,439
Cash at the beginning of the reporting period	46,304	30,307	15,997
<b>Cash at the end of the reporting period</b>	72,743	30,307	42,436

### Explanations of major variances

The variances are supported by the explanations provided above in the Statement of Comprehensive Income and the Statement of Financial Position portions of this note.

### 8.6B: Administered Budgetary Reports

The following tables provide a comparison of the original budget as presented in the 2021–22 Portfolio Budget Statements to the 2021–22 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.

#### Administered Schedule of Comprehensive Income

	Actual	Original Budget	Variance
	2022	2022	2022
	\$'000	\$'000	\$'000
<b>EXPENSES</b>			
Grants	5,191	7,116	(1,925)
Impairment loss allowance on financial instruments	62,392	80,007	(17,615)
Claims for unclaimed monies	77,507	99,722	(22,215)
Promotional costs for Moneysmart initiatives	575	575	0
<b>Total expenses</b>	145,665	187,420	(41,755)
<b>LESS:</b>			
<b>Own-source revenue</b>			
<b>Taxation revenue</b>			
Fees	943,822	883,980	59,842
Supervisory cost recovery levies	73,497	76,937	(3,440)
<b>Total taxation revenue</b>	1,017,319	960,917	56,402
<b>Non-taxation revenue</b>			
Supervisory cost recovery levies	240,218	301,247	(61,029)
Fees and fines	418,234	221,033	197,201
Unclaimed monies	289,011	175,000	114,011
<b>Total non-taxation revenue</b>	947,463	697,280	250,183
<b>Total revenue</b>	1,964,782	1,658,197	306,585
<b>Net contribution by services</b>	1,819,117	1,470,777	348,340

## Explanations of major variances

## Affected line items

<p>The decrease in the impairment loss allowance is due to the delay in the ASIC/ATO MoG. At the time of budget preparation in April 2021, the property budget was inclusive of the MoG aged debts.</p>	Impairment loss allowance on financial instruments
<p>The increase in unclaimed monies claim expense is due to a valuation adjustment of the claims provision. The valuation is directly impacted by emerging trends of higher lodgements received for all categories of unclaimed monies. Refer to the Accounting Policy note at 4.2B.</p>	Claims for unclaimed monies
<p>The difference between budgeted and actual revenue reflects the estimated impact of Government decisions since the budget was prepared.</p>	Non-taxation revenue – Supervisory cost recovery levies
<p>The increase in revenue for fees and fines is due to the continual increase in company population growth, which increases annual review fees and late payments revenue. Fines and penalties, which are difficult to estimate, have also increased.</p>	Fees and fines
<p>A significant increase in the volume of records lodged under the <i>Banking Act 1959</i>, combined with more lodgements received under s601 of the <i>Corporations Act 2001</i> and a higher value of lodged records under the <i>Life Insurance Act 1995</i>, has contributed to an increase in lodgement revenue.</p>	Unclaimed monies

## Administered Schedule of Assets and Liabilities

	Actual	Original Budget	Variance
	2022 \$'000	2022 \$'000	2022 \$'000
<b>ASSETS</b>			
<b>Financial assets</b>			
Cash and cash equivalents	1,380	1,418	(38)
Supervisory cost recovery levies receivable	311,875	385,362	(73,487)
Fees and fines receivable	150,403	161,030	(10,627)
Trade and other receivables	13,732	8,143	5,589
<b>Total assets administered on behalf of Government</b>	<b>477,390</b>	<b>555,953</b>	<b>(78,563)</b>
<b>LIABILITIES</b>			
<b>Payables and provisions</b>			
Suppliers and other payables	48,360	44,179	4,181
Unclaimed monies provisions	458,953	488,104	(29,151)
<b>Total liabilities administered on behalf of Government</b>	<b>507,313</b>	<b>532,283</b>	<b>(24,970)</b>
<b>Net assets/(liabilities)</b>	<b>(29,923)</b>	<b>23,670</b>	<b>(53,593)</b>

### Explanations of major variances

The variances are supported by the explanations provided above in the Statement of Comprehensive Income.

### Affected line items

Supervisory cost recovery  
levies receivable  
Trade and other receivables