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Financial Statements

Contents

Independent Auditor’s Report	121	Administered Schedule of Comprehensive Income	128
Statement by the Accountable Authority and Chief Financial Officer	123	Administered Schedule of Assets and Liabilities	129
Statement of Comprehensive Income	124	Administered Reconciliation Schedule	130
Statement of Financial Position	125	Administered Cash Flow Statement	131
Statement of Changes in Equity	126		
Cash Flow Statement	127		
Notes to and forming part of the financial statements			
Overview	132	Note 6. People and relationships	159
Note 1. Departmental financial performance	134	6.1 Employee provisions	159
1.1 Expenses	134	6.2 Key management personnel remuneration	161
1.2 Own-source revenue	136	6.3 Related party disclosures	162
Note 2. Income and expenses administered on behalf of Government	138	Note 7. Managing uncertainties	162
2.1 Administered – expenses	138	7.1 Contingent assets and liabilities	162
2.2 Administered – income	140	7.2 Financial instruments	165
Note 3. Departmental financial position	141	7.3 Administered – financial instruments	167
3.1 Financial assets	141	7.4 Fair value measurement	167
3.2 Non-financial assets	143	Note 8. Other information	168
3.3 Payables	147	8.1 Current/non-current distinction for assets and liabilities	168
3.4 Interest-bearing liabilities	147	8.2 Restructuring	170
3.5 Other provisions	148	8.3 Expenditure relating to statutory board and tribunal	171
Note 4. Assets and liabilities administered on behalf of the Government	149	8.4 Assets of deregistered companies vesting in ASIC	171
4.1 Administered – financial assets	149	8.5 Security deposits from dealers, investment advisers and liquidators	172
4.2 Administered – payables	150	8.6 Budgetary reports and explanations of major variances	172
Note 5. Funding	152		
5.1 Appropriations	152		
5.2 Special Accounts	156		
5.3 Regulatory charging summary	158		
5.4 Net cash appropriation arrangements	159		

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 2021:

- (a) comply with Australian Accounting Standards – Reduced Disclosure Requirements and the *Public Governance, Performance and Accountability (Financial Reporting) Rule 2015*; and
- (b) present fairly the financial position of the Entity as at 30 June 2021 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 2021 and for the year then ended:

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

Basis for opinion

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

Accountable Authority's responsibility for the financial statements

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

In preparing the financial statements, the Chair is responsible for assessing the ability of the Entity to continue as a going concern, taking into account whether the Entity's operations will cease as a result of an administrative restructure or for any other reason. The Chair is also responsible for disclosing, as applicable, matters related to

going concern and using the going concern basis of accounting unless the assessment indicates that it is not appropriate.

Auditor's responsibilities for the audit of the financial statements

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

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

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

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

Australian National Audit Office



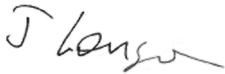
Lorena Skipper
Executive Director
Delegate of the Auditor-General

Canberra
1 September 2021

Statement by the Accountable Authority and Chief Financial Officer

In our opinion, the attached financial statements for the year end 30 June 2021 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
1 September 2021



E. L. Hodgson
Chief Financial Officer
1 September 2021

Statement of Comprehensive Income

FOR THE YEAR ENDED 30 JUNE 2021

	Notes	2021 \$'000	2020 \$'000
NET COST OF SERVICES			
Expenses			
Employee benefits	1.1A	282,840	275,356
Suppliers	1.1B	135,855	149,288
Depreciation and amortisation	3.2	70,513	63,481
Finance costs	1.1C	2,150	1,397
Impairment loss on financial instruments		53	40
Write-down and impairment of other assets	1.1D	704	2
Total expenses		492,115	489,564
LESS:			
Own-source revenue			
Sale of goods and rendering of services		1,343	1,703
Revenue from other Australian Government entities	1.2A	30,351	5,073
Other revenue	1.2B	8,904	11,284
Total own-source revenue		40,598	18,060
Gains			
Reversal of write-downs and impairment	3.1B	8	57
Total gains		8	57
Net Cost of Services		451,509	471,447
Total revenue from Government	1.2C	437,092	403,261
Surplus/(Deficit)		(14,417)	(68,186)
Total comprehensive income/(loss)		(14,417)	(68,186)

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

Statement of Financial Position

AS AT 30 JUNE 2021

	Notes	2021 \$'000	2020 \$'000
ASSETS			
Financial assets			
Cash and cash equivalents	3.1A	46,304	41,151
Trade and other receivables	3.1B	157,936	170,493
Total financial assets		204,240	211,644
Non-financial assets			
Buildings	3.2	214,302	236,404
Plant and equipment	3.2	25,896	19,511
Computer software	3.2	83,417	74,007
Prepayments		13,533	17,706
Total non-financial assets		337,148	347,628
Total assets		541,388	559,272
LIABILITIES			
Payables			
Suppliers	3.3A	29,750	30,798
Other payables	3.3B	34,209	37,217
Total payables		63,959	68,015
Interest-bearing liabilities			
Leases	3.4	217,968	242,810
Total interest-bearing liabilities		217,968	242,810
Provisions			
Employee provisions	6.1	81,387	83,248
Other provisions	3.5	13,961	12,739
Total provisions		95,348	95,987
Total liabilities		377,275	406,812
Net assets		164,113	152,460
EQUITY			
Contributed equity		500,703	474,633
Reserves		22,500	22,500
Accumulated deficit		(359,090)	(344,673)
Total equity		164,113	152,460

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

Statement of Changes in Equity

FOR THE YEAR ENDED 30 JUNE 2021

	Notes	2021 \$'000	2020 \$'000
CONTRIBUTED EQUITY			
Opening balance		474,633	436,058
Transactions with owners			
Contributions by owners			
Equity injections – Appropriations		6,904	13,426
Departmental capital budget		20,856	25,149
Restructuring	8.2	(1,690)	-
Total transactions with owners		26,070	38,575
Closing balance as at 30 June		500,703	474,633
RETAINED EARNINGS			
Opening balance		(344,673)	(295,515)
Adjustment on initial application of AASB 16		-	19,028
Adjusted opening balance		(344,673)	(276,487)
Comprehensive income			
Surplus/(Deficit) for the period		(14,417)	(68,186)
Total comprehensive loss		(14,417)	(68,186)
Closing balance as at 30 June		(359,090)	(344,673)
ASSET REVALUATION RESERVE			
Opening balance		22,500	22,500
Closing balance as at 30 June		22,500	22,500
TOTAL EQUITY			
Opening balance		152,460	163,043
Adjustment on initial application of AASB 16		-	19,028
Adjusted opening balance		152,460	182,071
Comprehensive income			
Surplus/(Deficit) for the period		(14,417)	(68,186)
Total comprehensive loss		(14,417)	(68,186)
Transactions with owners			
Contributions by owners			
Equity injections – Appropriations		6,904	13,426
Departmental capital budget	5.1A	20,856	25,149
Restructuring		(1,690)	-
Total transactions with owners		26,070	38,575
Closing balance as at 30 June		164,113	152,460

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

Cash Flow Statement

FOR THE YEAR ENDED 30 JUNE 2021

	Notes	2021 \$'000	2020 \$'000
OPERATING ACTIVITIES			
Cash received			
Appropriations		484,672	426,545
Operating cash received		1,343	1,703
Net GST received		15,002	20,922
Cost recoveries		6,728	8,057
Other cash received		28,100	10,887
Total cash received		535,845	468,114
Cash used			
Employees		283,077	262,990
Suppliers		148,863	194,067
Interest payments on lease liabilities		2,134	1,209
Section 74 receipts transferred to OPA		28,768	20,667
Total cash used		(462,842)	(478,933)
Net cash from/(used by) operating activities		73,003	(10,819)
INVESTING ACTIVITIES			
Cash used			
Purchase of leasehold improvements, plant and equipment and intangibles		73,044	34,756
Net cash (used by) investing activities		(73,044)	(34,756)
FINANCING ACTIVITIES			
Cash received			
Appropriations – contributed equity		29,784	35,967
Total cash received		29,784	35,967
Cash used			
Principal payments of lease liabilities		24,590	14,462
Total cash used		(24,590)	(14,462)
Net cash from/(used by) financing activities		5,194	21,505
Net increase/(decrease) in cash held		5,153	(24,070)
Cash and cash equivalents at the beginning of the reporting period		41,151	65,221
Cash and cash equivalents at the end of the reporting period	3.1A	46,304	41,151

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

Administered Schedule of Comprehensive Income

FOR THE YEAR ENDED 30 JUNE 2021

	Notes	2021 \$'000	2020 \$'000
NET COST OF SERVICES			
Expenses			
Grants	2.1A	6,007	6,255
Impairment loss allowance on financial instruments	2.1B	60,436	69,110
Claims for unclaimed monies	2.1C	160,701	127,163
Promotional costs for MoneySmart initiatives		574	565
Total expenses		227,718	203,093
LESS:			
Own-source revenue			
Taxation revenue			
Fees		892,685	814,536
Supervisory cost recovery levies		62,960	59,602
Total taxation revenue		955,645	874,138
Non-taxation revenue			
Supervisory cost recovery levies		235,781	263,288
Fees and fines	2.2A	321,137	221,036
Unclaimed monies lodgements	2.2B	295,304	201,896
Total non-taxation revenue		852,222	686,220
Total revenue		1,807,867	1,560,358
Net contribution by services		1,580,149	1,357,265

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

Administered Schedule of Assets and Liabilities

AS AT 30 JUNE 2021

	Notes	2021 \$'000	2020 \$'000
ASSETS			
Financial assets			
Cash and cash equivalents		1,524	1,435
Supervisory cost recovery levies receivable	4.1A	314,471	330,543
Fees and fines receivable	4.1B	141,513	138,836
Trade and other receivables	4.1C	10,006	7,901
Total assets administered on behalf of Government		467,514	478,715
LIABILITIES			
Payables and provisions			
Suppliers and other payables	4.2A	44,526	40,333
Unclaimed monies provisions	4.2B	491,183	417,284
Total liabilities administered on behalf of Government		535,709	457,617
Net assets/(liabilities)		68,195	21,098

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

Administered Reconciliation Schedule

FOR THE YEAR ENDED 30 JUNE 2021

	2021 \$'000	2020 \$'000
Opening assets less liabilities as at 1 July	21,098	56,550
Net contribution by services:		
Administered income	1,807,867	1,560,358
Administered expenses	(227,718)	(203,093)
	1,580,149	1,357,265
Transfers (to)/from the Australian Government		
Appropriation transfers from Official Public Account:		
Special (unlimited) and ordinary appropriations		
Appropriation Act No. 1	7,777	5,059
Banking Act unclaimed monies	52,551	25,450
Life Insurance Act unclaimed monies	4,960	5,979
Section 77 PGPA Act	32,298	29,630
Total of appropriation transfers from Official Public Account	97,586	66,118
Administered transfers to Official Public Account	(1,767,028)	(1,458,835)
Closing assets less liabilities as at 30 June	(68,195)	21,098

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

Administered Cash Flow Statement

FOR THE YEAR ENDED 30 JUNE 2021

	2021 \$'000	2020 \$'000
OPERATING ACTIVITIES		
Cash received		
Corporations Act, National Consumer Credit Protection Act, Business Names Registration (Fees) Act, Superannuation Industry (Supervision) Act and ASIC Supervisory Cost Recovery Levy	1,467,555	1,252,283
Corporation Act unclaimed monies	88,418	58,410
Banking Act unclaimed monies	167,555	121,974
Life Insurance Act unclaimed monies	39,331	21,512
Total cash received	1,762,859	1,454,179
Cash used		
Refunds paid to:		
Company shareholders	29,254	26,203
Deposit-taking institution account holders	52,588	25,486
Life insurance policy holders	4,960	5,979
Promotion expenses for MoneySmart Initiatives	724	620
Grants	5,780	3,283
Net GST paid	22	315
Total cash used	(93,328)	(61,886)
Net cash from operating activities	1,669,531	1,392,293
Cash from Official Public Account for:		
Appropriations	97,586	66,118
Less: Cash to Official Public Account for:		
Corporations Act, National Consumer Credit Protection Act, Business Names Registration (Fees) Act and ASIC Supervisory Cost Recovery Levy fees and charges	1,471,724	1,256,939
Corporations Act unclaimed monies	88,418	58,410
Banking Act unclaimed monies	167,555	121,974
Life Insurance Act unclaimed monies	39,331	21,512
Total cash to Official Public Account	(1,767,028)	(1,458,835)
Net increase/(decrease) in cash held	89	(424)
Cash and cash equivalents at the beginning of the reporting period	1,435	1,859
Cash and cash equivalents at the end of the reporting period	1,524	1,435

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

Notes to and forming part of the financial statements

FOR THE YEAR ENDED 30 JUNE 2021

Overview

Objectives of the Australian Securities and Investments Commission (ASIC)

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

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

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

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

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

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

Basis of preparation

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

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

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

The financial statements have been prepared on an accrual basis and in accordance with the historical cost convention, except for certain assets and liabilities at fair value. Except where stated, no allowance is made for the effect of changing prices on the results or the financial position. The financial statements are presented in Australian dollars and values are rounded to the nearest thousand dollars unless otherwise specified.

New Accounting Standards

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 1059 *Service Concession Arrangements: Grantors* became effective on 1 July 2020 but does not apply to ASIC.

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 2021

1.1 Expenses

	2021 \$'000	2020 \$'000
1.1A: Employee benefits		
Wages and salaries	215,154	208,968
Superannuation		
Defined-benefit schemes	11,260	12,018
Defined-contribution schemes	28,687	25,403
Leave and other entitlements	25,808	28,047
Separation and redundancies ¹	1,931	920
Total employee benefits	282,840	275,356

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

Accounting Policy

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

	2021 \$'000	2020 \$'000
1.1B: Suppliers		
Goods and services supplied or rendered		
Legal and forensic costs	46,380	46,352
Office computer and software expenses	32,718	29,372
Consultants and specialist services	23,653	26,083
Property-related outgoings	8,910	9,406
Information costs	4,115	5,337
Other goods and services	3,454	3,775
Bank fees	3,343	2,921
Communications	3,203	2,346
Learning and development	3,149	2,780
Postage and freight	2,526	2,693
Recruitment	1,916	2,079
Security	1,743	1,696
Travel	471	4,318
Total goods and services supplied or rendered	135,581	139,158
Goods supplied	1,145	1,556
Services rendered	134,436	137,602
Total goods and services supplied or rendered	135,581	139,158
Other suppliers		
Short-term leases	404	10,160
Workers compensation expense	14	(288)
Fringe benefits tax ¹	(144)	258
Total other suppliers	274	10,130
Total suppliers	135,855	149,288

1. The credit in Fringe Benefits Tax expense is from overpayments in 2019 and 2020.

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

Accounting Policy

Short-term leases and leases of low-value assets

ASIC has elected not to recognise the 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.

	2021 \$'000	2020 \$'000
1.1C: Finance costs		
Unwinding of restoration provision	16	188
Interest on lease liability	2,134	1,209
Total finance costs	2,150	1,397
1.1D: Write-down and impairment of other assets		
Write-off of leasehold improvements	390	-
Write-off of plant & equipment	314	2
Total write-down and impairment of other assets	704	2

1.2 Own-source revenue

Accounting Policy

Rendering of services

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

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

Operating lease revenue

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

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.

	2021 \$'000	2020 \$'000
1.2A: Revenue from other Australian Government entities¹		
Australian Taxation Office (ATO) ²	20,260	5,073
Department of Home Affairs (DHA)	10,091	-
	30,351	5,073
1.2B: Other revenue		
Cost recoveries ³	6,738	8,920
Other ²	2,166	2,364
Total other revenues	8,904	11,284

1. Relates to reimbursement of operating and capital expenditure incurred by ASIC on government programs funded directly by other Australian Government entities.
2. Line items and comparatives have been changed to provide greater transparency, due to the material increase in funding from other Australian Government entities.
3. Amounts recovered by ASIC for court costs, investigations, professional fees, legal costs and prosecution disbursements.

1.2C: Revenue from Government

Appropriations:

Departmental appropriations ¹	377,871	362,066
Departmental special appropriations ²	59,221	41,195
Total revenue from Government	437,092	403,261

1. Ordinary annual appropriations, originally \$382.014m, have been 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. \$59.2m of ASIC's 2020–21 ordinary annual appropriation has been allocated to the Enforcement Special Account, which was established to fund the costs arising from the investigation and litigation of matters of significant public interest.

Accounting Policy

Revenue from Government

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

Note 2. Income and expenses administered on behalf of Government

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

2.1 Administered – expenses

	2021 \$'000	2020 \$'000
2.1A: Grants		
Rendering of services		
Insolvency practitioners	6,007	6,255
Total grants	6,007	6,255

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.

	2021 \$'000	2020 \$'000
<u>2.1B: Impairment loss allowance on financial instruments</u>		
Impairment of receivables	54,406	63,920
Waiver of fees and charges owing	6,030	5,190
Total impairment on financial instruments	60,436	69,110
<u>2.1C: Claims for unclaimed monies</u>		
Claims – Bank and deposit-taking institution account holders	100,705	82,848
Claims – Life Insurance policy holders	20,384	10,997
Claims – <i>Corporations Act 2001</i>	39,612	33,318
Total other expenses	160,701	127,163

Accounting Policy

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

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

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

2.2 Administered – income

Accounting Policy

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

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

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

Administered fee revenue is recognised on an accruals basis when:

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

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

	2021 \$'000	2020 \$'000
Non-taxation revenue		
<u>2.2A: Fees and fines</u>		
Fines	241,250	149,265
Searches and information brokers fees	64,905	59,725
Fee for service and insolvency practitioners	14,982	12,046
Total fees and fines	321,137	221,036
<u>2.2B: Unclaimed monies lodgements</u>		
<i>Corporations Act 2001</i> unclaimed monies	88,418	58,410
<i>Banking Act 1959</i> unclaimed monies	167,555	121,974
<i>Life Insurance Act 1995</i> unclaimed monies	39,331	21,512
Total unclaimed monies	295,304	201,896

Accounting Policy

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

- › the ASIC Supervisory Cost Recovery Levy Act 2017; and
- › the ASIC Supervisory Cost Recovery Levy Regulations 2017.

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

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

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

Note 3. Departmental financial position

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

3.1 Financial assets

	2021 \$'000	2020 \$'000
3.1A: Cash and cash equivalents		
Cash in special accounts	45,174	39,599
Cash at bank	1,130	1,552
Total cash and cash equivalents	46,304	41,151

The closing balance of Cash in special accounts does not include amounts held in trust (\$11.724m in 2021 and \$8.838m in 2020). See Note 5.2 Special Accounts for more information.

Accounting Policy

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

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

	2021 \$'000	2020 \$'000
3.1B: Trade and other receivables		
Goods and services receivables:		
Goods and services	47,781	40,381
Total goods and services receivables (gross)	47,781	40,381
Less impairment allowance	(630)	(585)
Total goods and services receivables (net)	47,151	39,796
Appropriations receivables:		
Appropriations receivable	105,195	126,031
Total appropriations receivable	105,195	126,031
Other receivables:		
GST receivable from the Australian Taxation Office	5,590	4,666
Total other receivables	5,590	4,666
Total trade and other receivables (net)	157,936	170,493
Trade and other receivables are expected to be recovered:		
No more than 12 months	157,936	170,493
Credit terms for goods and services were within 20 days (2020: 20 days)		
Reconciliation of the movement in the impairment allowance account		
As at 1 July	585	602
Amounts recovered and reversed	(8)	(57)
Increase recognised in net cost of services	53	40
Total as at 30 June	630	585

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

Reconciliation of the opening and closing balances of property, plant & equipment and intangibles

	Buildings \$'000	Plant & equipment \$'000	Computer software \$'000	Total \$'000
As at 1 July 2020				
Gross book value	324,261	70,148	395,242	789,651
Accumulated depreciation/amortisation and impairment	(87,857)	(50,637)	(321,235)	(459,729)
Total as at 1 July 2020	236,404	19,511	74,007	329,922
Additions:				
By purchase	17,453	14,503	25,735	57,691
Internally developed	-	-	16,678	16,678
ROU assets	10,012	-	-	10,012
Total additions	27,465	14,503	42,413	84,381
Depreciation and amortisation	(4,266)	(7,793)	(33,003)	(45,062)
Depreciation of ROU assets	(25,451)	-	-	(25,451)
Total depreciation and amortisation	(29,717)	(7,793)	(33,003)	(70,513)
ROU assets – adjustments ¹	(1,655)	-	-	(1,655)
Disposals				
From disposal of entities or operations (including restructuring)	(17,805)	(11)	-	(17,816)
Other	(390)	(314)	-	(704)
Total as at 30 June 2021	214,302	25,896	83,417	323,615
Total as at 30 June 2021 represented by:				
Gross book value	268,496	75,882	437,640	782,018
Accumulated depreciation/amortisation and impairment	(54,194)	(49,986)	(354,223)	(458,403)
Total as at 30 June 2021	214,302	25,896	83,417	323,615
Carrying amount of ROU assets	173,373	-	-	173,373

1. The ROU asset for 100 Market Street Sydney was measured using an estimate of the net lettable area (NLA). A review undertaken during the 2021 financial year determined that the actual NLA was less than the estimated NLA.

The carrying value of leasehold improvements, plant & equipment and computer software was reviewed at 30 June 2021. No indicators of impairment were found.

Accounting Policy

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

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

Asset Recognition Threshold

Purchases of leasehold improvements, plant and equipment are initially recognised at cost in the Statement of Financial Position, except for purchases costing less than \$5,000, which are expensed in the year of acquisition (other than where they form part of a group of similar items which are significant in total).

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

Lease Right of Use (ROU) Assets

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

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

Revaluations

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

Accounting Policy (continued)

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

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

Depreciation

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

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

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

	2021	2020
Leasehold improvements	Residual lease term	Residual lease term
Plant and equipment	2 to 80 years	2 to 80 years

Impairment

All assets were assessed for impairment as at 30 June 2021. Where indications of impairment exist, the asset's recoverable amount is estimated and an impairment adjustment made if the asset's recoverable amount is less than its carrying amount.

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

Derecognition

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

Accounting Policy (continued)

Intangibles

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

Software is amortised on a straight-line basis over its anticipated useful life. The useful life of ASIC's hardware is 2 to 10 years (2020: 2 to 10 years).

All software assets were assessed for indications of impairment as at 30 June 2021.

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

	2021 \$'000	2020 \$'000
3.3A: Suppliers		
Trade creditors and accruals	29,750	30,798
Total suppliers	29,750	30,798

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

3.3B: Other payables

Prepayments received/unearned income	11,404	15,423
Salaries and bonuses	18,990	16,603
Separations and redundancies	644	1,401
Other ¹	3,171	3,790
Total other payables	34,209	37,217

1. Includes GST payable of \$2.982m (2020: \$3.553m)

3.4 Interest-bearing liabilities

Lease liabilities	217,968	242,810
Total leases	217,968	242,810

Total cash outflow for leases for the year ended 30 June 2021 was \$26.725m (2020: \$15.671m).

Maturity analysis – contractual undiscounted cash flows

Within 1 year	23,181	27,085
Between 1 to 5 years	107,184	107,766
More than 5 years	102,535	118,831
Total leases	232,900	253,682

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

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 2020	300	6,419	6,020	12,739
Additions	22	452	2,670	3,144
Amounts reversed	-	(988)	(950)	(1,938)
Amortisation of restoration provision discount	-	16	-	16
Total as at 30 June 2021	322	5,899	7,740	13,961

Accounting Policy

Restoration costs

ASIC currently has two lease agreements (2020: four) 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

	2021 \$'000	2020 \$'000
4.1A: Supervisory cost recovery levies receivables		
Supervisory cost recovery levies receivables – taxation	62,960	59,602
Supervisory cost recovery levies receivables – non-taxation	256,589	274,088
Total supervisory cost recovery levies receivables (gross)	319,549	333,690
Less impairment loss allowance		
Supervisory cost recovery levies	5,078	3,147
Total supervisory cost recovery levies receivables (net)	314,471	330,543
4.1B: Other taxation receivables		
Fees and fines receivable	219,745	219,965
Total other taxation receivables (gross)	219,745	219,965
Less impairment loss allowance		
Fees and fines	78,232	81,129
Total other taxation receivables (net)	141,513	138,836
Taxation receivables are due from entities that are not part of the Australian Government. Credit terms for goods and services were within 30 days (2020: 30 days)		
4.1C: Trade and other receivables		
Information brokers' fees	9,532	7,449
GST receivable	474	452
Total trade and other receivables (gross)	10,006	7,901

Accounting Policy

Receivables

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

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

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

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

4.2 Administered – payables

	2021 \$'000	2020 \$'000
4.2A: Suppliers and other payables		
Supplier payables	28	178
Refund of fees payable	22,196	19,060
Unallocated monies	10,535	9,917
Grants payable ¹	4,222	3,995
Other non-current payables ²	7,545	7,183
Total payables	44,526	40,333

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.

	2021 \$'000	2020 \$'000
4.2B: Unclaimed monies provisions		
<i>Corporations Act 2001 claims</i>	215,427	205,071
<i>Banking Act 1959 claims</i>	228,710	180,591
<i>Life Insurance Act 1995 claims</i>	47,046	31,622
Total other provisions	491,183	417,284

Accounting Policy

Provisions

The provisions recognised in the Administered Schedule of Assets and Liabilities are for estimated claims payable from collections of unclaimed monies administered by ASIC as at balance date. ASIC adopted a provision for future claims based on an independent valuation as at 30 June, calculated by a registered actuary, under AASB 137 *Provisions, Contingent Liabilities and Contingent Assets*.

Significant accounting judgements and estimates

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

Note 5. Funding

This section identifies ASIC's funding structure.

5.1 Appropriations

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

Annual appropriations for 2021	Annual appropriation \$'000	Adjustments to appropriation ^{1,2} \$'000	Total appropriation \$'000	Appropriation applied in 2021 (current and prior years) \$'000	Variance ³ \$'000
Departmental					
Ordinary annual services	441,235	24,625	465,860	528,118	(62,258)
Capital Budget ⁴	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 (No.1,3,5). They form part of ordinary annual services and are not separately identified in the Appropriation Acts.

Accounting Policy

Equity Injections

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

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

1 Section 74 receipts.

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

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

	2021 \$'000	2020 \$'000
5.1B: Unspent annual appropriations ('recoverable GST exclusive')		
Departmental		
<i>Appropriation Act (No. 1) DCB 2017–2018¹</i>	-	3,604
<i>Appropriation Act (No. 1) DCB 2018–2019²</i>	4,409	4,409
<i>Appropriation Act (No. 2) 2018–2019</i>	-	21
<i>Appropriation Act (No. 4) 2018–2019</i>	-	3
<i>Appropriation Act (No. 1) 2019–2020³</i>	-	115,311
<i>Appropriation Act (No. 1) DCB 2019–2020</i>	-	329
<i>Appropriation Act (No. 3) 2019–2020</i>	-	1,042
<i>Appropriation Act (No. 4) 2019–2020</i>	1,891	6,468
<i>Appropriation Act (No. 1) 2020–2021</i>	96,891	-
<i>Appropriation Act (No. 1) DCB 2020–21</i>	436	-
<i>Appropriation Act (No. 2) 2020–2021</i>	1,433	-
<i>Supply Act (No. 2) 2020–2021</i>	1,037	-
<i>Appropriation Act (No. 3) 2020–2021</i>	228	-
Enforcement Special Account	45,174	39,599
Total departmental	151,499	170,786

Unspent departmental appropriations include cash balances of \$1.130m (2020: \$1.552m).

1. Includes \$3.604m quarantined under section 51 of the PGPA Act. The balance is not available beyond 30 June 2020, following the repeal of Appropriation Act (No.1) 2017–2018 on 1 July 2020.
2. This amount is not available beyond 30 June 2021, following the repeal of Appropriation Act (No.1) 2018–2019 on 1 July 2021
3. \$5.048m has been transferred to the ATO under section 75 of the PGPA Act. Refer to Note 8.2 Restructuring for further details.

Administered

<i>Appropriation Act (No. 1) 2017–2018¹</i>	-	284
<i>Appropriation Act (No. 1) 2018–2019²</i>	2,933	3,239
<i>Appropriation Act (No. 1) 2019–2020</i>	4,312	6,202
<i>Supply Act (No. 1) 2019–2020</i>	1,087	3,836
<i>Appropriation Act (No. 1) 2020–2021</i>	3,916	-
<i>Supply Act (No. 1) 2020–2021</i>	2,907	-
Total administered	15,155	13,561

Unspent administered appropriations include cash balances of \$0.320m (2020: \$0.598m).

1. This amount is not available beyond 30 June 2020, following the repeal of Appropriation Act (No.1) 2017–2018 on 1 July 2020.
2. 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	
			2021 \$'000	2020 \$'000
s69 <i>Banking Act 1959</i> , Administered	Unlimited	ASIC has responsibility for the administration of unclaimed monies from banking and deposit-taking institutions. ASIC receives special appropriations from the OPA (section 69 <i>Banking Act 1959</i>) to refund amounts to banking and deposit-taking institution account holders.	52,551	25,450
s216 <i>Life Insurance Act 1995</i> , Administered	Unlimited	ASIC has responsibility for the administration of unclaimed monies from life insurance institutions and friendly societies. ASIC receives special appropriations from the OPA (section 216 <i>Life Insurance Act 1995</i>) to refund amounts to life insurance policy holders.	4,960	5,979
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 Corporations Act fees and charges), Administered	Unlimited	ASIC has responsibility for the administration and collection of Corporations Act fees and charges. All fees and charges are deposited into the OPA as received. Refunds of overpayments are appropriated under section 77 of the PGPA Act.	4,020	4,750
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> .	28,278	24,880
Total			89,809	61,059

5.2 Special Accounts

	Enforcement Special Account ¹		ASIC Trust and Other Moneys Special Account 2018 ²	
	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
Balance brought forward from previous period	39,599	62,954	8,838	12,196
Increases				
Appropriation for the reporting period	59,221	41,195	-	-
Other increases	5,964	7,549	3,682	9,884
Available for payments	104,784	111,698	12,520	22,080
Decreases				
Departmental				
Cash payments from the Special Account	(59,610)	(72,099)	-	-
Total departmental	(59,610)	(72,099)	-	-
Administered				
Cash payments from the Special Account	-	-	(796)	(13,242)
Total administered	-	-	(796)	(13,242)
Balance carried forward to the next period	45,174	39,599	11,724	8,838
Balance represented by:				
Cash held in entity bank accounts	-	-	11,724	8,838
Cash held in the Official Public Account	45,174	39,599	-	-
	45,174	39,599	11,724	8,838

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 s78 *Public Governance, Performance and Accountability Act 2013*. The SOETM combines the purposes of the Other Trust Moneys and the Services for other Government and Non-agency Bodies special accounts into a single standard-purpose Special Account. The SOETM enables ASIC to continue to hold and expend amounts on behalf of persons or entities other than the Commonwealth. The SOETM will typically be used to accommodate small amounts of miscellaneous monies, for example, amounts received in connection with services performed for or on behalf of any persons or entities that are not agencies as prescribed under the PGPA Act, such as other governments. For the year ended 30 June 2021, 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: \$8.838m in 2020 and \$11.724m in 2021.

5.3 Regulatory charging summary

	2021 \$'000	2020 \$'000
Amounts applied		
Departmental		
Appropriation applied	321,829	337,843
Total amounts applied	321,829	337,843
Expenses		
Departmental	321,829	337,843
Total expenses	321,829	337,843
External Revenue		
Administered		
Fees for services	14,596	11,274
ASIC Supervisory Cost Recovery Levy	307,223	326,569
Total external revenue	321,829	337,843

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://asic.gov.au/media/5uyj11nb/cris-asic-industry-funding-model-2020-21-for-feedback-published-23-july-2021.pdf>

5.4 Net cash appropriation arrangements

	2021 \$'000	2020 \$'000
Total comprehensive (loss) – as per the Statement of Comprehensive Income	(14,417)	(68,186)
<i>Plus: depreciation/amortisation expenses previously funded through appropriations</i>		
(departmental capital budget funding and/or equity injections)	45,062	47,431
<i>Plus: depreciation ROU assets</i>	25,451	16,050
<i>Less: lease principal repayments</i>	24,590	14,462
Net cash operating surplus/(deficit)	31,506	(19,167)

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

	2021 \$'000	2020 \$'000
Annual leave entitlement	28,068	25,950
Long service leave entitlement	52,230	54,923
Restructuring provision	1,089	1,358
Redundancy provision	-	1,017
Total employee provisions	81,387	83,248

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 18 December 2018. Actuarial reviews of long service leave are undertaken at least every five years. The estimate of the present value of the liability takes into account attrition rates and pay increases through promotion and inflation.

Superannuation

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

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

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

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

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

Separation and redundancy

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

Accounting Policy (continued)

Restructuring

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

Significant accounting judgement and estimates

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

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

6.2 Key management personnel remuneration

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

	2021 \$'000	2020 \$'000
Short-term employee benefits	6,558	8,300
Post-employment benefits	642	845
Other long-term benefits	55	183
Termination benefits	89	-
Total key management personnel remuneration expenses¹	7,344	9,328

The total number of key management personnel who are included in the above table is 19 (2020: 21). During the 2020–21 financial year ASIC was repaid \$118,557 from one former KMP. ASIC also received \$69,292 from a former KMP under 16A(2) of the *Remuneration Tribunal Act 1973*. During the 2020–21 financial year ASIC identified eight overpayments to two former and one current KMP totalling \$3,651.53. These payments were recoverable payments under 16A(2) of the *Remuneration Tribunal Act 1973* and have been repaid to the Commonwealth.

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

6.3 Related party disclosures

Related party relationships

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

Transactions with related parties

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

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

Note 7. Managing uncertainties

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

7.1 Contingent assets and liabilities

	2021 \$'000	2020 \$'000
7.1: Departmental contingent assets and liabilities		
Continent assets		
Balance from previous period	5,526	9,638
New contingent assets	8,175	3,722
Re-measurement	1,055	1,663
Assets realised	(1,582)	(7,949)
Assets relinquished	(1,635)	(1,548)
Total contingent assets	11,539	5,526
Continent liabilities		
New contingent liabilities	(1,200)	-
Total contingent liabilities	(1,200)	-
Net contingent assets/(liabilities)	10,339	5,526

Quantifiable contingencies (ASIC Departmental)

The above table contains 23 matters (2020:19 matters) where a contingent asset is disclosed in respect of cases where ASIC has received an award of costs in its favour, however agreement with respect to the quantum payable to ASIC has not been reached. ASIC has estimated these matters represent a combined receivable of \$11.539m (2020: \$5.526m), which is disclosed as a contingent asset because realisation of this debt is not virtually certain.

The above table contains 1 matter (2020: 0 matters) 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 this matter represent a payable of \$1.200m (2020: \$0m), 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, six matters (2020: four matters) of this type where proceedings are current. In these matters, ASIC denies liability and is of the view that, save for having to pay legal fees and other out-of-pocket expenses, it is likely that ASIC will:

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

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

Accounting Policy

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

Significant accounting judgements and estimates

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

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

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

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

	2021 \$'000	2020 \$'000
<i>Banking Act 1959</i>	588,337	523,334
<i>Life Insurance Act 1995</i>	104,570	85,739
<i>Corporations Act 2001</i>	423,687	379,573

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 2021 (2020: nil).

7.2 Financial instruments

	Notes	2021 \$'000	2020 \$'000
7.2A: Categories of financial instruments			
Financial assets at amortised cost			
Cash and cash equivalents	3.1A	46,304	41,151
Trade receivables	3.1B	47,151	39,796
Total financial assets at amortised cost		93,455	80,947
Financial liabilities at amortised cost			
Trade creditors	3.3A	29,750	30,798
Total financial liabilities at amortised cost		29,750	30,798

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.

Accounting Policy (continued)

Amortised cost is determined using the effective interest method.

Effective interest method

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

Impairment of financial assets

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

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

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

Financial liabilities at amortised cost

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

Accounting judgement and estimates

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

	2021	2020
	\$'000	\$'000

7.2B: Impairment loss on financial instruments

Financial assets at amortised cost

Impairment	53	40
Net gain/(loss) on financial assets at amortised cost	53	40

7.3 Administered – financial instruments

	Notes	2021 \$'000	2020 \$'000
Financial assets at amortised cost			
Cash and cash equivalents ¹		1,524	1,435
Trade receivables	4.1C	9,532	7,449
Total financial assets at amortised cost		11,056	8,884
Total financial assets		11,056	8,884
Financial liabilities			
Financial liabilities at amortised cost			
Grants payable	4.2A	4,222	3,995
Suppliers payables	4.2A	28	178
Total financial liabilities at amortised cost		4,250	4,173
Total financial liabilities		4,250	4,173

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

7.4 Fair value measurement

	2021 \$'000	2020 \$'000
Non-financial assets:		
Leasehold improvements	40,929	29,786
Plant and equipment	25,896	19,511
Total non-financial assets	66,825	49,297

ASIC did not measure any non-financial assets at fair value on a non-recurring basis as at 30 June 2021.

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

	2021 \$'000	2020 \$'000
8.1A: Current/non-current distinction for assets and liabilities		
Assets expected to be recovered in:		
No more than 12 months		
Cash and cash equivalents	46,304	41,151
Trade and other receivables	157,936	170,493
Prepayments	13,533	17,706
Total no more than 12 months	217,773	229,350
More than 12 months		
Buildings	214,302	236,404
Plant and equipment	25,896	19,511
Computer software	83,417	74,007
Total more than 12 months	323,615	329,922
Total assets	541,388	559,272
Liabilities expected to be settled in:		
No more than 12 months		
Suppliers	29,750	30,798
Other payables	34,209	37,217
Leases	21,501	24,918
Employee provisions	22,580	22,376
Other provisions	7,740	6,020
Total no more than 12 months	115,780	121,329
More than 12 months		
Leases	196,467	217,892
Employee provisions	58,807	60,872
Other provisions	6,221	6,719
Total more than 12 months	261,495	285,483
Total liabilities	377,275	406,812

	2021 \$'000	2020 \$'000
8.1B: Administered – current/non-current distinction for assets and liabilities		
Assets expected to be recovered in:		
No more than 12 months		
Cash and cash equivalents	1,524	1,435
Supervisory cost recovery levies receivable	314,471	330,543
Fees and fines receivable	141,513	138,836
Trade and other receivables	10,006	7,901
Total no more than 12 months	467,514	478,715
More than 12 months		
Total more than 12 months	-	-
Total assets	467,514	478,715
Liabilities expected to be settled in:		
No more than 12 months		
Supplier and other payables	36,981	33,150
Total no more than 12 months	36,981	33,150
More than 12 months		
Supplier and other payables	7,545	7,183
Unclaimed monies provisions	491,183	417,284
Total more than 12 months	498,728	424,467
Total liabilities	535,709	457,617

8.2 Restructuring

2021
\$'000

	Modernising Business Registers Australian Taxation Office ¹
<u>FUNCTIONS RELINQUISHED</u>	
Revenue relinquished	
Revenue from Government ²	4,143
Total revenue relinquished	4,143
Assets relinquished	
Appropriations receivable	(9,191)
Buildings – ROU asset	(15,339)
Buildings – leasehold improvements	(2,466)
Plant and equipment	(11)
Prepayments	(42)
Total assets relinquished	(27,049)
Liabilities relinquished	
Lease liabilities	16,006
Provision for restoration obligations – leased premises	120
Provision for employee entitlements	5,090
Total liabilities relinquished	21,216
Net (assets)/liabilities relinquished³	(1,690)

1. 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.
2. \$4.143m of employee and supplier expenses will be recognised by the ATO in the 2021 financial year, with ASIC's Departmental appropriation being reduced by the corresponding amount.
3. With the exception of employee entitlements provision amounts and prepayments, the net book value of assets and liabilities were transferred to the ATO for no consideration.

8.3 Expenditure relating to statutory board and tribunal

Accounting Policy

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

	2021 \$'000	2020 \$'000
Companies Auditors Disciplinary Board	371	502
Superannuation Complaints Tribunal	2,025	7,686

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

8.4 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.

	2021 Quantity	2020 Quantity
Class of asset		
Land	544	592
Shares	175	122
Other	150	99
<i>Closing balance</i>	869	813

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.

	2021 \$'000	2020 \$'000
Security deposits under <i>Corporations Regulations 2001</i> regulation 7.6.02AA (dealers and investment advisers)		
Cash (at bank)	83	83
Bank guarantees	8,550	8,780
<i>Closing balance</i>	<u>8,633</u>	<u>8,863</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 2020–21 Portfolio Budget Statements (PBS) to the 2020–21 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
	2021 \$'000	2021 \$'000	2021 \$'000
NET COST OF SERVICES			
Expenses			
Employee benefits	282,840	279,639	3,201
Suppliers	135,855	148,724	(12,869)
Depreciation and amortisation	70,513	69,673	840
Finance costs – unwinding of restoration provision	2,150	2,220	(70)
Impairment loss on financial instruments	53	-	53
Write-down and impairment of assets	704	-	704
Total expenses	<u>492,115</u>	<u>500,256</u>	<u>(8,141)</u>

	Actual	Original Budget	Variance
	2021	2021	2021
	\$'000	\$'000	\$'000
LESS:			
Own-source revenue			
Sale of goods and rendering of services	1,343	2,000	(657)
Revenue from other Australian Government entities	30,351	10,645	19,706
Other revenue	8,904	625	8,279
Total own-source revenue	40,598	13,270	27,328
Gains			
Reversal of write-downs and impairment	8	-	8
Total gains	8	-	8
Net Cost of Services	451,509	486,986	(35,477)
Total revenue from Government	437,092	441,007	(3,915)
Surplus/(Deficit)	(14,417)	(45,979)	31,562
Total comprehensive income/(loss)	(14,417)	(45,979)	31,562

Explanations of major variances

Affected line items

Own-source revenue

This revenue stream was higher than budget due to receipts during the year from ATO and DHA, which were provided to fund both capital and operating expense requirements for these programs. At the time of the preparation of the Portfolio Budget Statements, the funding requirement for these programs had not been confirmed.

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.

The reduction in the deficit is primarily driven by the revenue variances mentioned above. Most of the funding received was for capital expenditure.

Sale of goods and rendering of services

Other revenue

Surplus/(Deficit)

Statement of Financial Position

	Actual	Original Budget	Variance
	2021 \$'000	2021 \$'000	2021 \$'000
ASSETS			
Financial assets			
Cash and cash equivalents	46,304	30,307	15,997
Trade and other receivables	157,936	132,315	25,621
Total financial assets	204,240	162,622	41,618
Non-financial assets			
Buildings	214,302	255,688	(41,386)
Plant and equipment	25,896	14,881	11,015
Computer software	83,417	76,364	7,053
Other non-financial assets	13,533	17,706	(4,173)
Total non-financial assets	337,148	364,639	(27,491)
Total assets	541,388	527,261	14,127
LIABILITIES			
Payables			
Suppliers	29,750	28,754	996
Other payables	34,209	37,997	(3,788)
Total payables	63,959	66,751	(2,792)
Interest-bearing liabilities			
Leases	217,968	231,265	(13,297)
Total interest-bearing liabilities	217,968	231,265	(13,297)
Provisions			
Employee provisions	81,387	82,255	(868)
Other provisions	13,961	12,749	1,212
Total provisions	95,348	95,004	344
Total liabilities	377,275	393,020	(15,745)
Net assets	164,113	134,241	29,872
EQUITY			
Contributed equity	500,703	502,393	(1,690)
Reserves	22,500	22,500	-
Accumulated deficits	(359,090)	(390,652)	31,562
Total equity	164,113	134,241	29,872

Explanations of major variances

Affected line items

Financial assets

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

Cash and cash equivalents

The increase mainly relates to the outstanding cash incentives claims in relation to property accommodation fitouts, payable in 2021–22.

Trade and other receivables

Non-financial assets

The decrease mainly relates to transfer of building related assets in relation to Machinery of Government functional transfers from ASIC to ATO.

Buildings

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

Plant & equipment

Statement of Changes in Equity

	Actual	Original Budget	Variance
	2021	2021	2021
	\$'000	\$'000	\$'000
CONTRIBUTED EQUITY			
Opening balance	474,633	474,633	-
Transactions with owners			
Contributions by owners			
Equity injections – Appropriations	6,904	6,904	-
Departmental capital budget	20,856	20,856	-
Restructuring	(1,690)	-	(1,690)
Total transactions with owners	26,070	27,760	(1,690)
Closing balance as at 30 June	500,703	502,393	(1,690)
RETAINED EARNINGS			
Opening balance	(344,673)	(344,673)	-
Comprehensive income			
Surplus/(Deficit) for the period	(14,417)	(45,979)	31,562
Total comprehensive loss	(14,417)	(45,979)	31,562
Closing balance as at 30 June	(359,090)	(390,652)	31,562
ASSET REVALUATION RESERVE			
Opening balance	22,500	22,500	-
Closing balance as at 30 June	22,500	22,500	-

	Actual	Original Budget	Variance
	2021	2021	2021
	\$'000	\$'000	\$'000
TOTAL EQUITY			
Opening balance	152,460	152,460	-
Comprehensive income			
Surplus/(Deficit) for the period	(14,417)	(45,979)	31,562
Total comprehensive loss	(14,417)	(45,979)	31,562
Transactions with owners			
Contributions by owners			
Equity injections – Appropriations	6,904	6,904	-
Departmental capital budget	20,856	20,856	-
Restructuring	(1,690)	-	(1,690)
Total transactions with owners	26,070	27,760	(1,690)
Closing balance as at 30 June	164,113	134,241	29,872

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
	2021	2021	2021
	\$'000	\$'000	\$'000
OPERATING ACTIVITIES			
Cash received			
Appropriations	484,672	441,007	43,665
Operating cash received	1,343	40,803	(39,460)
Net GST received	15,002	-	15,002
Cost recoveries	6,728	-	6,728
Other cash received	28,100	10,291	17,809
Total cash received	535,845	492,101	43,744

	Actual	Original Budget	Variance
	2021	2021	2021
	\$'000	\$'000	\$'000
Cash used			
Employees	283,077	279,639	3,438
Suppliers	148,863	150,627	(1,764)
Interest payments on lease liabilities	2,134	2,210	(76)
Transfers to the Official Public Account	28,768	-	28,768
Total cash used	(462,842)	(432,476)	(30,366)
Net cash from/(used by) operating activities	73,003	59,625	13,378
INVESTING ACTIVITIES			
Cash used			
Purchase of property, plant and equipment	73,044	65,938	7,106
Total cash used	(73,044)	(65,938)	(7,106)
Net cash (used by) investing activities	(73,044)	(65,938)	(7,106)
FINANCING ACTIVITIES			
Cash received			
Appropriations – contributed equity	29,784	27,760	2,024
Total cash received	29,784	27,760	2,024
Cash used			
Principal payments of lease liabilities	24,590	32,291	(7,701)
Total cash used	(24,590)	(32,291)	7,701
Net cash from financing activities	5,194	(4,531)	9,725
Net increase/(decrease) in cash held	5,153	(10,844)	15,997
Cash at the beginning of the reporting period	41,151	41,151	-
Cash at the end of the reporting period	46,304	30,307	15,997

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 2020–21 Portfolio Budget Statements (PBS) to the 2020–21 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
	2021	2021	2021
	\$'000	\$'000	\$'000
EXPENSES			
Grants	6,007	7,118	(1,111)
Impairment loss allowance on financial instruments	60,436	76,049	(15,613)
Claims for unclaimed monies	160,701	101,852	58,849
Promotional costs for MoneySmart initiatives	574	574	-
Total expenses	227,718	185,593	42,125
LESS:			
Own-source revenue			
Taxation revenue			
Fees	892,685	855,473	37,212
Supervisory cost recovery levies	62,960	61,853	1,107
Total taxation revenue	955,645	917,326	38,319
Non-taxation revenue			
Supervisory cost recovery levies	235,781	271,791	(36,010)
Fees and fines	321,137	206,899	114,238
Unclaimed monies	295,304	153,541	141,763
Total non-taxation revenue	852,222	632,231	219,991
Total revenue	1,807,867	1,549,557	258,310
Net contribution by services	1,580,149	1,363,964	216,185

Explanations of major variances

Affected line items

The decrease in the impairment loss allowance is due to the delay in the ASIC/ATO MOG as the review of aged debt and write offs processed commenced later in the financial year than expected.

Impairment loss allowance on financial instruments

The increase in unclaimed monies claim expense is due to 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.

Claims for unclaimed monies

The difference between budgeted and actual revenue reflects the estimated impact of Government decisions since the budget was prepared.

Taxation revenue – Supervisory cost recovery levies

The increase in revenue for fees and fines is due to the unexpected value of compliance matters fines during 2020–21.

Fees and fines

Significant increase in the volume of records lodged under the *Banking Act 1959*, combined with more lodgements received under s601 of the *Corporations Act 2001* and higher value of lodged records under the *Life Insurance Act 1995* has contributed to an increase in lodgement revenue.

Non-taxation revenue – Unclaimed monies

Administered Schedule of Assets and Liabilities

	Actual	Original Budget	Variance
	2021	2021	2021
	\$'000	\$'000	\$'000
ASSETS			
Financial assets			
Cash and cash equivalents	1,524	1,419	105
Supervisory cost recovery levies receivable	314,471	339,313	(24,842)
Fees and fines receivable	141,513	153,251	(11,738)
Trade and other receivables	10,006	8,221	1,785
Total assets administered on behalf of Government	467,514	502,204	(34,690)
LIABILITIES			
Payables and provisions			
Suppliers and other payables	44,526	42,242	2,284
Unclaimed monies provisions	491,183	409,336	81,847
Total liabilities administered on behalf of Government	535,709	451,578	84,131
Net assets/(liabilities)	(68,195)	50,626	(118,821)

Explanations of major variances

Affected line items

The provision for unclaimed monies payable valuation is impacted by emerging actual experience of higher lodgements, change in claim trends, higher discount rate and lower CPI. These combined factors have impacted all unclaimed monies categories and resulted in overall increase to the provision.

Unclaimed monies provisions