



5

Financial Statements

Contents

Independent Auditor's Report	111	Administered Schedule of Comprehensive Income	119
Statement by the Accountable Authority and Chief Financial Officer	113	Administered Schedule of Assets and Liabilities	120
Statement of Comprehensive Income	114	Administered Reconciliation Schedule	121
Statement of Financial Position	115	Administered Cash Flow Statement	122
Statement of Changes in Equity	116		
Cash Flow Statement	118		
Notes to and forming part of the financial statements			
Overview	123	Note 6. People and relationships	152
Note 1. Departmental financial performance	127	6.1 Employee provisions	152
1.1 Expenses	127	6.2 Key management personnel remuneration	154
1.2 Own-source revenue	129	6.3 Related party disclosures	155
Note 2. Income and expenses administered on behalf of Government	131	Note 7. Managing uncertainties	155
2.1 Administered – expenses	131	7.1 Contingent assets and liabilities	155
2.2 Administered – income	133	7.2 Financial instruments	158
Note 3. Departmental financial position	134	7.3 Administered financial instruments	159
3.1 Financial assets	134	Note 8. Other information	160
3.2 Non-financial assets	136	8.1 Current/non-current distinction for assets and liabilities	160
3.3 Payables	139	8.2 Expenditure relating to statutory board and tribunal	161
3.4 Interest-bearing liabilities	139	8.3 Identified assets of deregistered companies vesting in ASIC	162
3.5 Other provisions	140	8.4 Security deposits from dealers, investment advisers and liquidators	162
Note 4. Assets and liabilities administered on behalf of the Government	141	8.5 Budgetary reports and explanations of major variances	163
4.1 Administered – financial assets	141		
4.2 Administered – payables	142		
Note 5. Funding	144		
5.1 Appropriations	144		
5.2 Special Accounts	149		
5.3 Regulatory charging summary	151		
5.4 Net cash appropriation arrangements	152		

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 2023:

- (a) comply with Australian Accounting Standards – Simplified Disclosures and the *Public Governance, Performance and Accountability (Financial Reporting) Rule 2015*; and
- (b) present fairly the financial position of the Entity as at 30 June 2023 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 2023 and for the year then ended:

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

Basis for opinion

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

Emphasis of Matter

I draw your attention to the Overview note of the financial statements, which describes the prior period error related to the incorrect classification of intangible assets in the prior year. The adjustment for the error resulted in a move from a surplus to a deficit for the year ended 30 June 2022. My opinion is not modified in respect of this matter.

Accountable Authority's responsibility for the financial statements

As the Accountable Authority of the Entity, the Chair is responsible under the *Public Governance, Performance and Accountability Act 2013* (the Act) for the preparation and fair presentation of annual financial statements that comply with Australian Accounting Standards – Simplified Disclosures and the rules made under the Act.

The Chair is also responsible for such internal control as the Chair determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

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

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

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

Australian National Audit Office



Mark Vial
Executive Director

Delegate of the Auditor-General

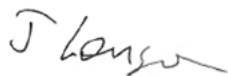
Canberra

17 August 2023

Statement by the Accountable Authority and Chief Financial Officer

In our opinion, the attached financial statements for the year end 30 June 2023 comply with subsection 42(2) of the *Public Governance, Performance and Accountability Act 2013* (PGPA Act), and are based on properly maintained financial records as per subsection 41(2) of the PGPA Act.

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



J.P. Longo
Chair
17 August 2023



P.J. Dunlop
Chief Financial Officer
17 August 2023

Statement of Comprehensive Income

FOR THE YEAR ENDED 30 JUNE 2023

		2023	2022
	Notes	\$'000	(Restated) \$'000
NET COST OF SERVICES			
Expenses			
Employee benefits	1.1A	313,333	282,381
Suppliers	1.1B	144,837	143,010
Depreciation and amortisation	3.2	77,323	64,689
Finance costs	1.1C	1,703	1,719
Impairment loss on financial instruments		486	–
Write-down and impairment of other assets	1.1D	4,728	220
Total expenses		542,410	492,019
Own-source revenue			
Sale of goods and rendering of services		2,343	1,281
Revenue from other Australian Government entities	1.2A	18,321	40,581
Other revenue	1.2B	11,702	26,011
Total own-source revenue		32,366	67,873
Gains			
Reversal of write-downs and impairment		70	–
Total gains		70	–
Net (cost) of services		(509,974)	(424,146)
Total revenue from Government	1.2C	426,323	422,001
Surplus/(Deficit)		(83,651)	(2,145)
OTHER COMPREHENSIVE INCOME			
Items not subject to subsequent reclassification to net cost of services			
Asset revaluation		–	1,033
Movement in makegood provision	3.5	(383)	3,449
Loss on disposal of previously revalued assets		–	(802)
Total comprehensive income/(loss)		(84,034)	1,535

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

Statement of Financial Position

AS AT 30 JUNE 2023

	Notes	2023 \$'000	2022 (Restated) \$'000
ASSETS			
Financial assets			
Cash and cash equivalents	3.1A	80,866	72,743
Trade and other receivables	3.1B	130,047	142,066
Total financial assets		210,913	214,809
Non-financial assets			
Buildings	3.2	169,242	190,642
Plant and equipment	3.2	15,957	23,671
Computer software	3.2	29,896	69,914
Prepayments		17,369	14,332
Total non-financial assets		232,464	298,559
Total assets		443,377	513,368
LIABILITIES			
Payables			
Suppliers	3.3A	20,768	29,510
Other payables	3.3B	46,381	35,345
Total payables		67,149	64,855
Interest-bearing liabilities			
Leases	3.4	168,823	185,524
Total interest-bearing liabilities		168,823	185,524
Provisions			
Employee provisions	6.1	73,816	77,490
Other provisions	3.5	10,654	5,131
Total provisions		84,470	82,621
Total liabilities		320,442	333,000
Net assets		122,935	180,368
EQUITY			
Contributed equity		551,969	525,368
Reserves		25,797	26,180
Accumulated deficit		(454,831)	(371,180)
Total equity		122,935	180,368

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

Statement of Changes in Equity

FOR THE YEAR ENDED 30 JUNE 2023

	Notes	2023 \$'000	2022 (Restated) \$'000
CONTRIBUTED EQUITY			
Opening balance		525,368	500,703
Transactions with owners			
Distributions to owners			
Returns of capital			
Return of equity	5.1B	(281)	(4,409)
Contributions by owners			
Equity injections – appropriations		5,824	3,530
Departmental capital budget	5.1A	21,058	25,544
Total transactions with owners		26,601	24,665
Closing balance as at 30 June		551,969	525,368
RETAINED EARNINGS			
Opening balance			
Balance carried forward from previous period		(371,180)	(359,090)
Prior period adjustment ¹		–	(9,945)
Adjusted opening balance		(371,180)	(369,035)
Comprehensive income			
Surplus/(Deficit) for the period		(83,651)	(2,145)
Total comprehensive income/(loss)		(83,651)	(2,145)
Closing balance as at 30 June		(454,831)	(371,180)
ASSET REVALUATION RESERVE			
Opening balance		26,180	22,500
Comprehensive income			
Other comprehensive income		(383)	3,680
Total comprehensive income		(383)	3,680
Closing balance as at 30 June		25,797	26,180

	2023	2022
	\$'000	(Restated) \$'000
TOTAL EQUITY		
Opening balance		
Balance carried forward from previous period	180,368	164,113
Prior period adjustment ¹	–	(9,945)
Adjusted opening balance	180,368	154,168
Comprehensive income		
Surplus/(Deficit) for the period	(83,651)	(2,145)
Other comprehensive income	(383)	3,680
Total comprehensive income/(loss)	(84,034)	1,535
Transactions with owners		
Distributions to owners		
Returns of capital		
Return of equity	(281)	(4,409)
Contributions by owners		
Equity injections – appropriations	5,824	3,530
Departmental capital budget	21,058	25,544
Total transactions with owners	26,601	24,665
Closing balance as at 30 June	122,935	180,368

1 Refer to the Prior period adjustment in the Overview for more details.

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

Cash Flow Statement

FOR THE YEAR ENDED 30 JUNE 2023

	Notes	2023 \$'000	2022 (Restated) \$'000
OPERATING ACTIVITIES			
Cash received			
Appropriations		487,437	500,469
Operating cash received		2,343	1,281
Net GST received		17,621	14,851
Cost recoveries		8,097	24,497
Other cash received		26,423	67,639
Total cash received		541,921	608,737
Cash used			
Employees		306,654	283,233
Suppliers		165,053	166,184
Interest payments on lease liabilities		1,621	1,689
s74 receipts transferred to OPA		30,135	108,063
Total cash used		(503,463)	(559,169)
Net cash from operating activities		38,458	49,568
INVESTING ACTIVITIES			
Cash used			
Purchase of leasehold improvements, plant and equipment and intangibles		11,767	33,165
Net cash (used by) investing activities		(11,767)	(33,165)
FINANCING ACTIVITIES			
Cash received			
Appropriations – contributed equity		2,336	29,106
Total cash received		2,336	29,106
Cash used			
Principal payments of lease liabilities		20,904	19,070
Total cash used		(20,904)	(19,070)
Net cash from/(used by) financing activities		(18,568)	10,036
Net increase/(decrease) in cash held		8,123	26,439
Cash and cash equivalents at the beginning of the reporting period		72,743	46,304
Cash and cash equivalents at the end of the reporting period	3.1A	80,866	72,743

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

Administered Schedule of Comprehensive Income

FOR THE YEAR ENDED 30 JUNE 2023

	Notes	2023 \$'000	2022 \$'000
NET COST OF SERVICES			
Expenses			
Grants	2.1A	4,880	5,191
Impairment loss allowance on other assets	2.1B	91,967	62,392
Claims for unclaimed monies	2.1C	184,337	77,507
Promotional costs for Moneysmart initiatives		583	575
Suppliers – other administered		645	–
Total expenses		282,412	145,665
LESS:			
Own-source revenue			
Taxation revenue			
Fees		1,014,253	943,822
Supervisory cost recovery levies		61,483	73,497
Total taxation revenue		1,075,736	1,017,319
Non-taxation revenue			
Supervisory cost recovery levies		298,735	240,218
Fees and fines	2.2A	460,079	418,234
Unclaimed monies lodgements	2.2B	341,841	289,011
Total non-taxation revenue		1,100,655	947,463
Total revenue		2,176,391	1,964,782
Net contribution by services		1,893,979	1,819,117

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

Administered Schedule of Assets and Liabilities

AS AT 30 JUNE 2023

	Notes	2023 \$'000	2022 \$'000
ASSETS			
Financial assets			
Cash and cash equivalents		1,646	1,380
Supervisory cost recovery levies receivable	4.1A	359,977	311,875
Fees and fines receivable	4.1B	239,098	150,403
Trade and other receivables	4.1C	10,427	13,732
Total assets administered on behalf of Government		611,148	477,390
LIABILITIES			
Payables and provisions			
Suppliers and other payables	4.2A	53,270	48,360
Unclaimed monies provisions	4.2B	518,963	458,953
Total liabilities administered on behalf of Government		572,233	507,313
Net assets/(liabilities)		38,915	(29,923)

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

Administered Reconciliation Schedule

FOR THE YEAR ENDED 30 JUNE 2023

	2023 \$'000	2022 \$'000
Opening assets less liabilities as at 1 July	(29,923)	(68,195)
Net contribution by services		
Administered income	2,176,391	1,964,782
Administered expenses	(282,412)	(145,665)
	1,893,979	1,819,117
Transfers (to)/from the Australian Government		
Appropriation transfers from OPA:		
Special (unlimited) and ordinary appropriations		
Appropriation Act (No. 1)	8,621	6,678
Banking Act unclaimed monies	77,517	65,944
Life Insurance Act unclaimed monies	12,954	9,424
s77 PGPA Act	36,940	38,239
Total of appropriation transfers from OPA	136,032	120,285
Administered transfers to OPA	(1,961,173)	(1,901,130)
Closing assets less liabilities as at 30 June	38,915	(29,923)

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

Administered Cash Flow Statement

FOR THE YEAR ENDED 30 JUNE 2023

	2023 \$'000	2022 \$'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	1,620,850	1,616,300
Corporations Act unclaimed monies	112,911	113,072
Banking Act unclaimed monies	217,383	158,336
Life Insurance Act unclaimed monies	11,547	17,603
Net GST received	55	26
Total cash received¹	1,962,746	1,905,337
Cash used		
Refunds paid to:		
Company shareholders	33,809	34,338
Deposit-taking institution account holders	77,564	65,976
Life insurance policy holders	12,954	9,424
Grants	5,759	5,217
Promotion expenses for Moneysmart initiatives	702	485
Suppliers ¹	6,551	9,196
Total cash used¹	(137,339)	(124,636)
Net cash from operating activities¹	1,825,407	1,780,701
Cash from OPA for:		
Appropriations	136,032	120,285
Less: Cash to OPA for:		
Corporations Act, National Consumer Credit Protection Act, Business Names Registration (Fees) Act and ASIC Supervisory Cost Recovery Levy fees and charges	1,619,332	1,612,118
Corporations Act unclaimed monies	112,911	113,073
Banking Act unclaimed monies	217,383	158,336
Life Insurance Act unclaimed monies	11,547	17,603
Total cash to OPA	(1,961,173)	(1,901,130)
Net increase/(decrease) in cash held	266	(144)
Cash and cash equivalents at the beginning of the reporting period	1,380	1,524
Cash and cash equivalents at the end of the reporting period	1,646	1,380

¹ Comparisons have been changed to disclose suppliers' expenses previously netted off.

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

Notes to and forming part of the financial statements

FOR THE YEAR ENDED 30 JUNE 2023

Overview

ASIC is an independent Australian Government body operating under the *Australian Securities and Investments Commission Act 2001* (ASIC Act) to administer the *Corporations Act 2001*, and other legislation, throughout Australia.

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

ASIC is structured to deliver a single outcome:

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

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

Basis of preparation

The financial statements are required by s42 of the *Public Governance, Performance and Accountability Act 2013* (PGPA Act).

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

- › Public Governance, Performance and Accountability (Financial Reporting) Rule 2015 (FRR); and
- › Australian Accounting Standards and interpretations, including simplified disclosures for Tier 2 Entities under AASB 1060 issued by the Australian Accounting Standards Board (AASB) that apply for the reporting period.

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

New accounting standards

Adoption of new Australian accounting standard requirements

Two amending standards (AASB 2021-2 and AASB 2021-6) were adopted earlier than the application date as stated in the standard. These amending standards have been adopted for the 2022–23 reporting period.

The following amending standards were issued prior to the signing of the statement by the accountable authority and chief financial officer, were applicable to the current reporting period and had no material effect on ASIC's financial statements:

Standard/ Interpretation	Nature of change in accounting policy, transitional provisions, and adjustment to financial statements
AASB 2021-2 <i>Amendments to Australian Accounting Standards – Disclosure of Accounting Policies and Definition of Accounting Estimates</i> and	AASB 2021-2 amends AASB 7, AASB 101, AASB 108, AASB 134 and AASB Practice Statement 2. The amending standard requires the disclosure of material, rather than significant, accounting policies, and clarifies what is considered a change in accounting policy compared to a change in accounting estimate.
AASB 2021-6 <i>Amendments to Australian Accounting Standards – Disclosure of Accounting Policies: Tier 2 and Other Australian Accounting Standards</i>	AASB 2021-6 amends the Tier 2 reporting requirements set out in AASB 1049, AASB 1054 and AASB 1060 to reflect the changes made by AASB 2021-2. The details of the changes in accounting policies and adjustments are disclosed below and in the relevant notes to the financial statements. This amending standard is not expected to have a material impact on the entity's financial statements for the current reporting period or future reporting periods.

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 use the same policies as departmental items, including the application of Australian Accounting Standards.

Prior period error

In 2022–23, ASIC undertook an internal review of end-to-end processes for accounting and management of software assets, including work-in-progress, plant and equipment assets, and ASIC's asset management framework. The review identified costs incurred at early planning stages of projects and costs relating to Software as a Service (SaaS) arrangements often did not meet the asset recognition criteria under AASB 138 *Intangible Assets* for internally developed software and cloud computing arrangements. ASIC identified that these costs were incorrectly recognised as non-financial assets, instead of being recorded as operating expenses.

This resulted in reductions of \$36.204 million in software and plant and equipment assets and net equity as at 30 June 2022. The table below summarises the adjustments to the prior year comparatives. The comparatives in the financial statements have been amended to reflect the restated amounts detailed below.

The net effect of the restatement was an adjustment of \$26.259 million against the 2021–22 Surplus/(Deficit) and an adjustment \$9.945 million related to 2020–21 and prior years which has been reflected as an opening balance adjustment in retained earnings. The adjustment has resulted in a move from a surplus of \$24.114 million to a deficit of \$2.145 million for 2021–22.

		2022	Adjustments	2022
	Note	\$'000	\$'000	(Restated) \$'000
Statement of Comprehensive Income				
Employee benefits		269,139	13,242	282,381
Suppliers ¹	1.1B	129,993	13,017	143,010
Surplus/(Deficit)		24,114	(26,259)	(2,145)
Total comprehensive income/(loss)		27,794	(26,259)	1,535
Statement of Financial Position				
Non-financial assets				
Plant and equipment	3.2	24,414	(743)	23,671
Computer software	3.2	105,375	(35,461)	69,914
Equity				
Accumulated deficit		(334,976)	(36,204)	(371,180)
Net assets		216,572	(36,204)	180,368
Statement of Changes in Equity				
Retained earnings				
Opening balance		(359,090)	(9,945)	(369,035)
Surplus for the period		24,114	(26,259)	(2,145)
Closing balance		(334,976)	(36,204)	(371,180)
Total equity		216,572	(36,204)	180,368
Cash Flow Statement				
Employees		269,991	13,242	283,233
Suppliers		153,167	13,017	166,184
Purchase of leasehold improvements, plant and equipment and intangibles		59,424	(26,259)	33,165

1 Suppliers include specialist services, consultant and contractor costs relating to software projects.

Events after the reporting period

There were no events occurring after the 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 period ended 30 June 2023

1.1 Expenses

	2023 \$'000	2022 (Restated) \$'000
1.1A: Employee benefits		
Wages and salaries	232,333	221,209
Superannuation		
Defined-benefit schemes	10,324	10,267
Defined-contribution schemes	28,382	29,157
Leave and other entitlements	28,504	19,037
Separation and redundancies	13,790	2,711
Total employee benefits	313,333	282,381

Accounting Policy

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

	2023 \$'000	2022 (Restated) \$'000
1.1B: Suppliers		
Goods and services supplied or rendered		
Legal and forensic costs	44,726	42,241
Office computer and software expenses	37,529	33,871
Consultants and specialist services	32,183	34,988
Property-related outgoings	9,323	9,400
Other goods and services ¹	4,190	5,022
Information costs	3,421	3,894
Bank fees	3,376	3,249
Travel	3,173	1,147
Communications	2,755	3,198
Learning and development	1,676	2,448
Security	1,054	1,338
Audit fees (paid) ¹	388	388
Recruitment	404	1,242
Postage and freight	205	250
Total goods and services supplied or rendered	144,403	142,676
Goods supplied	673	588
Services rendered	143,730	142,088
Total goods and services supplied or rendered	144,403	142,676
Other suppliers		
Short-term leases	47	46
Workers' compensation expense	341	205
Fringe benefits tax	46	83
Total other suppliers	434	334
Total suppliers	144,837	143,010

1 Comparisons have been changed due to the requirement to separately disclose Audit fees (paid), which were originally included in Other goods and services.

	2023 \$'000	2022 (Restated) \$'000
<u>1.1C: Finance costs</u>		
Unwinding of restoration provision	82	30
Interest on lease liability	1,621	1,689
Total finance costs	1,703	1,719
<u>1.1D: Write-down and impairment of other assets</u>		
Write-off of leasehold improvements	76	39
Write-off of plant and equipment	1,196	7
Write-off of software	3,456	174
Total write-down and impairment of other assets	4,728	220
 1.2 Own-source revenue		
<u>1.2A: Revenue from other Australian Government entities¹</u>		
Australian Taxation Office (ATO)	17,609	27,755
Department of Home Affairs	682	12,826
Australian National Audit Office	30	–
Total revenue from other Australian Government entities	18,321	40,581
<u>1.2B: Other revenue</u>		
Cost recoveries ²	8,097	24,695
Resources received free of charge		
Remuneration of auditors	388	388
Committee fees	49	23
Other	3,168	905
Total other revenue	11,702	26,011
<u>1.2C: Revenue from Government</u>		
Appropriations:		
Departmental appropriations ³	426,323	422,001
Total revenue from Government	426,323	422,001

1 Relates to reimbursement of operating and capital expenditure incurred by ASIC on government programs funded directly by other Australian Government entities.

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

3 Includes \$55.246 million (2022: \$64.811 million) credited to the Enforcement Special Account (ESA). A special account is a limited special appropriation that notionally sets aside an amount that can be expended for a particular purpose. The ESA was established to fund the costs arising from the investigation and litigation of matters of significant public interest. For further information, refer to the Accounting Policy below.

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

Resources received free of charge

Resources received free of charge are recognised as revenue when, and only when, the fair value can be reliably determined, and the services would have been purchased had they not been donated. Use of these resources is recognised as an expense. Resources received free of charge are recorded as either revenue or gains, depending on their nature.

Revenue from Government

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

Amounts notionally set aside for a special account are debited against departmental appropriations and credited to that special account annually under Appropriation Act (No.1).

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

	2023 \$'000	2022 \$'000
2.1A: Grants		
Rendering of services		
Insolvency practitioners	4,880	5,191
Total grants	4,880	5,191

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.

	2023 \$'000	2022 \$'000
<u>2.1B: Impairment loss allowance on other assets</u>		
Impairment of receivables	88,088	56,451
Waiver of fees and charges owing	3,879	5,941
Total impairment on other assets	91,967	62,392
<u>2.1C: Claims for unclaimed monies</u>		
Claims – Bank and deposit taking institution account holders	77,564	65,976
Claims – <i>Corporations Act 2001</i>	33,809	34,338
Claims – Life insurance policy-holders	12,954	9,424
Adjustments to provisions ¹	60,010	(32,231)
Total claims for unclaimed monies	184,337	77,507

1 Refer to the Accounting Policy under Note 4.2B.

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 representatives contributed to the circumstances of the matter, in accordance with Part 7 of the Finance Minister's Delegation under s63 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

	2023 \$'000	2022 \$'000
Non-taxation revenue		
<u>2.2A: Fees and fines</u>		
Fines	372,403	335,953
Searches and information brokers' fees	74,279	67,773
Fees for service	13,397	14,508
Total fees and fines	460,079	418,234
<u>2.2B: Unclaimed monies lodgements</u>		
<i>Corporations Act 2001</i> unclaimed monies	112,911	113,072
<i>Banking Act 1959</i> unclaimed monies	217,383	158,336
<i>Life Insurance Act 1995</i> unclaimed monies	11,547	17,603
Total unclaimed monies lodgements	341,841	289,011

Accounting Policy

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

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

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

Administered fee revenue is recognised on an accruals basis when:

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

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

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

- › *ASIC Supervisory Cost Recovery Levy Act 2017*
- › *ASIC Supervisory Cost Recovery Levy Regulations 2017*.

Accounting Policy (continued)

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

ASIC also receives non-taxation revenue from search fees, fines – including late fees, court fines, penalties and infringement notices – and unclaimed monies. Unclaimed monies revenue recognition is based on the annual amount of unclaimed monies received by ASIC (inflows), less an estimate of future outflows. Unclaimed monies revenue relates to lost money 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.

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

Note 3. Departmental financial position

This section analyses ASIC's assets used to conduct its operations and the operating liabilities incurred as a result. Employee related information is disclosed in Note 6 People and relationships.

3.1 Financial assets

	2023 \$'000	2022 \$'000
3.1A: Cash and cash equivalents		
Cash in special accounts	78,625	71,137
Cash at bank	2,241	1,606
Total cash and cash equivalents	80,866	72,743

The closing balance of Cash in special accounts does not include amounts held in trust (\$38.097 million in 2023 and \$19.897 million in 2022). See Note 5.2 Special Accounts for more information.

3.1B: Trade and other receivables

Goods and services receivables:

Goods and services	3,800	7,943
Total goods and services receivables (gross)	3,800	7,943
Less expected credit loss allowance	(686)	(548)
Total goods and services receivables (net)	3,114	7,395

	2023 \$'000	2022 \$'000
Appropriation receivables:		
Appropriation receivable	123,635	130,349
Total appropriation receivables	123,635	130,349
Other receivables:		
Tax receivable from the ATO	3,298	4,322
Total other receivables	3,298	4,322
Total trade and other receivables (net)	130,047	142,066
Trade and other receivables are expected to be recovered:		
No more than 12 months	130,047	142,066

Credit terms for goods and services were within 20 days (2022: 20 days).

Accounting Policy

Receivables

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

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

3.2 Non-financial assets

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

	Buildings \$'000	Plant and equipment \$'000	Computer software \$'000	Total \$'000
As at 1 July 2022 (Restated)¹				
Gross book value	263,346	58,555	465,504	787,405
Accumulated depreciation/amortisation and impairment	(72,704)	(34,855)	(385,674)	(493,233)
Total as at 1 July 2022	190,642	23,700	79,830	294,172
Prior period adjustment	–	(29)	(9,916)	(9,945)
Adjusted total as at 1 July 2022	190,642	23,671	69,914	284,227
Additions:				
By purchase or internally developed	567	1,188	6,960	8,715
Right-of-use (ROU) assets	4,204	–	–	4,204
Total additions	4,771	1,188	6,960	12,919
Depreciation and amortisation	(5,297)	(7,706)	(43,522)	(56,525)
Depreciation of ROU assets	(20,798)	–	–	(20,798)
Total depreciation and amortisation	(26,095)	(7,706)	(43,522)	(77,323)
Other movements				
Impairments recognised in net cost of services	–	(111)	(2,251)	(2,362)
Disposals:				
Other	(76)	(1,085)	(1,205)	(2,366)
Total as at 30 June 2023	169,242	15,957	29,896	215,095
Total as at 30 June 2023 represented by:				
Gross book value	267,141	52,213	127,384	446,738
Accumulated depreciation/amortisation and impairment	(97,899)	(36,256)	(97,488)	(231,643)
Total as at 30 June 2023	169,242	15,957	29,896	215,095
Carrying amount of ROU assets	137,786	–	–	137,786

1 In 2022–23 ASIC undertook an internal review of end-to-end processes for accounting and management of software assets. This resulted in \$36.204 million being adjusted where ASIC did not have control over the software being configured or customised under the Software-as-a-Service (SaaS) arrangement. The prior year balances were derecognised under AASB138 Intangible Assets recognition criteria. In addition, the review of the future economic benefit of software assets resulted in \$18.497 million of accelerated amortisation.

Accounting Policy

Assets are recorded at cost of acquisition, except as stated below. The cost of acquisition includes the fair value of assets transferred in exchange and liabilities undertaken. Financial assets are initially measured at their fair value plus transaction costs where appropriate.

Asset recognition threshold

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

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 was located. This is particularly relevant to make good provisions taken up by ASIC where an obligation exists 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 assets

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

An impairment review is undertaken for any ROU lease asset that shows indicators of impairment and an impairment loss is recognised against any ROU lease asset that is impaired. Lease ROU assets continue to be measured at cost after initial recognition.

Revaluations

Following initial recognition at cost, leasehold improvements, and plant and equipment (excluding ROU assets) are carried at the latest revaluation, less accumulated depreciation and accumulated impairment losses. Valuations are conducted with sufficient frequency to ensure that the carrying amounts of assets do not differ materially from the assets' fair values as at the reporting date. The regularity of independent valuations depended on the volatility of movements in market values for the relevant assets. An independent valuation of ASIC's assets was undertaken as at 30 June 2022.

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

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

Accounting Policy (continued)

Depreciation

All depreciable leasehold improvements, and 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:

	2023	2022
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 2023. 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, or plant and equipment is derecognised upon disposal or when no further future economic benefits are expected from its use or disposal.

Intangibles

ASIC's intangibles comprise software either purchased or internally developed for internal use. ASIC does not recognise an intangible asset when we do not control the software being configured or customised and these configurations or customisations do not create a resource controlled by ASIC that can be reliably measured.

Intangible assets are carried at cost less accumulated amortisation and accumulated impairment losses.

Software is amortised on a straight-line basis over its anticipated useful life. The useful life of ASIC's software is 2 to 10 years (2022: 2 to 10 years).

All software assets were assessed for indications of impairment as at 30 June 2023.

Accounting Policy (continued)

Accounting judgements and estimates

In the process of applying the accounting policies listed in this note, ASIC 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, property, and 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
- › Annually, ASIC undertakes a review of the future economic benefit of assets and updates the useful life accordingly. During the 2022–23 financial year, the updates to the useful lives resulted in an increase in software amortisation. Refer to Note 3.2.

3.3 Payables

	2023 \$'000	2022 \$'000
3.3A: Suppliers		
Trade creditors and accruals	20,768	29,510
Total suppliers	20,768	29,510

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

3.3B: Other payables

Prepayments received/unearned income	12,836	12,045
Salaries and bonuses	24,448	21,335
Separations and redundancies	8,587	1,346
Other	510	619
Total other payables	46,381	35,345

3.4 Interest-bearing liabilities

Lease liabilities	168,823	185,524
Total leases	168,823	185,524

Total cash outflow for leases for the period ended 30 June 2023 was \$22.526 million (2022: \$20.759 million).

Maturity analysis – contractual undiscounted cash flows

Within 1 year	23,182	17,174
Between 1 to 5 years	107,209	103,862
More than 5 years	47,944	71,233
Total leases	178,335	192,269

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 at 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 ROU 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 2022	159	2,730	2,242	5,131
Additional provisions made	240	383	6,020	6,643
Amounts used	–	–	(37)	(37)
Amounts reversed	(60)	(365)	(740)	(1,165)
Amortisation of restoration provision discount	–	82	–	82
Total as at 30 June 2023	339	2,830	7,485	10,654

Accounting Policy

Restoration costs

ASIC currently has one lease agreement (2022: two) for the leasing of premises that 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 for departmental reporting.

4.1 Administered – financial assets

	2023 \$'000	2022 \$'000
4.1A: Supervisory cost recovery levies receivables		
Supervisory cost recovery levies receivables – taxation	61,483	73,497
Supervisory cost recovery levies receivables – non-taxation	305,859	244,739
Total supervisory cost recovery levies receivables (gross)	367,342	318,236
Less expected credit loss allowance		
Supervisory cost recovery levies	7,365	6,361
Total supervisory cost recovery levies receivables (net)	359,977	311,875
4.1B: Other taxation receivables		
Fees and fines receivable	372,596	232,778
Total other taxation receivables (gross)	372,596	232,778
Less expected credit loss allowance		
Fees and fines	133,498	82,375
Total other taxation receivables (net)	239,098	150,403
Taxation receivables are due from entities that are not part of the Australian Government. Credit terms for goods and services were within 30 days (2022: 30 days).		
4.1C: Trade and other receivables		
Information brokers' fees	10,034	13,284
GST receivable	393	448
Total trade and other receivables (gross)	10,427	13,732

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 that are unlikely to be collected in the future.

Administered receivables that are irrecoverable at law or are uneconomic to pursue are written off under Rule 11 of the PGPA Act.

4.2 Administered – payables

	2023 \$'000	2022 \$'000
<u>4.2A: Suppliers and other payables</u>		
Supplier payables	–	118
Refund of fees payable	30,568	25,694
Unallocated monies ¹	11,142	10,394
Grants payable ²	3,318	4,196
Other non-current payables ³	8,242	7,958
Total payables	53,270	48,360

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 Unallocated monies are credits on debtor accounts less than 120 days old. The credits are either allocated or refunded.
- 2 Settlement is made according to the terms and conditions of each grant. This is usually within 30 days of performance and eligibility.
- 3 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.

	2023 \$'000	2022 \$'000
4.2B: Unclaimed monies provisions		
<i>Banking Act 1959 claims</i>	266,198	215,046
<i>Corporations Act 2001 claims</i>	219,497	207,535
<i>Life Insurance Act 1995 claims</i>	33,268	36,372
Total other provisions	518,963	458,953

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 adopts a provision for future claims based on an independent valuation as at 30 June annually, calculated by a registered actuary, under AASB 137 *Provisions, Contingent Liabilities and Contingent Assets*.

Accounting judgements and estimates

The provision has been estimated considering the historic claims pattern experienced since 2002 and lodgements not claimed at balance date. The estimate reflects the volatility of unclaimed monies lodgements and claims from year to year, which are impacted by factors including economic events, legislative change, media exposure and the behaviour of claimants, each differing significantly from year to year and over time. The assumptions applied for the claims rate have changed from the previous valuation period, resulting in a net reduction of \$10.516 million. The reduction was mostly driven by a lower-than-expected five-year average claims rate in the 2–12 year period from lodgement date.

The estimated future flow of claims over time has been discounted to present value at a risk-free rate of interest based on government bond rates with similar terms to the expected claims. This is consistent with standard actuarial practice and required under AASB 137 *Provisions, Contingent Liabilities and Contingent Assets*.

The cash flows have been discounted to present values using the yield curve of the market rates for Australian government securities at 30 June 2023. The use of a risk-free discount rate based on Australian government securities is consistent with standard actuarial practice in Australia for valuing claim liabilities which will be settled over a number of years. Applying these discount rates to the projected payments translates to a single equivalent rate of 4.2% p.a. (2021–22: 3.7%).

Allowance has been made for payment of compounding interest for all claims from 1 July 2013 on unclaimed balances in accordance with actual legislated interest rates and estimated future interest rates based on economist expectations for inflation in the medium to longer term, noting legislated interest rates are linked to movements in the consumer price index (CPI). The relevant CPI rate is March–March CPI from the previous year to be applied on 1 July each year.

Note 5. Funding

This section identifies ASIC's funding structure.

5.1 Appropriations

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

Annual appropriations for 2023	Annual appropriation \$'000	Adjustments to appropriation ¹ \$'000	Total appropriation \$'000	Appropriation applied in 2023 (current and prior years) \$'000	Variance ² \$'000
Departmental					
Ordinary annual services	426,323	30,135	456,458	486,802	(30,344)
Capital budget ³	21,058	–	21,058	–	21,058
Other services					
Equity injections	5,824	–	5,824	2,358	3,466
Total departmental	453,205	30,135	483,340	489,160	(5,820)
Administered					
Ordinary annual services	7,925	–	7,925	8,403	(478)
Total administered	7,925	–	7,925	8,403	(478)

1 s74 receipts.

2 The variance in departmental expenses is due to higher employee costs and the internal review of software assets which led to prior year adjustment as listed in the overview and Note 3.2.

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

Accounting Policy

Equity injections

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

1 s51 quarantine of \$4.669 million reappropriated as Capital through Act 3.

2 s74 receipts (\$108.063 million).

3 The variance in departmental expenses is due an underspend in operating activities, particularly in relation to the ESA.

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

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

	2023 \$'000	2022 \$'000
Departmental		
<i>Appropriation Act (No. 2) 2020–2021¹</i>	71	376
<i>Supply Act (No. 2) 2020–2021²</i>	211	219
<i>Appropriation Act (No. 1) 2021–2022³</i>	4,669	128,223
<i>Appropriation Act (No. 3) 2021–2022</i>	–	3,636
<i>Appropriation Act (No. 1) DCB 2021–2022⁴</i>	22	–
<i>Appropriation Act (No. 3) DCB 2021–2022</i>	2,392	2,392
<i>Appropriation Act (No. 4) 2021–2022</i>	1,778	1,778
<i>Supply Act (No. 1) 2022–2023</i>	–	–
<i>Supply Act (No. 3) 2022–2023</i>	96,846	–
<i>Supply Act (No. 1) DCB 2022–2023</i>	8,774	–
<i>Supply Act (No. 3) DCB 2022–2023</i>	12,284	–
<i>Supply Act (No. 2) 2022–2023</i>	501	–
<i>Supply Act (No. 4) 2022–2023</i>	701	–
<i>Appropriation Act (No. 1) 2022–2023</i>	–	–
<i>Appropriation Act (No. 2) 2022–2023</i>	2,578	–
Total Departmental	130,827	136,624

Unspent departmental appropriations include cash balances of \$2.241 million (2022: \$1.606 million).

1 \$0.071 million unspent appropriation will lapse on 1 July 2023.

2 \$0.211 million unspent appropriation will lapse on 1 July 2023.

3 Includes \$4.669 million withheld under s51 of the PGPA Act or quarantined for administrative reasons. The funds were transferred to Capital and were reappropriated through *Appropriation Act (No. 3) 2021–2022*.

4 Adjustment to 2021–2022 DCB as a result of the transfer of software expenses from the WIP accounts to employee and supplier expenses.

	2023 \$'000	2022 \$'000
Administered		
<i>Appropriation Act (No. 1) 2019–2020¹</i>	–	1,521
<i>Supply Act (No. 1) 2019–2020²</i>	–	1,087
<i>Appropriation Act (No. 1) 2020–2021³</i>	527	3,560
<i>Supply Act (No. 1) 2020–2021</i>	–	1,728
<i>Appropriation Act (No. 1) 2021–2022</i>	5,358	7,445
<i>Appropriation Act (No. 1) 2022–2023</i>	379	–
<i>Supply Act (No. 1) 2022–2023</i>	2,327	–
<i>Supply Act (No. 3) 2022–2023</i>	3,663	–
Total Administered	12,254	15,341

Unspent administered appropriations include cash balances of \$0.382 million (2022: \$0.165 million).

- 1 \$1.521 million unspent appropriation lapsed on 1 July 2022.
- 2 \$1.087 million unspent appropriation lapsed on 1 July 2022.
- 3 \$0.527 million unspent appropriation will lapse on 1 July 2023.

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

Authority	Type	Purpose	Appropriation applied	
			2023 \$'000	2022 \$'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 (<i>69 Banking Act 1959</i>) to refund amounts to banking and deposit taking institution account holders.	77,517	65,944
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 (<i>s216 Life Insurance Act 1995</i>) to refund amounts to life insurance policy holders.	12,954	9,424
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 s 77 of the PGPA Act.	4,558	5,055
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> .	32,382	33,185
Total			127,411	113,608

5.2 Special Accounts

[Recoverable GST exclusive]	Enforcement Special Account ¹		ASIC Trust and Other Moneys Special Account 2018 ²	
	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
Balance brought forward from previous period	71,137	45,174	19,897	11,724
Increases				
Appropriation for the reporting period	55,246	64,811	–	–
Other increases	6,727	20,643	23,994	10,696
Available for payments	133,110	130,628	43,891	22,420
Decreases				
Departmental				
Cash payments from the Special Account	(54,485)	(59,491)	–	–
Total departmental	(54,485)	(59,491)	–	–
Administered				
Cash payments from the Special Account	–	–	(5,795)	(2,523)
Total administered	–	–	(5,795)	(2,523)
Balance carried forward to the next period	78,625	71,137	38,096	19,897
Balance represented by:				
Cash held in entity bank accounts	–	–	38,096	19,897
Cash held in the Official Public Account	78,625	71,137	–	–
	78,625	71,137	38,096	19,897

1 Appropriation: s78 of the PGPA Act.

Establishing Instrument: s78 of the PGPA Act.

Purpose: the ESA is a departmental special account that was established by a determination of the Finance Minister on 23 August 2016 to fund ASIC's costs arising from the investigation and litigation of matters of significant public interest.

2 Appropriation: s78 of the PGPA Act.

Establishing Instrument: s78 of the PGPA Act.

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 of 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 s912B 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 (SOETM) Account – Australian Securities and Investments Commission SOETM Special Account 2022. This account was established under s78 of the PGPA Act. 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 2023, 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: \$19.897 million in 2022 and \$38.096 million in 2023.

5.3 Regulatory charging summary

	2023 \$'000	2022 \$'000
Amounts applied		
Departmental		
Appropriation applied	368,499	320,070
Total amounts applied	368,499	320,070
Expenses		
Departmental	368,499	320,070
Total expenses	368,499	320,070
External revenue		
Administered		
Fees for services	11,498	12,886
ASIC Supervisory Cost Recovery Levy	357,001	307,184
Total external revenue	368,499	320,070

The increase in the regulatory charging amount reflects the cessation of Financial Advisers levy relief.

Regulatory charging activities

On 20 April 2016, the Australian Government announced the introduction of an industry funding model for ASIC. Under this model, ASIC's regulatory costs are partially recovered from the industry sectors we regulate, through a combination of:

- general industry levies (cost recovery levies)
- statutory industry levies
- 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 are recovered from industry as outlined in our Cost Recovery Implementation Statement. Activities include:

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

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

23-173MR Industry funding: 2022–23 Cost Recovery Implementation Statement | ASIC¹

¹ <https://asic.gov.au/about-asic/news-centre/find-a-media-release/2023-releases/23-173mr-industry-funding-2022-23-cost-recovery-implementation-statement#!page=1&type=media%20releases&search=cris>

5.4 Net cash appropriation arrangements

	2023 \$'000	2022 (Restated) \$'000
Total comprehensive income/(loss) – as per the Statement of Comprehensive Income	(84,034)	1,535
<i>Plus: depreciation/amortisation expenses previously funded through appropriations (departmental capital budget funding and/or equity appropriations)¹</i>	56,525	43,441
<i>Plus: depreciation ROU assets²</i>	20,798	21,248
<i>Less: lease principal repayments²</i>	20,904	19,070
Net cash operating surplus/(deficit)	(27,615)	47,154

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

Note 6. People and relationships

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

6.1 Employee provisions

	2023 \$'000	2022 \$'000
Annual leave entitlement	25,421	29,588
Long service leave entitlement	46,181	45,413
Separation and redundancy provision	2,214	2,489
Total employee provisions	73,816	77,490

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. This includes ASIC's employer superannuation contribution rates to the extent that the leave is likely to be taken during service rather than paid out on termination.

The liability for long service leave has been determined by reference to the work of an independent actuary dated 7 June 2022. Actuarial reviews of long service leave are undertaken at least every five years. The estimate of the present value of the liability takes into account attrition rates and pay increases through promotion and inflation.

Separation and redundancy

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

Superannuation

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

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

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

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

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

Accounting Policy (continued)

Restructuring

ASIC recognises a provision for restructuring when strategic and operational priorities change or when the Government announces a funding measure that will result in a future reduction in functions, resources and staff and the costs associated with these future reductions can be reliably estimated.

Accounting judgements and estimates

In the process of applying the accounting policies listed in this note, ASIC 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 people who have direct or indirect authority and responsibility for planning, directing and controlling the activities of ASIC. ASIC determined the KMP to be commission members, the Chief Operating Officer, the Portfolio Minister and the Minister for Financial Services.

KMP remuneration is reported in the following table.

	2023 \$'000	2022 \$'000
Short-term employee benefits	3,182	6,597
Post-employment benefits	334	737
Other long-term benefits	70	161
Total key management personnel remuneration expenses¹	3,586	7,495

The total number of KMP who are included in the above table is 6² (2022: 15).

- ¹ The above KMP 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.
- ² From 1 July 2022, ASIC's governance structure was updated, where Executive Directors are no longer directly responsible for planning, directing and controlling the activities of ASIC. This resulted in the reduction of KMP from 15 to 6.

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's Chief Operating Officer, who are responsible 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

	2023 \$'000	2022 \$'000
7.1A: Departmental contingent assets and liabilities		
Contingent assets		
Balance from previous period	7,858	11,539
New contingent assets	2,821	2,763
Re-measurement	(1,770)	1,175
Assets realised	(2,189)	(7,499)
Assets relinquished	(1,410)	(120)
Total contingent assets	5,310	7,858
Contingent liabilities		
Balance from previous period	(150)	(1,200)
Re-measurement	(250)	–
New contingent liabilities	–	(150)
Obligations expired	–	1,200
Total contingent liabilities	(400)	(150)
Net contingent assets	4,910	7,708

Quantifiable contingencies (ASIC Departmental)

The above table contains 20 matters (2022: 20 matters) where a contingent asset is disclosed in respect of cases where ASIC has received an award of costs in its favour; however agreement with respect to the quantum payable to ASIC has not been reached. ASIC has estimated that these matters represent a combined receivable of \$5.310 million (2022: \$7.858 million), which is disclosed as a contingent asset because realisation of this debt is not virtually certain.

The above table contains one matter (2022: one matter) where a contingent liability is disclosed in respect of a case where ASIC had costs awarded against it; however agreement with respect to the quantum payable by ASIC has not been reached. ASIC has estimated that this matter represents a payable of \$0.400 million (2022: \$0.150 million), 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 organisation, 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 it is unsuccessful.

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

There are, at the date of this report, five matters (2022: seven 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 it will:

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

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

Accounting Policy

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

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 of 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.

	2023 \$'000	2022 \$'000
7.1B: Administered contingent liabilities		
<i>Banking Act 1959</i>	778,341	683,083
<i>Corporations Act 2001</i>	560,240	491,812
<i>Life Insurance Act 1995</i>	124,330	121,499

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 2023 (2022: nil).

7.2 Financial instruments

	Notes	2023 \$'000	2022 \$'000
7.2A: Financial instruments			
Financial assets			
Cash and cash equivalents	3.1A	80,866	72,743
Trade receivables	3.1B	3,114	7,395
Total financial assets		83,980	80,138
Financial liabilities			
Trade creditors	3.3A	20,768	29,510
Total financial liabilities		20,768	29,510

Accounting Policy

Financial assets

In accordance with AASB 9 *Financial Instruments*, ASIC classifies its financial assets in the following categories:

- › cash and cash equivalents measured at nominal amounts
- › trade receivables 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 are 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
2. the cash flows are solely payments of principal and interest on the principal outstanding amount.

Amortised cost is determined using the effective interest method.

Effective interest method

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

Accounting Policy (continued)

Impairment of financial assets

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

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

A write-off constitutes a derecognition event where it 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).

	2023 \$'000	2022 \$'000
--	----------------	----------------

7.2B: Impairment loss on financial instruments

Financial assets at amortised cost

Impairment	486	–
Net loss on financial assets at amortised cost	486	–

7.3 Administered financial instruments

	Notes	2023 \$'000	2022 \$'000
Financial assets			
Cash and cash equivalents		1,646	1,379
Trade receivables	4.1C	10,034	13,284
Total financial assets		11,680	14,663
Financial liabilities			
Grants payable	4.2A	3,318	4,196
Supplier payables	4.2A	–	118
Total financial liabilities		3,318	4,314

Note 8. Other information

8.1 Current/non-current distinction for assets and liabilities

	2023 \$'000	2022 (Restated) \$'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	80,866	72,743
Trade and other receivables	130,047	142,066
Prepayments	17,369	14,332
Total no more than 12 months	228,282	229,141
More than 12 months		
Buildings	169,242	190,642
Plant and equipment	15,957	23,671
Computer software	29,896	69,914
Total more than 12 months	215,095	284,227
Total assets	443,377	513,368
Liabilities expected to be settled in:		
No more than 12 months		
Suppliers	20,768	29,510
Other payables	46,381	35,345
Leases	25,586	21,422
Employee provisions	22,306	24,506
Other provisions	7,485	2,242
Total no more than 12 months	122,526	113,025
More than 12 months		
Leases	143,237	164,103
Employee provisions	51,510	52,983
Other provisions	3,169	2,889
Total more than 12 months	197,916	219,975
Total liabilities	320,442	333,000

	2023 \$'000	2022 \$'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	1,646	1,380
Supervisory cost recovery levies receivable	359,977	311,875
Fees and fines receivable	239,098	150,403
Trade and other receivables	10,427	13,732
Total no more than 12 months	611,148	477,390
Total assets	611,148	477,390
Liabilities expected to be settled in:		
No more than 12 months		
Supplier and other payables	45,028	40,402
Unclaimed monies provisions	118,741	102,104
Total no more than 12 months	163,769	142,506
More than 12 months		
Supplier and other payables	8,242	7,958
Unclaimed monies provisions	400,222	356,849
Total more than 12 months	408,464	364,807
Total liabilities	572,233	507,313

8.2 Expenditure relating to statutory board and tribunal

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

	2023 \$'000	2022 \$'000
Companies Auditors Disciplinary Board	206	338
Superannuation Complaints Tribunal	–	19

Accounting Policy

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

8.3 Identified 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. The table below represents only those known assets that have been identified.

	2023 Quantity	2022 Quantity
Class of asset		
Land	554	529
Shares	208	190
Other	179	132
<i>Closing balance</i>	941	851

Land is comprised of real property as described in 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 property such as intellectual property (e.g. trademarks) and mortgages.

8.4 Security deposits from dealers, investment advisers and liquidators

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

	2023 \$'000	2022 \$'000
Security deposits under Corporations Regulations 2001 regulation 7.6.02AA (dealers and investment advisers)		
Cash (at bank)	83	83
Inscribed stock	20	20
Bank guarantees	8,410	8,510
<i>Closing balance</i>	8,513	8,613
Security deposits under the <i>Corporations Act 2001</i> s1284(1) (liquidators)		
Insurance bond	1,800	1,800
<i>Closing balance</i>	1,800	1,800

8.5 Budgetary reports and explanations of major variances

8.5A: Departmental Budgetary Reports

The following tables provide a comparison of the original budget as presented in the 2022–23 October Portfolio Budget Statement to the 2022–23 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 +/- \$5 million are provided.

Statement of Comprehensive Income

	Actual	Original Budget	Variance
	2023 \$'000	2023 \$'000	2023 \$'000
NET COST OF SERVICES			
Expenses			
Employee benefits	313,333	288,772	24,561
Suppliers	144,837	127,088	17,749
Depreciation and amortisation	77,323	61,183	16,140
Finance costs – unwinding of restoration provision	1,703	1,684	19
Impairment loss on financial instruments	486	–	486
Write-down and impairment of assets	4,728	–	4,728
Total expenses	542,410	478,727	63,683
LESS:			
Own-source revenue			
Sale of goods and rendering of services	2,343	2,000	343
Revenue from other Australian Government entities	18,321	22,367	(4,046)
Other revenue	11,702	3,395	8,307
Total own-source revenue	32,366	27,762	4,604
Gains			
Reversal of write-downs and impairment	70	–	70
Total gains	70	–	70
Net (cost) of services	(509,974)	(450,965)	(59,009)
Total revenue from Government	426,323	426,323	–
Surplus/(Deficit)	(83,651)	(24,642)	(59,009)

	Actual	Original Budget	Variance
	2023	2023	2023
	\$'000	\$'000	\$'000
OTHER COMPREHENSIVE INCOME			
Items not subject to subsequent reclassification to net cost of services			
Asset revaluation	–	–	–
Movement in makegood provision	(383)	–	(383)
Loss on disposal of previously revalued assets	–	–	–
Total comprehensive income/(loss)	(84,034)	(24,642)	(59,392)

Explanations of major variances

Affected line items

Expenses

The increase in both employee and supplier costs primarily relates to costs previously budgeted as an intangible on the balance sheet being recognised in the statement of comprehensive income following an internally led review of ASIC's end-to-end processes for accounting and management of software assets.

Employee benefits/
Suppliers

The increase in depreciation and amortisation expense is driven by an increase in amortisation expenses for software assets following a change in useful life identified during a significant asset and work-in-progress review undertaken during 2022–23.

Depreciation and
amortisation

Own-source revenue

Revenue from other Australian Government entities was lower than budget mainly due to the timing of revenue recognised from the ATO relating to the Modernising Business Registers Program, as well as lower than budgeted revenue received from Department of Home Affairs for the data centre due to this project being completed in the prior year.

Revenue from
other Australian
Government entities

The increase mainly relates to higher than budgeted court cost recovery revenue, in addition to revenue received from the Australian Banking Association for Breach Reporting that wasn't included in the budget.

Other revenue

The increased deficit compared to Budget has primarily arisen due to an internally led review of ASIC's end-to-end processes for accounting and management of software assets. This resulted in a decrease in the useful life of software assets and the transfer of a number of costs previously budgeted as assets being moved to the Statement of Comprehensive Income.

Surplus/(Deficit)

Statement of Financial Position

	Actual	Original Budget	Variance
	2023 \$'000	2023 \$'000	2023 \$'000
ASSETS			
Financial assets			
Cash and cash equivalents	80,866	72,743	8,123
Trade and other receivables	130,047	135,259	(5,212)
Total financial assets	210,913	208,002	2,911
Non-financial assets			
Buildings	169,242	166,611	2,631
Plant and equipment	15,957	19,379	(3,422)
Computer software	29,896	120,318	(90,422)
Other non-financial assets	17,369	14,332	3,037
Total non-financial assets	232,464	320,640	(88,176)
Total assets	443,377	528,642	(85,265)
LIABILITIES			
Payables			
Suppliers	20,768	29,178	(8,410)
Other payables	46,381	35,345	11,036
Total payables	67,149	64,523	2,626
Interest-bearing liabilities			
Leases	168,823	162,661	6,162
Total interest-bearing liabilities	168,823	162,661	6,162
Provisions			
Employee provisions	73,816	77,490	(3,674)
Other provisions	10,654	5,156	5,498
Total provisions	84,470	82,646	1,824
Total liabilities	320,442	309,830	10,612
Net assets	122,935	218,812	(95,877)
EQUITY			
Contributed equity	551,969	552,250	(281)
Reserves	25,797	26,180	(383)
Accumulated deficits	(454,831)	(359,618)	(95,213)
Total equity	122,935	218,812	(95,877)

Explanations of major variances

Affected line items

Financial assets

The variance is mainly due to unbudgeted court cost recoveries related to ESA matters.

Cash and cash equivalents

Non-financial assets

The decrease is attributable to the prior year adjustments of \$35.5m, and to the transfer of current year costs previously budgeted as an intangible on the balance sheet to the statement of comprehensive income. In addition, the review of the useful lives of software assets has resulted in higher depreciation estimates than provided for in the budget assumptions. These movements are a result of an internally led review of ASIC's end-to-end processes for accounting and management of software assets and a review of the future economic value of previously capitalised assets.

Software

Payables

The decrease is due to the reduction in the number of high value IT payables in 2023 compared to 2022. In addition, the Suppliers balance is impacted by the timing of the final payment run for the year.

Suppliers

Separation and redundancy payables have increased as a result of ASIC's organisational redesign.

Other payables

Provisions

The increase relates to additional provisions made for the estimated costs that will be paid on settlement of current legal proceedings.

Other provisions

Statement of Changes in Equity

	Actual	Original Budget	Variance
	2023 \$'000	2023 \$'000	2023 \$'000
CONTRIBUTED EQUITY			
Opening balance	525,368	525,368	–
Transactions with owners			
Distributions to owners			
Returns of capital			
Return of equity	(281)	–	(281)
Contributions by owners			
Equity injections – appropriations	5,824	5,824	–
Departmental capital budget	21,058	21,058	–
Total transactions with owners	26,601	26,882	(281)
Closing balance as at 30 June	551,969	552,250	(281)

	Actual	Original Budget	Variance
	2023	2023	2023
	\$'000	\$'000	\$'000
RETAINED EARNINGS			
Opening balance			
Balance carried forward from previous period	(371,180)	(334,976)	(36,204)
Comprehensive income			
Surplus/(Deficit) for the period	(83,651)	(24,642)	(59,009)
Total comprehensive income/(loss)	(83,651)	(24,642)	(59,009)
Closing balance as at 30 June	(454,831)	(359,618)	(95,213)
ASSET REVALUATION RESERVE			
Opening balance	26,180	26,180	–
Comprehensive income			
Other comprehensive income	(383)	–	(383)
Total comprehensive income	(383)	–	(383)
Closing balance as at 30 June	25,797	26,180	(383)
TOTAL EQUITY			
Opening balance			
Balance carried forward from previous period	180,368	216,572	(36,204)
Comprehensive income			
Surplus/(Deficit) for the period	(83,651)	(24,642)	(59,009)
Other comprehensive income	(383)	–	(383)
Total comprehensive income/(loss)	(84,034)	(24,642)	(59,392)
Transactions with owners			
Distributions to owners			
Returns of capital			
Return of equity	(281)	–	(281)
Contributions by owners			
Equity injections – appropriations	5,824	5,824	–
Departmental capital budget	21,058	21,058	–
Total transactions with owners	26,601	26,882	(281)
Closing balance as at 30 June	122,935	218,812	(95,877)

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
	2023	2023	2023
	\$'000	\$'000	\$'000
OPERATING ACTIVITIES			
Cash received			
Appropriations	487,437	433,130	54,307
Operating cash received	2,343	2,000	343
Net GST received	17,621	15,323	2,298
Cost recoveries	8,097	3,230	4,867
Other cash received	26,423	22,178	4,245
Total cash received	541,921	475,861	66,060
Cash used			
Employees	306,655	288,762	17,893
Suppliers	165,053	142,399	22,654
Interest payments on lease liabilities	1,621	1,659	(38)
s74 receipts transferred to OPA	30,135	–	30,135
Total cash used	(503,463)	(432,820)	(70,643)
Net cash from operating activities	38,458	43,041	(4,583)
INVESTING ACTIVITIES			
Cash used			
Purchase of leasehold improvements, plant and equipment and intangibles	11,767	47,060	(35,293)
Net cash (used by) investing activities	(11,767)	(47,060)	35,293
FINANCING ACTIVITIES			
Cash received			
Appropriations – contributed equity	2,336	26,882	(24,546)
Total cash received	2,336	26,882	(24,546)
Cash used			
Principal payments of lease liabilities	20,904	22,863	(1,959)
Total cash used	(20,904)	(22,863)	1,959
Net cash from financing activities	(18,568)	4,019	(22,587)
Net increase/(decrease) in cash held	8,123	–	8,123
Cash at the beginning of the reporting period	72,743	72,743	–
Cash at the end of the reporting period	80,866	72,743	8,123

Explanations of major variances

Affected line items

Investing Activities

ASIC undertook an internal review of end-to-end processes for accounting and management of software assets. This resulted in a decrease in cash used for investing activities and a corresponding increase in cash used for operating activities.

Purchase of leasehold improvements, plant and equipment and intangibles

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

8.5B: Administered budgetary reports

The following tables provide a comparison of the original budget as presented in the October 2022–23 Portfolio Budget Statement to the 2022–23 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 +/- \$5 million are provided.

Administered Schedule of Comprehensive Income

	Actual	Original Budget	Variance
	2023	2023	2023
	\$'000	\$'000	\$'000
EXPENSES			
Grants	4,880	4,668	212
Impairment loss allowance on other assets	91,967	67,186	24,781
Claims for unclaimed monies	184,337	143,546	40,791
Promotional costs for Moneysmart initiatives	583	580	3
Suppliers – other administered	645	379	266
Total expenses	282,412	216,359	66,053
LESS:			
Own-source revenue			
Taxation revenue			
Fees	1,014,253	957,393	56,860
Supervisory cost recovery levies	61,483	72,016	(10,533)
Total taxation revenue	1,075,736	1,029,409	46,327
Non-taxation revenue			
Supervisory cost recovery levies	298,735	281,131	17,604
Fees and fines	460,079	217,257	242,822
Unclaimed monies	341,841	218,000	123,841
Total non-taxation revenue	1,100,655	716,388	384,267
Total revenue	2,176,391	1,745,797	430,594
Net contribution by services	1,893,979	1,529,438	364,541

Explanations of major variances	Affected line items
Expenses	
The increase in the impairment allowance recognises additional court penalties that are unlikely to be paid.	Impairment loss allowance on other assets
The increase is primarily due to the revaluation of the unclaimed monies provisions, based on the 2022–23 actuarial valuation. The main driver for the provision increase is the large lodgements made in the Banking portfolio.	Claims for unclaimed monies
Revenue	
Fees revenue has increased due to higher than budgeted number of regulated entities and indexation. Indexation was budgeted at 2% but actual indexation was 5.1%.	Taxation revenue – Fees
The decrease in statutory levies (taxation revenue) is due primarily to a reduction in ESA funding for Government savings measures.	Taxation revenue – Supervisory cost recovery levies
Fees revenue is impacted by indexation and an increase in late fees. Fines revenue is Court awarded costs which were unbudgeted as they are highly unpredictable, cross multiple financial years and subject to appeal.	Non-taxation revenue – Fees and fines
The increase mostly relates to Banking Unclaimed Monies, where there has been a 62% increase in lodgements compared to 2022. Overall lodgements have increased in both volume and average amount per lodgement record.	Non-taxation revenue – Unclaimed monies

Administered Schedule of Assets and Liabilities

	Actual	Original Budget	Variance
	2023	2023	2023
	\$'000	\$'000	\$'000
ASSETS			
Financial assets			
Cash and cash equivalents	1,646	1,380	266
Supervisory cost recovery levies receivable	359,977	302,137	57,840
Fees and fines receivable	239,098	183,934	55,164
Trade and other receivables	10,427	14,024	(3,597)
Total assets administered on behalf of Government	611,148	501,475	109,673
LIABILITIES			
Payables and provisions			
Suppliers and other payables	53,270	49,742	3,528
Unclaimed monies provisions	518,963	473,342	45,621
Total liabilities administered on behalf of Government	572,233	523,084	49,149
Net assets/(liabilities)	38,915	(21,609)	60,524

Explanations of major variances

The original budget includes the Financial Advisers levy relief of \$45.538 million, recorded on a cash basis. The actual receivable is recorded on an accrual basis.

This increase is mostly due to unbudgeted Court awarded costs.

Affected line items

Supervisory cost recovery levies receivable

Fees and fines receivable

