

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2009

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INDEPENDENT AUDITOR'S REPORT

To the Minister for Financial Services, Superannuation and Corporate Law

Scope

I have audited the accompanying financial statements of the Australian Securities and Investments Commission (the Commission) for the year ended 30 June 2009, which comprise: a Statement by the Chairman and Chief Financial Officer; Income Statement; Balance Sheet; Statement of Changes in Equity; Cash Flow Statement; Schedules of Commitments, Contingencies and Administered items, and Notes to and forming part of the Financial Statements, including a Summary of Significant Accounting Policies.

Responsibility of the Chairman of the Commission for the Financial Statements

The Chairman of the Commission is responsible for the preparation and fair presentation of the financial statements in accordance with the Finance Minister's Orders made under the *Financial Management and Accountability Act 1997*, including the Australian Accounting Standards (which include the Australian Accounting Interpretations). This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

My responsibility is to express an opinion on the financial statements based on my audit. I conducted my audit in accordance with Australian National Audit Office Auditing Standards, which incorporate Australian Auditing Standards. These auditing standards require that I comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Commission's preparation and fair presentation of the financial statements 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 Commission's internal control. An audit also includes evaluating the appropriateness of

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accounting policies used and the reasonableness of accounting estimates made by the Commission, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Independence

In conducting the audit, I have followed the independence requirements of the Australian National Audit Office, which incorporate the requirements of the Australian accounting profession.

Auditor's Opinion

In my opinion, the financial statements of the Australian Securities and Investments Commission:

- (a) have been prepared in accordance with Finance Minister's Orders made under the *Financial Management and Accountability Act 1997*, including Australian Accounting Standards; and
- (b) give a true and fair view of the matters required by the Finance Minister's Orders including the Australian Securities and Investments Commission's financial position as at 30 June 2009 and its financial performance and cash flows for the year then ended.

Australian National Audit Office



P Hinchey
Senior Director
Delegate of the Auditor-General

Sydney
7 August 2009

STATEMENT BY CHIEF EXECUTIVE
AND CHIEF FINANCIAL OFFICER

In our opinion, the attached financial statements for the year ended 30 June 2009 are based on properly maintained financial records and give a true and fair view of the matters required by the Finance Minister's Orders made under the *Financial Management and Accountability Act 1997*, as amended.

This statement is made in accordance with a resolution of the Commission members.



A. M. D'Aloisio
Chairman
7 August 2009



M. M. Haerewa
Chief Financial Officer
7 August 2009

INCOME STATEMENT
FOR THE YEAR ENDED 30 JUNE 2009

| | Notes | 2009 \$'000 | 2008 \$'000 |
|---------------------------------------|-------|----------------|----------------|
| INCOME | | | |
| Revenue | | | |
| Revenues from Government ¹ | 3A | 307,796 | 282,218 |
| Rendering of services | 3B | 3,370 | 4,370 |
| Interest | 3C | – | 6 |
| Royalties | 3D | 236 | 325 |
| Other revenues | 3E | 3,036 | 4,944 |
| Total revenue | | 314,438 | 291,863 |
| Gains | | | |
| Other gains | 3F | 130 | 126 |
| Total income | 33B | 314,568 | 291,989 |
| EXPENSES | | | |
| Employee benefits | 4A | 176,792 | 164,676 |
| Suppliers | 4B | 97,437 | 92,930 |
| Depreciation and amortisation | 4C | 19,191 | 15,554 |
| Finance costs | 4D | 468 | 306 |
| Write-down of assets | 4E | 896 | 334 |
| Net losses from sale of assets | 4F | 9 | 6 |
| Total expenses | 33B | 294,793 | 273,806 |
| Surplus² | | 19,775 | 18,183 |

1 Revenues from Government for 2008–09 includes \$10 million received by ASIC to fund regulatory initiatives resulting from the Global Financial Crisis.

2 The surpluses for 2008–09 and 2007–08 largely result from changes to the timing of expenditure for a major IT project. Revenue from Government received to fund this initiative will be utilised in future financial years.

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

BALANCE SHEET

AS AT 30 JUNE 2009

| | Notes | 2009 \$'000 | 2008 \$'000 |
|---|-------|----------------|----------------|
| ASSETS | | | |
| Financial assets | | | |
| Cash and cash equivalents | 5A | 2,950 | 8,415 |
| Trade and other receivables | 5B | 108,366 | 116,875 |
| <i>Total financial assets</i> | | <u>111,316</u> | <u>125,290</u> |
| Non-financial assets | | | |
| Leasehold improvements | 6A | 27,043 | 24,303 |
| Plant and equipment | 6B | 17,241 | 6,792 |
| Intangibles | 6C | 52,149 | 18,742 |
| Other non-financial assets | 6D | 4,247 | 2,686 |
| <i>Total non-financial assets</i> | | <u>100,680</u> | <u>52,523</u> |
| Total assets | | <u>211,996</u> | <u>177,813</u> |
| LIABILITIES | | | |
| Payables | | | |
| Suppliers | 7A | 16,183 | 20,678 |
| Other payables | 7B | 24,880 | 26,211 |
| <i>Total payables</i> | | <u>41,063</u> | <u>46,889</u> |
| Interest bearing liabilities | | | |
| Leases | 8A | – | 188 |
| <i>Total interest bearing liabilities</i> | | <u>–</u> | <u>188</u> |
| Provisions | | | |
| Employee provisions | 9A | 51,652 | 43,636 |
| Other provisions | 9B | 6,696 | 11,150 |
| <i>Total provisions</i> | | <u>58,348</u> | <u>54,786</u> |
| Total liabilities | | <u>99,411</u> | <u>101,863</u> |
| Net assets | | <u>112,585</u> | <u>75,950</u> |
| EQUITY | | | |
| Contributed equity | | 76,214 | 59,354 |
| Reserves | | 8,900 | 8,900 |
| Accumulated surplus/(deficit) | | 27,471 | 7,696 |
| Total equity | | <u>112,585</u> | <u>75,950</u> |
| Current assets | | 115,563 | 127,976 |
| Non-current assets | | 96,433 | 49,837 |
| Current liabilities | | 78,685 | 78,999 |
| Non-current liabilities | | 20,726 | 22,864 |

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

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2009

| | Notes | Accumulated surplus/(deficit) | | Asset revaluation reserves | | Contributed equity | | Total equity | |
|---|-------|-------------------------------|----------------|----------------------------|----------------|--------------------|----------------|----------------|----------------|
| | | 2009 \$'000 | 2008 \$'000 | 2009 \$'000 | 2008 \$'000 | 2009 \$'000 | 2008 \$'000 | 2009 \$'000 | 2008 \$'000 |
| Opening balance | | 7,696 | (10,487) | 8,900 | 11,199 | 59,354 | 20,596 | 75,950 | 21,308 |
| <i>Income and expense</i> | | | | | | | | | |
| Revaluation | | | | | | | | | |
| Leasehold improvements ¹ | 6E | - | - | - | 198 | - | - | - | 198 |
| Restoration obligations ¹ | 9B | - | - | - | (2,497) | - | - | - | (2,497) |
| Surplus | | 19,775 | 18,183 | - | - | - | - | 19,775 | 18,183 |
| Total income and expenses | | 19,775 | 18,183 | - | (2,299) | - | - | 19,775 | 15,884 |
| <i>Contributions by owners</i> | | | | | | | | | |
| Appropriations – contributed equity | | | | | | | | | |
| Finance Minister's determination ² : | | | | | | | | | |
| No. 36 of 2008–09 Schedule 2 and Schedule 3 | | - | - | - | - | (1,757) | - | (1,757) | - |
| No. 38 of 2008–09 Schedule 2 | | - | - | - | - | (1,407) | - | (1,407) | - |
| No. 39 of 2008–09 Schedule 1 | | - | - | - | - | (571) | - | (571) | - |
| Closing balance | | 27,471 | 7,696 | 8,900 | 8,900 | 76,214 | 59,354 | 112,585 | 75,950 |

1 On 31 May 2008 ASIC re-assessed the future cost to make good its leased premises. The increase in restoration obligation has been debited directly to the asset revaluation reserve as it reverses a previous credit to the reserve in respect of the leasehold improvements class of assets. The increase in depreciated replacement cost of leasehold improvements has also been credited directly to the asset revaluation reserve.

2 ASIC received funding in 2007–08 and 2008–09 in respect of the Standard Business Reporting cross-agency initiative. On 25 June 2009, the Finance Minister formally determined to reduce a portion of ASIC's appropriation for this project and reallocate the funding to other agencies connected with the project. The total adjustment recognised directly in equity is \$3.735m. This relates to a reduction in the 2008–09 equity injection and prior year appropriations (Note: 28A refers).

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

CASH FLOW STATEMENT

FOR THE YEAR ENDED 30 JUNE 2009

| | Notes | 2009 \$'000 | 2008 \$'000 |
|---|-------|-----------------|-----------------|
| Operating activities | | | |
| Cash received | | | |
| Appropriations | | 315,501 | 245,376 |
| Services | | 4,832 | 4,761 |
| Interest | | – | 6 |
| Net GST received | | 15,169 | 8,996 |
| Other cash received | | 3,272 | 5,946 |
| Total cash received | | 338,774 | 265,085 |
| Cash used | | | |
| Employees | | 168,805 | 154,999 |
| Suppliers | | 127,629 | 102,878 |
| Finance costs | | 3 | 40 |
| Return of ESA court costs recovered to Government | | – | 171 |
| Transfer to the Official Public Account ¹ | | – | 45,206 |
| Total cash used | | 296,437 | 303,294 |
| Net cash from / (used by) operating activities | 10 | 42,337 | (38,209) |
| Investing activities | | | |
| Cash received | | | |
| Proceeds from sales of leasehold improvements, plant and equipment | 4F | 2 | – |
| Cash used | | | |
| Purchase of leasehold improvements, plant and equipment and intangibles | 6E | 64,476 | 17,732 |
| Net cash used by investing activities | | (64,474) | (17,732) |
| Financing activities | | | |
| Cash received | | | |
| Appropriations – contributed equity | | 16,860 | 13,390 |
| Cash used | | | |
| Repayment of finance lease principal | | 188 | 694 |
| Net cash from financing activities | | 16,672 | 12,696 |
| Net increase / (decrease) in cash held | | (5,465) | (43,245) |
| Cash and cash equivalents at the beginning of the reporting period | | 8,415 | 51,660 |
| Cash and cash equivalents at the end of the reporting period | 5A | 2,950 | 8,415 |

1 On 3 July 2007 ASIC transferred \$45.2m to the Official Public Account. This amount is recognised in the balance of 'Appropriations receivable' and is available to ASIC on demand.

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

SCHEDULE OF COMMITMENTS

AS AT 30 JUNE 2009

| | 2009 \$'000 | 2008 \$'000 |
|--|----------------|----------------|
| By type | | |
| Commitments payable | | |
| Capital commitments | | |
| Leasehold improvements ¹ | 2,968 | – |
| Plant and equipment ¹ | 3,118 | 3,874 |
| Intangibles | 3,086 | 1,919 |
| Total capital commitments | 9,172 | 5,793 |
| Other commitments | | |
| Operating leases ^{2, 3, 4} | 268,750 | 102,805 |
| Other commitments (goods and services) | 30,470 | 17,942 |
| Total other commitments | 299,220 | 120,747 |
| Less: commitments receivable | | |
| GST recoverable on commitments ⁴ | 28,036 | 11,504 |
| Total commitments receivable | 28,036 | 11,504 |
| Net commitments by type | 280,356 | 115,036 |
| By maturity | | |
| Commitments payable | | |
| Capital commitments | | |
| One year or less | 9,172 | 5,793 |
| Total capital commitments | 9,172 | 5,793 |
| Operating lease commitments ⁴ | | |
| One year or less | 23,523 | 20,071 |
| From one to five years | 100,456 | 48,325 |
| Over five years | 144,771 | 34,409 |
| Total operating lease commitments | 268,750 | 102,805 |
| Other commitments (goods and services) | | |
| One year or less | 30,470 | 17,919 |
| From one to five years | – | 23 |
| Total other commitments | 30,470 | 17,942 |
| Less: commitments receivable | | |
| GST recoverable on commitments ⁴ | | |
| One year or less | 5,742 | 3,980 |
| From one to five years | 9,132 | 4,396 |
| Over five years | 13,162 | 3,128 |
| Total commitments receivable | 28,036 | 11,504 |
| Net commitments by maturity | 280,356 | 115,036 |

1 Outstanding contractual payments for purchases of leasehold improvements, plant and equipment and intangibles.

2 Operating leases included are effectively non-cancellable and comprise:

| Nature of lease | General description of leasing arrangement |
|------------------------------------|---|
| Leases for office accommodation | Subject to fixed increases and annual or bi-annual rent reviews. |
| Motor vehicles – senior executives | No contingent rentals exist. There are no purchase options available to ASIC. |
| Office equipment | No contingent rentals exist. There are no purchase options available to ASIC. |

3 During 2008–09, ASIC signed an agreement to consolidate its Sydney offices into one location at 100 Market Street.

4 The net commitments as at 30 June 2008 are \$8.466m higher than the amount disclosed in the 2007–08 financial statements. The difference relates to the GST attributable to operating leases for office accommodation which was omitted in the 2007–08 financial statements.

Commitments are GST inclusive where relevant.

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

SCHEDULE OF CONTINGENCIES
AS AT 30 JUNE 2009

| | Note | 2009 \$'000 | 2008 \$'000 |
|--|------|----------------|----------------|
| Contingent assets | | | |
| Contingent receivables | | | |
| Balance from previous period | | 3,711 | 4,263 |
| <i>Adjustments to prior period contingent receivables:</i> | | | |
| Assets recognised | | (988) | (773) |
| Estimates not realisable | | (1,823) | (1,310) |
| Revisions to estimates | | (263) | 51 |
| New contingent receivables | | 531 | 1,480 |
| Total contingent assets | 11 | 1,168 | 3,711 |

Contingent liabilities

As at 30 June 2009 ASIC estimates the value of contingent liabilities to be \$0.12m (2008: nil).

Details of all contingent liabilities and assets, including those not included above because they cannot be quantified, are disclosed in Note 11: Contingent liabilities and assets.

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

SCHEDULE OF ADMINISTERED ITEMS
FOR THE YEAR ENDED 30 JUNE 2009

| | Notes | 2009 \$'000 | 2008 \$'000 |
|--|-------|----------------|----------------|
| Income administered on behalf of Government | | | |
| Revenue | | | |
| Non-taxation revenue | | | |
| Corporations Act fees and fines ¹ | 18A | 551,728 | 544,524 |
| Banking Act unclaimed monies ² | 18A | 45,216 | 39,457 |
| Life Insurance Act unclaimed monies ³ | 18A | 6,972 | 5,849 |
| Total revenues administered on behalf of Government | | 603,916 | 589,830 |
| Gains | | | |
| Other gains | 18B | 29 | 25 |
| Total income administered on behalf of Government | 22 | 603,945 | 589,855 |
| Expenses administered on behalf of Government | | | |
| Suppliers ⁴ | 19A | 3,076 | 966 |
| Write-down of assets | 19B | 28,975 | 22,506 |
| Other expenses | 19C | 30,944 | 29,445 |
| Total expenses administered on behalf of Government | 22 | 62,995 | 52,917 |

ASIC's functions in administering revenues and expenses on behalf of the Government are described below:

- 1 ASIC collects and administers revenue under the *Corporations Act 2001* and prescribed fees set by the *Corporations (Fees) Act 2001* and *Corporations (Review Fees) Act 2003*. This revenue is not available to ASIC and is remitted to the Official Public Account (OPA).
- 2 ASIC has responsibility for the administration of unclaimed monies received from banking and deposit taking institutions. Monies received from banking and deposit taking institution accounts that remain inactive for seven years are transferred to the Commonwealth, and are deposited into the OPA.
- 3 ASIC also has responsibility for the administration of unclaimed monies received from life insurance institutions and friendly societies. Monies received in respect of matured life insurance policies that have not been claimed for more than seven years are transferred to the Commonwealth and are deposited into the OPA.
- 4 On behalf of the Government, ASIC administers payments to registered insolvency practitioners. These payments are used to fund preliminary investigations of suspected breaches of directors' duties and fraudulent misconduct. The outcomes of the findings made by insolvency practitioners are reported to ASIC.

Note: Intra Government transactions have been omitted.

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

SCHEDULE OF ADMINISTERED ITEMS (CONTINUED)
AS AT 30 JUNE 2009

| | Notes | 2009 \$'000 | 2008 \$'000 |
|--|-------|----------------|----------------|
| Assets administered on behalf of Government | | | |
| Financial assets (current) | | | |
| Cash and cash equivalents | 20A | 3,072 | 3,064 |
| Receivables | 20B | 86,321 | 83,059 |
| <i>Total assets administered on behalf of Government</i> | | <u>89,393</u> | <u>86,123</u> |
| Liabilities administered on behalf of Government | | | |
| Payables (current) | | | |
| Suppliers | 21A | 6,414 | 4,843 |
| <i>Administered assets less administered liabilities</i> | 22 | <u>82,979</u> | <u>81,280</u> |

Note: Intra government transactions have been omitted.

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

SCHEDULE OF ADMINISTERED ITEMS (CONTINUED)
 FOR THE YEAR ENDED 30 JUNE 2009

| | Notes | 2009 \$'000 | 2008 \$'000 |
|--|-------|----------------|----------------|
| Administered cash flows | | | |
| Operating activities | | | |
| Cash received | | | |
| Corporations Act fees and charges | | 520,595 | 516,394 |
| Banking Act unclaimed monies | | 45,216 | 39,457 |
| Life Insurance Act unclaimed monies | | 6,972 | 5,849 |
| Net GST received | | 198 | 116 |
| Total cash received | | 572,981 | 561,816 |
| Cash used | | | |
| Refunds paid to: | | | |
| Deposit taking institution account holders | | 26,122 | 24,315 |
| Life insurance policy holders | | 4,793 | 5,105 |
| Suppliers | | 2,807 | 1,411 |
| Total cash used | | 33,722 | 30,831 |
| Net cash from operating activities | 23 | 539,259 | 530,985 |
| Net increase in cash held | | 539,259 | 530,985 |
| Cash and cash equivalents at the beginning of the reporting period | | 3,064 | 2,506 |
| Cash from Official Public Account for: | | | |
| – Appropriations | 22 | 40,120 | 35,028 |
| | | 43,184 | 37,534 |
| Less: Cash to Official Public Account for: | | | |
| – Corporations Act fees and charges | | 526,709 | 520,149 |
| – Banking Act unclaimed monies | | 45,216 | 39,457 |
| – Life Insurance Act unclaimed monies | | 6,972 | 5,849 |
| – Return of 2007–08 unspent appropriation | | 474 | – |
| | 22 | 579,371 | 565,455 |
| Cash and cash equivalents at end of reporting period | 20A | 3,072 | 3,064 |

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

SCHEDULE OF ADMINISTERED ITEMS (CONTINUED)
AS AT 30 JUNE 2009

Administered commitments

As at 30 June 2009 ASIC has administered commitments payable of \$0.5m (2008: \$0.8m). This relates to services from registered insolvency practitioners to investigate suspected breaches of directors' duties and fraudulent misconduct. All administered commitments payable are due within 1 year.

As at 30 June 2009 ASIC has administered commitments receivable of \$0.05m (2008: \$0.07m). All administered commitments receivable are for GST refundable and are due within 1 year.

Administered contingent assets

There were no administered contingent assets as at 30 June 2009 (2008: nil).

Administered contingent liabilities

| | 2009 \$'000 | 2008 \$'000 |
|--|----------------|----------------|
| Payables – Refunds to claimants | | |
| Banking Act administration ¹ | 35,709 | 36,962 |
| Life Insurance Act unclaimed monies ² | 6,387 | 7,345 |
| | 42,096 | 44,307 |

1 Banking Act administration

Monies from bank and deposit taking institution accounts inactive for seven or more years are transferred to the Commonwealth and are deposited into the OPA. The contingent liability disclosed above represents an estimate of future claims for repayment, where the validity of the claim has been established by the relevant institution.

The estimate of future claims for repayment at 30 June 2009 was determined using a methodology provided by an independent actuary (Russell Investment Group).

2 Life Insurance Act administration

Monies in respect of matured life insurance policies that have not been claimed within seven years are transferred to the Commonwealth from life insurance companies and friendly societies, and are deposited into the OPA. The contingent liability disclosed above represents an estimate of the future claims for repayment, where the validity of the claim has been established by the relevant institution.

The estimate of future claims for repayment at 30 June 2009 was determined using a methodology provided by an independent actuary (Russell Investment Group).

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

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2009

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| Note 1: Summary of significant accounting policies | 100 | Note 22: Administered reconciliation table | 127 |
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Note 1: Summary of significant accounting policies

1.1 Objectives of the Australian Securities and Investments Commission

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

ASIC's objectives include the promotion of the confident and informed participation of investors and consumers in the financial system.

ASIC also collects and administers revenue under the *Corporations Act 2001* and prescribed fees set by the *Corporations (Fees) Act 2001* and *Corporations (Review Fees) Act 2003* (Note 1.5 refers).

On 1 July 2007, ASIC became an agency prescribed under Schedule 1, Part 1 of the *Financial Management and Accountability Regulations 1997* (FMA Regulations). Prior to this ASIC was a prescribed agency under the *Commonwealth Authorities and Companies Act 1997* in respect of its departmental functions and Schedule 1, Part 2 of the FMA Regulations in respect of its administered functions.

1.2 Basis of preparation of the financial report

The financial statements and notes are required by section 49 of the *Financial Management and Accountability Act 1997* (FMA Act) and are a general purpose financial report.

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

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

- Finance Minister's Orders (or FMOs) for reporting periods ending on or after 1 July 2008; and
- Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) that apply for the reporting period.

The financial report has been prepared on an accrual basis and is in accordance with the historical cost convention, except for certain assets which, as noted, are 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 report is presented in Australian dollars and values are rounded to the nearest thousand dollars unless otherwise specified.

Unless an alternative treatment is specifically required by an accounting standard or the FMOs, assets and liabilities are recognised in the Balance Sheet when and only when it is probable that future economic benefits will flow to ASIC or a future sacrifice of economic benefits will be required and the amounts of the assets or liabilities can be reliably measured. However, assets and liabilities arising under agreements equally proportionately unperformed are not recognised unless required by an accounting standard. Liabilities and assets that are not recognised are reported in the Schedule of Commitments and the Schedule of Contingencies (other than unquantifiable contingencies, which are reported at Note 11).

Unless alternative treatment is specifically required by an accounting standard, revenues and expenses are recognised in the Income Statement when and only when the flow, consumption or loss of economic benefits has occurred and can be reliably measured.

Refer to Note 1.5 for the basis of preparation of the Schedule of Administered Items.

Note 1: Summary of significant accounting policies (continued)

1.3 Significant accounting judgements and estimates

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

1.4 Changes in Australian Accounting Standards

Adoption of new Australian Accounting Standard requirements

No accounting standard has been adopted earlier than the application date as stated in the standard. No new accounting standards, amendments to standards and interpretations issued by the Australian Accounting Standards Board that are applicable to the current period, have had a material financial impact on ASIC.

Future Australian Accounting Standard requirements

No new standards, amendments to standards or interpretations that have been issued by the Australian Accounting Standards Board and are effective for future reporting periods, are expected to have a material financial impact on ASIC.

1.5 Reporting of administered activities

ASIC collects and administers revenue under the *Corporations Act 2001* and prescribed fees set by the *Corporations (Fees) Act 2001* and *Corporations (Review Fees) Act 2003*. 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 revenues, expenses, assets, liabilities and cash flows reported in the Schedule of Administered Items and related notes are accounted for on the same basis and using the same policies as for ASIC items, except where stated in Note 1.20.

Administered items are distinguished by shading in these financial statements.

1.6 Revenue

Revenues from Government

Amounts appropriated for departmental outputs appropriations for the year (adjusted for any formal additions and reductions) are recognised as revenue when ASIC gains control of the appropriation, except for certain amounts that relate to activities that are reciprocal in nature, in which case revenue is recognised only when it has been earned.

Appropriations receivable are recognised at their nominal amounts.

Other types of revenue

Revenue from rendering of services is recognised by reference to the stage of completion of contracts at the reporting date. Revenue is recognised when:

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

The stage of completion of contracts at the reporting date is determined by reference to the proportion that costs incurred to date bear to the estimated total costs of the transaction.

Receivables for goods and services, which have 30 day terms, are recognised at the nominal amounts due less any allowance for bad and doubtful debts. Collectability of debts is reviewed at balance date. Allowances are made when collectability of the debt is no longer probable.

Interest revenue is recognised using the effective interest method as set out in AASB 139 *Financial instruments: recognition and measurement*.

Note 1: Summary of significant accounting policies (continued)

1.7 Gains

Net gains from disposal of assets

Gains from disposal of non-current assets are recognised when control of the asset has passed to the buyer.

Resources received free of charge

Resources received free of charge are recognised as gains when and only when a fair value can be reliably determined and the services would have been purchased if they had not been donated. Use of those resources is recognised as an expense.

Contributions of assets at no cost of acquisition or for nominal consideration are recognised as gains at their fair value when the asset qualifies for recognition, unless received from another Government agency or authority as a consequence of a restructuring of administrative arrangements.

Resources received free of charge are recorded as either revenue or gains depending on their nature, ie whether they have been generated in the course of the ordinary activities of ASIC.

1.8 Transactions with the Government as owner

Equity injections

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

Other distributions to owners

The FMOs require that distributions to owners be debited to contributed equity unless in the nature of a dividend. On 25 June 2009, the Finance Minister issued a determination to reduce ASIC's departmental output appropriations by \$3.735m in respect of prior year appropriations and ASIC's 2008-09 equity injection. This amount is shown as a reduction to contributed equity and a reduction to appropriation receivable.

1.9 Employee benefits

Liabilities for services rendered by employees are recognised at the reporting date to the extent that they have not been settled.

Liabilities for 'short-term employee benefits' (as defined in AASB 119 *Employee Benefits*) and termination benefits due within twelve months of balance date are measured at their nominal amounts.

The nominal amount is calculated with regard to the rates expected to be paid on settlement of the liability.

All other employee benefit liabilities are measured at the present value of the estimated future cash outflows to be made in respect of services provided by employees up to the reporting date.

Leave

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

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

Actuarial reviews of long service leave are undertaken on a five yearly basis. The estimate of the present value of the liability takes into account attrition rates and pay increases through promotion and inflation.

Separation and redundancy

Provision is made for separation and redundancy benefit payments. ASIC recognises a provision for termination when it has developed a detailed formal plan for the terminations.

Note 1: Summary of significant accounting policies (continued)

1.9 Employee benefits (continued)

Superannuation

The majority of employees of ASIC are members of the Commonwealth Superannuation Scheme (CSS), the Public Sector Superannuation Scheme (PSS) or the PSS Accumulation Plan (PSSap).

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 by the Department of Finance and Deregulation as an administered item.

There are a small number of employees covered under state government and private superannuation schemes. The majority of employees employed in the state government superannuation scheme were originally employed by the various state governments and were transferred to ASIC at its inception in 1989.

ASIC makes employer contributions to the Australian Government and the various state superannuation schemes at rates determined by an actuary to be sufficient to meet the cost to the Government of the superannuation entitlements of ASIC's employees. ASIC expenses contributions to defined benefit and defined contribution plans. The liability for superannuation recognised as at balance date represents the outstanding contributions payable as at 30 June.

1.10 Leases

A distinction is made between finance leases and operating leases. Finance leases effectively transfer from the lessor to the lessee substantially all the risks and rewards incidental to ownership of leased non-current assets. An operating lease is a lease that is not a finance lease. In operating leases, the lessor effectively retains substantially all such risks and benefits.

Where a non-current asset is acquired by means of a finance lease, the asset is capitalised at either the fair value of the leased property or, if lower, the present value of minimum lease payments at the inception of the contract and a liability is recognised at the same time and for the same amount.

The discount rate used is the interest rate implicit in the lease. Leased assets are depreciated over the period of the lease. Lease payments are allocated between the principal component and the interest expense.

Operating lease payments are expensed on a straight line basis which is representative of the pattern of benefits derived from the leased assets.

1.11 Finance costs

All finance costs are expensed as incurred.

1.12 Cash and cash equivalents

Cash and cash equivalents includes notes and coins held and any deposits in bank accounts with an original maturity of 3 months or less that are readily convertible to known amounts of cash and subject to insignificant risk of changes in value. Cash is recognised at its nominal amount.

Note 1: Summary of significant accounting policies (continued)

1.13 Financial assets

ASIC's financial assets are classified as 'loans and receivables' for the purposes of AASB 139 *Financial Instruments: Recognition and Measurement*.

Financial assets are recognised and derecognised at transaction date.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset, or, where appropriate, a shorter period.

Income is recognised on an effective interest rate basis.

Loans and receivables

Trade receivables and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. They are included in current assets, except for maturities greater than 12 months after the balance sheet date. These are classified as non-current assets. Receivables are measured at amortised cost using the effective interest method less impairment. Interest is recognised by applying the effective interest rate.

Impairment of financial assets

Financial assets are assessed for impairment at each balance date.

Financial assets held at amortised cost – if there is objective evidence that an impairment loss has been incurred for 'loans and receivables' financial assets, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the asset's original effective interest rate. The carrying amount is reduced by way of an allowance account. The loss is recognised in the Income Statement.

1.14 Financial liabilities

Financial liabilities are classified as 'other financial liabilities' for the purposes of AASB 139 *Financial Instruments: Recognition and Measurement*.

Financial liabilities are recognised and derecognised at transaction date.

Other financial liabilities

Other financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period.

Supplier and other payables

Supplier and other 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).

1.15 Contingent liabilities and contingent assets

Contingent liabilities and contingent assets are not recognised in the Balance Sheet but are reported in the relevant schedules and notes. They may arise from uncertainty as to the existence of a liability or asset, or represent an existing liability or asset in respect of which the amount cannot be reliably measured. Contingent assets are reported when the chance of settlement is probable but not virtually certain. Contingent liabilities are disclosed when the chance of settlement is greater than remote.

Note 1: Summary of significant accounting policies (continued)

1.16 Acquisition of assets

Assets are recorded at cost on 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.

Assets acquired at no cost, or for nominal consideration, are initially recognised as assets and income at their fair value at the date of acquisition, unless acquired as a consequence of restructuring of administrative arrangements. In the latter case, assets are initially recognised as contributions by owners at the amounts at which they were recognised in the transferor agency's accounts immediately prior to the restructuring.

1.17 Leasehold improvements, plant and equipment

Asset recognition threshold

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

The initial cost of an asset includes an estimate of the cost of dismantling and removing the item and restoring the site on which it is located, if it is contractually required. 'Make good' provisions in property leases are accounted for on this basis. These costs are included in the value of ASIC's leasehold improvements with a corresponding restoration provision recognised.

Revaluations

Fair values for each class of asset are determined as shown below:

| <u>Asset class</u> | <u>Fair value measured at</u> |
|------------------------|-------------------------------|
| Leasehold improvements | Depreciated replacement cost |
| Plant and equipment | Market selling price |

Following initial recognition at cost, leasehold improvements, plant and equipment are carried at fair value 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 depends upon the volatility of movements in market values for the relevant assets.

Revaluation adjustments are made on a class basis. Any revaluation increment is credited to equity under the heading of asset revaluation reserve except to the extent that it reverses a previous revaluation decrement of the same asset class that was previously recognised through the Income Statement. Revaluation decrements for a class of assets are recognised directly through the Income Statement except to the extent that they reverse a previous revaluation increment for that class.

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

Note 1: Summary of significant accounting policies (continued)

1.17 Leasehold improvements, plant and equipment (continued)

Depreciation

Depreciable leasehold improvements, plant and equipment assets are written-off to their estimated residual values over their estimated useful lives to ASIC. Computer equipment is depreciated using the declining balance method while all other plant and equipment and leasehold improvements are depreciated using the straight-line method.

Depreciation rates (useful lives), residual values and depreciation 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:

| | 2009 | 2008 |
|------------------------------|----------------------|---------------|
| Leasehold improvements | Lease term | Lease term |
| Computer equipment | 1 to 5 years | 1 to 5 years |
| Plant and equipment (owned) | 2 to 95 years | 2 to 95 years |
| Plant and equipment (leased) | 2 to 5 years | 2 to 5 years |

Impairment

Leasehold improvements, plant and equipment are assessed for impairment at the end of each financial year. 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 to sell 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 ASIC were deprived of the asset, its value in use is taken to be its depreciated replacement cost.

1.18 Intangibles

ASIC's intangibles primarily comprise internally developed software for internal use. As there is no active market for the majority of ASIC's software assets these assets are carried at cost less accumulated amortisation and impairment losses.

Software is amortised on a straight-line basis over its anticipated useful life. The useful lives of ASIC's software is 2 to 5 years (2008: 2 to 5 years).

All software assets are assessed for indications of impairment at the end of each financial year.

1.19 Taxation

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

Revenues, expenses, assets and liabilities are recognised net of GST except for receivables and payables and where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO).

Note 1: Summary of significant accounting policies (continued)

1.20 Reporting of administered activities

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

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

Administered cash transfers to and from the Official Public Account (OPA)

Revenue collected by ASIC for use by the Government rather than ASIC is administered revenue. Collections are transferred to the OPA maintained by the Department of Finance and Deregulation (DoFD). Conversely, cash is drawn from the OPA to make payments under Parliamentary appropriation on behalf of Government. These transfers to and from the OPA are adjustments to the administered cash held by ASIC on behalf of the Government and reported as such in the Statement of Cash Flows in the Schedule of Administered Items and in the administered reconciliation table in Note 22. Accordingly the Schedule of Administered Items largely reflects the Government's transactions, through ASIC, with parties outside the Government.

Revenue

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

Administered revenue is generated from annual review fees, other fees and search products prescribed under the *Corporations (Fees) Act 2001* and *Corporations (Review Fees) Act 2003*. Administered fee revenue is recognised on an accruals basis when:

- the client or the client group can be identified in a reliable manner;

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

Administered revenue is recognised at its nominal amount due and an expense is recognised for impaired debts. Collectability of debts is reviewed at balance date. Impairment allowances are recognised when collection of the debt is no longer probable.

Receivables

Administered revenue is recognised at its 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* (FMO 31.1).

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 the result of estimation techniques to determine an estimate of current Corporations Act debts which are unlikely to be collected in future. Large debt amounts are individually reviewed while the impairment allowance of the remaining debts is estimated using sampling methodologies.

Administered receivables that are irrecoverable at law or are uneconomic to pursue are written off under section 34 of the FMA Act.

Note 1: Summary of significant accounting policies (continued)

1.20 Reporting of administered activities (continued)

Unclaimed monies – administered items

Banking Act administration

ASIC is responsible for the administration of unclaimed monies from banking and deposit taking institutions.

In accordance with the *Banking Act 1959* monies from bank and deposit taking institution accounts that are inactive for seven or more years are transferred to the Commonwealth and are deposited into the OPA. Refunds are paid to successful claimants out of the OPA.

Life Insurance Act administration

ASIC is responsible for the administration of unclaimed monies from life insurance institutions.

In accordance with the *Life Insurance Act 1995* monies in respect of matured life insurance policies that have not been claimed within seven years are transferred to the Commonwealth from life insurance companies and friendly societies, and are deposited into the OPA. Refunds are paid to successful claimants out of the OPA.

1.21 Expenditure of boards and tribunal

Pursuant to Parts 11 and 12 of the *Australian Securities and Investments Commission Act 2001* and the *Superannuation (Resolution of Complaints) Act 1993*, ASIC is required to support various boards and a tribunal to promote activities that enable ASIC to attain its aims. The boards are the Australian Accounting Standards Board and the Companies Auditors and Liquidators Disciplinary Board. The tribunal is the Superannuation Complaints Tribunal. Employee and administrative expenditure incurred on behalf of these boards and the tribunal are included in the Income Statement of ASIC (Note 29 refers).

1.22 Changes in accounting policy

Changes in accounting policy have been identified in this note under their appropriate headings.

1.23 Reporting by outcomes

ASIC's financial result reported in the context of the Government's outcomes and outputs framework is disclosed in Note 33.

Any intra government costs included in arriving at the amount shown as 'net contribution of outcome' are eliminated in calculating the actual budget outcome for the Government overall (Note 33 refers).

1.24 Comparative figures

Where necessary, comparative figures have been adjusted to conform with changes in presentation in this financial report.

1.25 Rounding

Amounts have been rounded to the nearest \$1,000 except in relation to the following:

- remuneration of Commissioners;
- remuneration of senior executive officers;
- remuneration of auditors; and
- administered fee write-offs and waivers.

1.26 Insurance

ASIC has insured for risks through Comcover, the Government's insurable risk managed fund. Workers' Compensation is insured through Comcare Australia.

Note 2: Events after the balance sheet date

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

Note 3: Income

| | Note | 2009 \$'000 | 2008 \$'000 |
|--|------|----------------|----------------|
| Revenue | | | |
| Note 3A: Revenues from Government | | | |
| Appropriation: | | | |
| Departmental outputs | | 280,699 | 260,376 |
| Departmental Special Account | 32A | 27,097 | 21,842 |
| Total revenues from Government | | 307,796 | 282,218 |
| Note 3B: Rendering of services | | | |
| Rendering of services to related entities | | 2,022 | 1,590 |
| Rendering of services to external entities | | 1,348 | 2,780 |
| Total rendering of services | | 3,370 | 4,370 |
| Note 3C: Interest | | | |
| Deposits | | – | 6 |
| Total interest | | – | 6 |

On 1 July 2007 ASIC became an agency prescribed under Schedule 1, Part 1 of the *Financial Management and Accountability Regulations 1997* (a “prescribed agency”). In accordance with Schedule 1, Part 1, Divisions 1 and 2 of the *Financial Management and Accountability (Finance Minister to Chief Executive) Delegation 2009* ASIC’s bank balances are swept to the Official Public Account on a daily basis and interest is earned by the Commonwealth. ASIC received an increase in appropriation to compensate for this loss of revenue in the 2006–07 Budget.

Note 3D: Royalties

| | | | |
|------------------------|--|------------|------------|
| ASIC publications | | 236 | 325 |
| Total royalties | | 236 | 325 |

Note 3E: Other revenues

| | | | |
|--|--|--------------|--------------|
| Cost recoveries ¹ | | 1,754 | 3,160 |
| Receipt from the Companies and Unclaimed Moneys Special Account ² | | 526 | 504 |
| Professional and witness fees | | 335 | 335 |
| Recovery of property rental and outgoings relating to prior year | | 18 | 148 |
| AusAID revenue ³ | | 261 | 585 |
| Miscellaneous | | 142 | 212 |
| Total other revenue | | 3,036 | 4,944 |

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

2 Project costs recovered from the Companies and Unclaimed Moneys Special Account on approval of the Minister.

3 Amount received by ASIC in respect of its participation in AusAID projects.

Note 3: Income (continued)

| | Note | 2009 \$'000 | 2008 \$'000 |
|-----------------------------------|------|----------------|----------------|
| Gains | | | |
| Note 3F: Other gains | | | |
| Resources received free of charge | 15 | 130 | 126 |
| Total other gains | | 130 | 126 |

As a prescribed agency ASIC receives audit services from the Australian National Audit Office free of charge. The fair value of that service is \$129,904 (2008: \$125,645) for the reporting period.

Note 4: Expenses

Note 4A: Employee benefits

| | | | |
|--|--|----------------|----------------|
| Salaries | | 135,819 | 124,580 |
| Superannuation ¹ | | | |
| Defined benefit schemes | | 13,867 | 14,289 |
| Defined contribution schemes | | 7,914 | 5,794 |
| Leave and other entitlements | | 17,780 | 16,960 |
| Separation and redundancies ² | | 1,412 | 3,053 |
| Total employee benefits | | 176,792 | 164,676 |

1 Contributions to superannuation schemes are at rates calculated to cover existing and emerging obligations. The employer contribution rate for the Commonwealth Superannuation Scheme was 29.4% (2008: 30.8%), the Public Sector Superannuation Scheme was 13.8% (2008: 13.8%), the PSS Accumulation Scheme was 15.4% (2008: 15.4%), and the superannuation productivity benefit was approximately 2.0% to 3.0% (2008: 2.0% to 3.0%).

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

Note 4B: Suppliers

| | | | |
|---|--|---------------|---------------|
| Goods from related entities | | 7 | 13 |
| Goods from external entities | | 3,305 | 2,892 |
| Services from related entities | | 5,789 | 6,331 |
| Services from external entities | | 70,113 | 65,920 |
| Operating lease rentals from external entities: | | | |
| Minimum lease payments | | 16,457 | 16,528 |
| Sublease payments | | 160 | – |
| Workers compensation premiums | | 1,416 | 910 |
| Fringe benefits tax | | 190 | 336 |
| Total suppliers expenses | | 97,437 | 92,930 |

Note 4: Expenses (continued)

| | Notes | 2009 \$'000 | 2008 \$'000 |
|--|-------|----------------|----------------|
| Note 4C: Depreciation and amortisation | | | |
| Depreciation: | | | |
| Leasehold improvements | | 6,556 | 5,372 |
| Plant and equipment | | 4,643 | 3,844 |
| Total depreciation | | 11,199 | 9,216 |
| Amortisation: | | | |
| Intangibles – Computer software | | 7,835 | 6,200 |
| Assets held under finance leases | | 157 | 138 |
| Total amortisation | | 7,992 | 6,338 |
| Total depreciation and amortisation | | 19,191 | 15,554 |
| Note 4D: Finance costs | | | |
| Finance leases | | 3 | 40 |
| Unwinding of restoration provision discount | 9B | 465 | 266 |
| Total finance costs | | 468 | 306 |
| Note 4E: Write-down of assets | | | |
| Bad and doubtful debts expense | | 130 | 148 |
| Write-off of leasehold improvements, plant and equipment and intangibles | | 766 | 186 |
| Total write-down of assets | | 896 | 334 |
| Note 4F: Net losses from sale of assets | | | |
| Leasehold improvements, plant and equipment | | | |
| Carrying value of assets sold | 6E | 11 | 6 |
| Less: proceeds from sale | | 2 | – |
| Total net losses from sale of assets | | 9 | 6 |
| Note 5: Financial assets | | | |
| Note 5A: Cash and cash equivalents | | | |
| Cash on hand or on deposit | 28A | 2,950 | 8,415 |
| Total cash and cash equivalents | 17A | 2,950 | 8,415 |

Note 5: Financial assets (continued)

| | Note | 2009 \$'000 | 2008 \$'000 |
|--|------|----------------|----------------|
| Note 5B: Trade and other receivables | | | |
| Goods and services | | 2,262 | 3,644 |
| Appropriations receivable ^{1, 2} | 28A | 103,016 | 111,450 |
| Net GST receivable from the ATO | | 3,457 | 2,020 |
| Total trade and other receivables (gross) | | 108,735 | 117,114 |
| Less Allowance for doubtful debts: | | | |
| Goods and services | | 369 | 239 |
| Total trade and other receivables (net) | | 108,366 | 116,875 |

1 The balance of Appropriations receivable at 30 June 2009 represents the balance of funds available to ASIC on demand in respect of Departmental outputs, equity injections and the Enforcement Special Account.

2 Appropriations receivable as at 30 June 2008 is \$1.215m higher than the amount reported in the 2007–08 financial statements. The increase relates to an amount returned to the Official Public Account (OPA) in a prior year which was offset against the unearned appropriation in the 2007–08 financial statements. Departmental appropriations are non-lapsing, therefore the return of appropriation to the OPA does not impact on ASIC's legal entitlement to it. The increase in Appropriations receivable has also been reflected in the balance carried forward from the previous period shown in Note 28A.

Receivables are aged as follows:

| | | |
|----------------------------------|----------------|----------------|
| Not overdue | 108,305 | 116,696 |
| Overdue by: | | |
| Less than 30 days | 110 | 157 |
| 30 to 60 days | 4 | 5 |
| 61 to 90 days | – | 1 |
| More than 90 days | 316 | 255 |
| Total receivables (gross) | 108,735 | 117,114 |

The allowance for doubtful debts is aged as follows:

| | | |
|---|------------|------------|
| Overdue by: | | |
| Less than 30 days | 70 | – |
| More than 90 days | 299 | 239 |
| Total allowance for doubtful debts | 369 | 239 |

Reconciliation of the movement in the allowance for doubtful debts

| | | |
|--|------------|------------|
| Opening balance 1 July | 239 | 93 |
| Amounts written off | – | (2) |
| Amounts recovered and reversed | (2) | – |
| Increase in allowance for doubtful debts recognised in net surplus | 132 | 148 |
| Closing balance | 369 | 239 |

Note 6: Non-financial assets

| | 2009 \$'000 | 2008 \$'000 |
|---|----------------|----------------|
| Note 6A: Leasehold improvements | | |
| Leasehold improvements | | |
| – work in progress | 2,468 | 1,148 |
| – gross carrying value (at fair value) | 39,292 | 32,071 |
| – accumulated depreciation | (14,717) | (8,916) |
| Total leasehold improvements (non-current) | 27,043 | 24,303 |

All revaluations are conducted in accordance with the revaluation policy stated at Note 1.17. In 2006–07, Simon O’Leary AAPI MSAA, an independent valuer from the Australian Valuation Office conducted a revaluation of ASIC’s leasehold improvements.

The carrying value of leasehold improvements was reviewed at 30 June 2009. The review confirmed there was no material difference between the fair value and the carrying value of leasehold improvement assets.

No indicators of impairment were found for leasehold improvements at 30 June 2009.

Note 6B: Plant and equipment

| | | |
|--|---------------|--------------|
| Plant and equipment | | |
| – gross carrying value (at fair value) | 32,131 | 22,474 |
| – accumulated depreciation | (14,890) | (15,682) |
| Total plant and equipment (non-current) | 17,241 | 6,792 |

An independent valuation was undertaken by the Australian Valuation Office as at 30 April 2008. The valuation confirmed there was no material difference between the fair value and the carrying value of plant and equipment assets.

The carrying value of plant and equipment assets was reviewed at 30 June 2009. The review confirmed there was no material difference between the fair value and the carrying value of plant and equipment assets.

No indicators of impairment were found for plant and equipment at 30 June 2009.

Note 6C: Intangibles – computer software

| | | |
|--|---------------|---------------|
| <i>Internally developed</i> | | |
| – work in progress | 18,132 | 6,047 |
| – in use | 23,848 | 34,098 |
| – accumulated amortisation | (14,222) | (24,956) |
| | 27,758 | 15,189 |
| <i>Purchased</i> | | |
| – work in progress | 12,844 | – |
| – in use | 15,741 | 13,911 |
| – accumulated amortisation | (4,194) | (10,358) |
| | 24,391 | 3,553 |
| Total intangibles (non-current) | 52,149 | 18,742 |

No indicators of impairment were found for intangible assets at 30 June 2009.

Note 6: Non-financial assets (continued)

| | 2009 \$'000 | 2008 \$'000 |
|---|----------------|----------------|
| Note 6D: Other non-financial assets | | |
| Prepayments | 4,247 | 2,686 |
| Total other non-financial assets (current) | 4,247 | 2,686 |

Note 6E: Analysis of leasehold improvements, plant and equipment and intangibles

TABLE A – Reconciliation of the opening and closing balances of leasehold improvements, plant and equipment and intangibles (2008-09)

| | Leasehold improvements \$'000 | Plant & equipment \$'000 | Computer software internally developed \$'000 | Computer software purchased \$'000 | Total \$'000 |
|--|-------------------------------------|--------------------------------|---|---|-----------------|
| As at 1 July 2008 | | | | | |
| Gross book value | 33,219 | 22,474 | 40,145 | 13,911 | 109,749 |
| Accumulated depreciation/ amortisation | (8,916) | (15,682) | (24,956) | (10,358) | (59,912) |
| Net book value 1 July 2008 | 24,303 | 6,792 | 15,189 | 3,553 | 49,837 |
| Additions: | | | | | |
| by purchase | 9,296 | 15,706 | – | 23,453 | 48,455 |
| internally developed | – | – | 18,109 | – | 18,109 |
| Total additions ¹ | 9,296 | 15,706 | 18,109 | 23,453 | 66,564 |
| Depreciation/amortisation expense | (6,556) | (4,800) | (5,220) | (2,615) | (19,191) |
| Write-offs | – | (446) | (320) | – | (766) |
| Disposals: | | | | | |
| Other disposals | – | (11) | – | – | (11) |
| Net book value 30 June 2009 | 27,043 | 17,241 | 27,758 | 24,391 | 96,433 |
| Net book value as of 30 June 2009 represented by: | | | | | |
| Gross book value | 41,760 | 32,131 | 41,980 | 28,585 | 144,456 |
| Accumulated depreciation/ amortisation | (14,717) | (14,890) | (14,222) | (4,194) | (48,023) |
| | 27,043 | 17,241 | 27,758 | 24,391 | 96,433 |

¹ Total purchases of \$66,563,599 comprises cash purchases of \$64,475,647 plus accrued capital expenditure of \$2,238,704 less accrued capital expenditure in 2007–08 of \$150,752.

Note 6: Non-financial assets (continued)

Note 6E: Analysis of leasehold improvements, plant and equipment and intangibles (continued)

TABLE B – Reconciliation of the opening and closing balances of leasehold improvements, plant and equipment and intangibles (2007–08)

| | Leasehold improvements \$'000 | Plant & equipment \$'000 | Computer software internally developed \$'000 | Computer software purchased \$'000 | Total \$'000 |
|--|-------------------------------------|--------------------------------|---|---|-----------------|
| As at 1 July 2007 | | | | | |
| Gross book value | 31,226 | 22,425 | 31,170 | 11,663 | 96,484 |
| Accumulated depreciation/ amortisation | (4,375) | (13,011) | (20,402) | (8,926) | (46,714) |
| Net book value 1 July 2007 | 26,851 | 9,414 | 10,768 | 2,737 | 49,770 |
| Additions: | | | | | |
| by purchase | 2,626 | 1,477 | – | 2,536 | 6,639 |
| internally developed | – | – | 8,976 | – | 8,976 |
| Total additions ¹ | 2,626 | 1,477 | 8,976 | 2,536 | 15,615 |
| Revaluations | 198 | – | – | – | 198 |
| Depreciation/amortisation expense | (5,372) | (3,982) | (4,555) | (1,645) | (15,554) |
| Write-offs | – | (111) | – | (75) | (186) |
| Disposals: | | | | | |
| Other disposals | – | (6) | – | – | (6) |
| Net book value 30 June 2008 | 24,303 | 6,792 | 15,189 | 3,553 | 49,837 |
| Net book value as of 30 June 2008 represented by: | | | | | |
| Gross book value | 33,219 | 22,474 | 40,145 | 13,911 | 109,749 |
| Accumulated depreciation/ amortisation | (8,916) | (15,682) | (24,956) | (10,358) | (59,912) |
| | 24,303 | 6,792 | 15,189 | 3,553 | 49,837 |

¹ Total purchases of \$15,615,052 comprises cash purchases of \$17,732,267 plus accrued capital expenditure and restoration costs of \$211,792 less accrued capital expenditure in 2006–07 of \$2,329,007.

Note 7: Payables

| | Notes | 2009 \$'000 | 2008 \$'000 |
|---------------------------------|-------|----------------|----------------|
| Note 7A: Suppliers | | | |
| Trade creditors | 17 | 16,183 | 20,678 |
| Total suppliers payables | | 16,183 | 20,678 |

All suppliers payables are current.

Note 7B: Other payables

| | | | |
|--|--|---------------|---------------|
| Unearned revenue – Government appropriations ^{1, 2} | | 12,577 | 13,306 |
| Other unearned revenue | | 715 | 793 |
| Rent payable | | 4,581 | 4,690 |
| Property lease incentives ³ | | 7,007 | 7,422 |
| Total other payables | | 24,880 | 26,211 |

Other payables are represented by:

| | | | |
|-----------------------------|--|---------------|---------------|
| Current | | 15,032 | 15,646 |
| Non-current | | 9,848 | 10,565 |
| Total other payables | | 24,880 | 26,211 |

1 Unearned revenue – Government appropriations represent appropriations for specific Government initiatives that have not been spent where the appropriation is conditional on any unspent balance being returned to Government.

2 Unearned revenue – Government appropriations at 30 June 2008 is \$1.215m higher than the amount reported in the 2007–08 financial statements. The increase relates to the disclosure of an amount returned to the Official Public Account in a prior year which was offset against the unearned appropriation in the 2007–08 financial statements.

3 Total property lease incentives are disclosed as deferred rental expenditure at 30 June 2009. The amortisation of these amounts will be made over the life of the leases.

Note 8: Interest bearing liabilities

Note 8A: Leases

| | | | |
|-----------------------------|----|----------|------------|
| Finance leases | 17 | – | 188 |
| Total finance leases | | – | 188 |

Payable:

| | | | |
|---|--|----------|------------|
| Within one year | | | |
| Minimum lease payments | | – | 191 |
| Deduct: future finance charges | | – | (3) |
| Finance leases recognised on the balance sheet | | – | 188 |

ASIC's finance leases were in relation to certain IT assets. The leases, which expired during 2008–09, were non-cancellable and for fixed terms averaging 3 years, with a maximum of 5 years. The interest rate implicit in the leases averaged 5.6% (2008: 5.3%). The leased assets secured the lease liabilities.

Note 9: Provisions

| | 2009 \$'000 | 2008 \$'000 |
|---|----------------|----------------|
| Note 9A: Employee provisions | | |
| Salaries and bonuses | 7,998 | 6,897 |
| Annual leave entitlement | 14,300 | 12,535 |
| Long service leave entitlement ¹ | 27,630 | 24,002 |
| Superannuation | 322 | 202 |
| Separations and redundancies | 1,402 | – |
| Total employee provisions | 51,652 | 43,636 |
| Employee provisions are represented by: | | |
| Current | 44,617 | 37,104 |
| Non-current | 7,035 | 6,532 |
| Total employee provisions | 51,652 | 43,636 |

1 The liability for long service leave has been determined by reference to the work of an independent actuary following a review at 30 June 2008.

The classification of current provision includes amounts for which there is not an unconditional right of deferral of one year, hence in the case of employee provisions the above classification does not equal the amount expected to be settled within one year of reporting date. Employee provisions expected to be settled in one year are \$21,288,431(2008: \$17,480,358), and in excess of one year \$30,363,190 (2008: \$26,155,110).

Note 9B: Other provisions

| | | |
|---|--------------|---------------|
| Restructuring obligations ¹ | – | 4,204 |
| Restoration obligations – leased premises | 6,696 | 6,946 |
| Total other provisions | 6,696 | 11,150 |
| Other provisions are represented by: | | |
| Current | 2,853 | 5,383 |
| Non-current | 3,843 | 5,767 |
| Total other provisions | 6,696 | 11,150 |

1 On 8 May 2008 ASIC announced the completion of its strategic review. The provision for restructuring obligations includes costs directly associated with the restructure.

Reconciliation of the opening and closing balance of restructure provision

| | | |
|--------------------------------|----------|--------------|
| Carrying amount 1 July | 4,204 | – |
| Additional provisions made | – | 4,204 |
| Amounts used | (4,204) | – |
| Closing balance 30 June | – | 4,204 |

Note 9: Provisions (continued)

| | 2009 \$'000 | 2008 \$'000 |
|---|----------------|----------------|
| Note 9B: Other provisions (continued) | | |
| <i>Reconciliation of the opening and closing balance of restoration provision</i> | | |
| Carrying amount 1 July | 6,946 | 4,218 |
| Additional provisions made | 20 | 61 |
| Revalued amounts | – | 2,497 |
| Amounts used | (643) | (80) |
| Amounts reversed | (92) | (16) |
| Unwinding of discount or change in discount rate | 465 | 266 |
| Closing balance 30 June | 6,696 | 6,946 |

ASIC currently has 18 agreements (2008: 15) for the leasing of premises which have provisions requiring ASIC to restore the premises to their original condition at the conclusion of the lease. ASIC has made a provision to reflect the present value of the 'make good' obligations.

Note 10: Cash flow reconciliation

Reconciliation of cash and cash equivalents as per Balance Sheet to Cash Flow Statement

Report cash and cash equivalents as per:

| | | |
|---------------------|-------|-------|
| Cash Flow Statement | 2,950 | 8,415 |
| Balance Sheet | 2,950 | 8,415 |

Reconciliation of operating result to net cash from operating activities:

| | | |
|---|---------------|-----------------|
| Operating result | 19,775 | 18,183 |
| Depreciation / amortisation | 19,191 | 15,554 |
| Net write-down of non-financial assets | 766 | 186 |
| Net loss on disposal of assets | 9 | 6 |
| (Increase) / decrease in net receivables ¹ | 8,509 | (84,589) |
| (Increase) in prepayments | (1,561) | (676) |
| Increase in employee provisions | 8,016 | 6,631 |
| (Decrease) in supplier payables | (4,495) | (1,392) |
| Increase / (decrease) in other payables | (7,873) | 7,888 |
| Net cash from / (used by) operating activities | 42,337 | (38,209) |

¹ Since 2007–08 ASIC is required to maintain cash at a working capital level agreed with the Department of Finance and Deregulation. This contributed to the increase in ASIC's net receivables from operating activities of \$82.8m in 2007-08.

Note 11: Contingent liabilities and assets

Quantifiable contingencies (ASIC departmental)

As at the date of this report, there are 12 matters for which ASIC has received an award of costs in its favour, and agreement with respect to the quantum payable to ASIC has not been reached. ASIC has estimated these matters represent a combined receivable of \$1.168m (2008: \$3.711m), which is disclosed as a contingent asset because realisation of this debt is not virtually certain.

As at the date of this report, there are two matters in respect of which ASIC reasonably expects to have an award of costs against it. ASIC has estimated the potential liability for costs in relation to these matters is \$0.12m (2008: nil).

Quantifiable contingencies (assets held in trust)

Companies Unclaimed Monies

Unclaimed monies held by ASIC, pursuant to Part 9.7 of the *Corporations Act 2001*, that have not been claimed within six years are transferred to the Commonwealth and deposited into the Official Public Account. A contingent liability estimated to be \$920,000 (2008: \$895,000) represents an estimate of future claims for repayment from the Official Public Account. The estimate of future claims for repayment at 30 June 2009 was determined using a methodology provided by an independent actuary (Russell Investment Group).

Unquantifiable contingent liabilities

ASIC is party to many civil litigation matters arising out of its statutory duty to administer and enforce laws for which it is responsible. As at the date of this report there are two matters where costs have been awarded against ASIC but which it is not possible to reliably estimate the liability at this time.

In addition, like any corporate body, ASIC may from time to time be the subject of legal proceedings for damages brought against it, or may receive notice indicating that such proceedings may be brought. In either case ASIC, like any other party to civil litigation, may be required to pay the other party's costs if ASIC is unsuccessful.

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

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

- (a) successfully defend the action instituted; and
- (b) not be required to pay any damages.

One further possible claim of this type has been notified to ASIC since 1 July 2008.

It is not yet possible in this case to assess the likelihood that proceedings will be commenced.

Future compensation claims

The "Scheme for Compensation for Detriment Caused by Defective Administration" (CDDA) is a method for agencies to provide compensation to persons who have been adversely affected by the maladministration of agencies, but who have no legal means to seek redress, such as a legal claim. It is not possible to estimate the value of potential future CDDA claims.

Unquantifiable contingent assets

Conversely, ASIC, like any other party to civil litigation may be entitled to recover costs arising out of such litigation if it is successful.

There is one matter at the date of this report where ASIC reasonably expects to have an award of costs in its favour however it is not possible to reliably estimate the amount recoverable.

Note 12: Related party disclosures

The Commissioners of ASIC during the financial year and to the date of this report were:

- A. M. D'Aloisio (Chairman)
- J. R. Cooper (Deputy Chairman to 10 July 2009)
- B. G. Gibson (Commissioner)
- P. J. Boxall (Commissioner appointed on 12 December 2008)
- M. J. Dwyer (Commissioner appointed on 12 December 2008)
- G. J. Medcraft (Commissioner appointed on 12 December 2008)

Note that the appointment date of 12 December 2008 reflects the date of appointment by the Governor-General, the actual commencement date may have been later.

Loans to Commissioners and Commissioner-related entities

There were no loans made to Commissioners or Commissioner-related entities during the reporting period.

Other transactions with Commissioner-related entities

There were no other transactions with Commissioner-related entities during the reporting period, other than the payment of fees levied under the *Corporations (Fees) Act 2001* and *Corporations (Review Fees) Act 2003*.

Note 13: Remuneration of Commissioners

| | 2009 Commissioners | 2008 Commissioners |
|---|-----------------------|-----------------------|
| The number of Commissioners of ASIC included in these figures are shown below in the relevant remuneration bands ¹ : | | |
| \$145,000 to \$159,999 | 1 | – |
| \$160,000 to \$174,999 | 1 | – |
| \$175,000 to \$189,999 | – | 1 |
| \$220,000 to \$234,999 | 1 | – |
| \$250,000 to \$264,999 | – | 1 |
| \$400,000 to \$414,999 | 1 | – |
| \$445,000 to \$459,999 | – | 1 |
| \$460,000 to \$474,999 | 1 | – |
| \$520,000 to \$534,999 | – | 1 |
| \$535,000 to \$549,999 | 1 | – |
| Total number of Commissioners of ASIC | 6 | 4 |
| | 2009 | 2008 |
| | \$ | \$ |
| Total remuneration received or due and receivable by Commissioners of ASIC: | 1,962,588 | 1,411,538 |

1 Where Commissioners have been appointed during the year, the remuneration bands reflect the remuneration received from the period they commenced with ASIC.

Note 14: Remuneration of senior executives

| | 2009 Executives | 2008 Executives |
|--|--------------------|--------------------|
| The number of senior executives who received or were due to receive total remuneration of \$130,000 or more: | | |
| \$145,000 to \$159,999 | 2 | 2 |
| \$160,000 to \$174,999 | – | 4 |
| \$175,000 to \$189,999 | 4 | 2 |
| \$190,000 to \$204,999 | – | 7 |
| \$205,000 to \$219,999 | 4 | 3 |
| \$220,000 to \$234,999 | 9 | 3 |
| \$235,000 to \$249,999 | 7 | 3 |
| \$265,000 to \$279,999 | 2 | 5 |
| \$280,000 to \$294,999 | 2 | 3 |
| \$295,000 to \$309,999 | 1 | 4 |
| \$310,000 to \$324,999 | 3 | 1 |
| \$340,000 to \$354,999 | – | 2 |
| \$355,000 to \$369,999 | – | 1 |
| \$370,000 to \$384,999 | – | 1 |
| \$385,000 to \$399,999 | 1 | 1 |
| \$400,000 to \$414,999 | 1 | 1 |
| \$535,000 to \$549,999 | 1 | – |
| \$550,000 to \$564,999 | – | 1 |
| \$670,000 to \$684,999 | – | 1 |
| Total | 37 | 45 |

| | 2009 \$ | 2008 \$ |
|--|------------|------------|
| The aggregate amount of total remuneration of executives shown above is: | 9,342,696 | 11,978,457 |

| | | |
|--|---------|-----------|
| The aggregate amount of estimated separation/termination benefit expenses charged to the Income Statement in respect of executives shown above is: | 275,000 | 2,016,556 |
|--|---------|-----------|

Note 15: Remuneration of auditors

| | 2009 \$ | 2008 \$ |
|---|------------|------------|
| Since 1 July 2007 the Australian National Audit Office has provided financial statement audit services to ASIC free of charge. The fair value of that service during the reporting period is: | 129,904 | 125,645 |

No other services were provided by the Auditor-General.

Note 16: Restructure

On 1 July 2008 responsibility for the Financial Literacy Foundation was transferred from the Treasury to ASIC. No assets or liabilities were transferred as a result of this restructure.

Note 17: Financial instruments

| | 2009 \$'000 | 2008 \$'000 |
|--|----------------|----------------|
| Note 17A: Categories of financial instruments | | |
| Financial assets | | |
| Loans and receivables financial assets | | |
| Cash and cash equivalents | 2,950 | 8,415 |
| Receivables for goods and services (net of allowance for doubtful debts) | 1,893 | 3,405 |
| Carrying amount of financial assets | 4,843 | 11,820 |
| Financial liabilities | | |
| At amortised cost | | |
| Trade creditors | 16,183 | 20,678 |
| Finance leases | – | 188 |
| Carrying amount of financial liabilities¹ | 16,183 | 20,866 |
| Note 17B: Net income and (expense) from financial assets | | |
| Loans and receivables | | |
| Interest revenue | – | 6 |
| Impairment | (130) | (148) |
| Net gain/(loss) from financial assets | (130) | (142) |
| Note 17C: Net income and (expense) from financial liabilities | | |
| Financial liabilities – at amortised cost | | |
| Interest expense | (3) | (40) |

Note 17D: Fair values of financial instruments

The fair values of financial liabilities at amortised cost approximate their fair value.

Note 17E: Credit risk

ASIC is exposed to minimal credit risk as loans and receivables are cash and trade receivables. The maximum exposure to credit risk is the risk that arises from potential default of a debtor. This amount is equal to the total amount of trade receivables, 2009: \$2,262,411 (2008: \$3,644,400). ASIC has assessed the risk of the default on payment for each receivable and has allocated \$369,068 in 2009 (2008: \$239,302) to an allowance for doubtful debts account.

ASIC has policies and procedures that guide employees' debt recovery techniques that are to be applied where debts are past due.

ASIC holds no collateral to mitigate against credit risk.

Note 17: Financial instruments (continued)

Note 17E: Credit risk (continued)

The table below shows the credit quality of financial instruments not past due or individually determined as impaired.

| | Not past due nor impaired 2009 \$'000 | Not past due nor impaired 2008 \$'000 | Past due or impaired 2009 \$'000 | Past due or impaired 2008 \$'000 |
|--|--|--|---|---|
| Loans and receivables | | | | |
| Cash and cash equivalents | 2,950 | 8,415 | – | – |
| Receivables for goods and services (gross) | 1,832 | 3,226 | 430 | 418 |
| Total | 4,782 | 11,641 | 430 | 418 |

Ageing of financial assets that are past due but not impaired for 2009:

| | Overdue by | | | | Total \$'000 |
|------------------------------------|---------------------------|----------------------------|----------------------------|--------------------------------|-----------------|
| | 0 to 30 days \$'000 | 31 to 60 days \$'000 | 61 to 90 days \$'000 | More than 90 days \$'000 | |
| Loans and receivables | | | | | |
| Receivables for goods and services | 40 | 4 | – | 17 | 61 |
| Total | 40 | 4 | – | 17 | 61 |

Ageing of financial assets that are past due but not impaired for 2008:

| | Overdue by | | | | Total \$'000 |
|------------------------------------|---------------------------|----------------------------|----------------------------|--------------------------------|-----------------|
| | 0 to 30 days \$'000 | 31 to 60 days \$'000 | 61 to 90 days \$'000 | More than 90 days \$'000 | |
| Loans and receivables | | | | | |
| Receivables for goods and services | 157 | 5 | 1 | 16 | 179 |
| Total | 157 | 5 | 1 | 16 | 179 |

Note 17F: Liquidity risk

ASIC's financial liabilities are trade creditors and finance leases. ASIC does not expect to have difficulty meeting its financial liabilities as and when they become due and payable.

All ASIC's financial liabilities as at 30 June 2009 and 30 June 2008 are payable within 1 year.

As at 30 June 2009 ASIC has no financial liabilities payable on demand (2008: nil).

Note 17G: Market risk

Currency risk

ASIC's exposure to 'Currency risk' is minimal as only a small number of contracts are in currencies other than Australian dollars.

Interest rate risk

ASIC's financial instruments are not exposed to interest rate risk.

Note 18: Income administered on behalf of Government

| | 2009 \$'000 | 2008 \$'000 |
|---|----------------|----------------|
| Revenue | | |
| Note 18A: Non-taxation revenue | | |
| Corporations Act fees ¹ | 479,002 | 476,856 |
| Corporations Act fines | 72,726 | 67,668 |
| Corporations Act fees and fines | 551,728 | 544,524 |
| Monies received from banks and deposit taking institutions in respect of accounts inactive for seven or more years | 45,216 | 39,457 |
| Monies received from life insurance institutions and friendly societies for policies not claimed within seven years | 6,972 | 5,849 |
| Total non-taxation revenue | 603,916 | 589,830 |

Corporations Act fees and fines

| | 2009 \$'000 | 2009 \$'000 | 2009 \$'000 | 2008 \$'000 | 2008 \$'000 | 2008 \$'000 |
|--------------------------------------|----------------|----------------|----------------|----------------|----------------|----------------|
| | Fees | Fines | Total | Fees | Fines | Total |
| Mandatory collections ¹ | 429,482 | 72,250 | 501,732 | 428,470 | 66,960 | 495,430 |
| Information broker fees ² | 48,878 | – | 48,878 | 47,687 | – | 47,687 |
| Other fees ² | 642 | – | 642 | 699 | – | 699 |
| Court receivables ³ | – | 476 | 476 | – | 708 | 708 |
| | 479,002 | 72,726 | 551,728 | 476,856 | 67,668 | 544,524 |

1 Fees and charges arise from actions which are mandatory under the *Corporations Act 2001*. Examples include fees prescribed in the *Corporations (Fees) Act 2001* and the *Corporations (Review Fees) Act 2003*.

2 Fees and charges paid by information brokers (intermediaries between ASIC and the consumer) and other consumers for information provided by ASIC from its corporations information database.

3 Recovery of fines and penalties for contraventions of the *Corporations Act 2001*.

| | 2009 \$'000 | 2008 \$'000 |
|--|----------------|----------------|
| Gains | | |
| Note 18B: Other gains | | |
| Resources received free of charge ¹ | 29 | 25 |
| Total other gains | 29 | 25 |

1 Financial statement audit services by the Auditor-General are provided free of charge to ASIC in relation to the audit of *Corporations Act 2001*, *Banking Act 1959*, *Life Insurance Act 1995*, and other administered items. The fair value of the audit services provided for the reporting period is \$28,516 (2008: \$25,000).

Note 19: Expenses administered on behalf of Government

| | Notes | 2009 \$'000 | 2008 \$'000 |
|---|-------|----------------|----------------|
| Note 19A: Suppliers | | | |
| Services from external parties ¹ | | 3,076 | 966 |
| Total suppliers expenses | | 3,076 | 966 |

1 On behalf of the Government 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.

Note 19B: Write-down and impairment of assets

| | | | |
|--|-----|---------------|---------------|
| Bad and doubtful debts expense ¹ | 20B | 26,963 | 20,930 |
| Waiver of fees and charges owing ² | | 2,012 | 1,576 |
| Total write-down and impairment of assets | | 28,975 | 22,506 |

1 Included in bad and doubtful debts expense are amounts written off under section 47 of the FMA Act. The number and aggregate amount of Commonwealth monies written off during the financial year under this section is 122,441 items totalling \$22,008,675 (2008: 116,642 items totalling \$20,716,441).

2 The number and aggregate of amounts owing to the Commonwealth, the recovery of which was waived during the financial year pursuant to section 34(1) of the FMA Act is 14,241 items totalling \$2,011,653 (2008: 15,724 items totalling \$1,575,896).

Note 19C: Other expenses

| | | | |
|---|-----|---------------|---------------|
| Refunds paid to bank and deposit taking institution account holders | 28B | 26,122 | 24,315 |
| Refunds paid to life insurance policy holders | 28B | 4,793 | 5,105 |
| Audit fees | 24 | 29 | 25 |
| Total other expenses | | 30,944 | 29,445 |

Note 20: Assets administered on behalf of Government

| | Note | 2009 \$'000 | 2008 \$'000 |
|---|------|----------------|----------------|
| Financial assets | | | |
| Note 20A: Cash and cash equivalents | | | |
| Cash at bank and on hand – Corporations Act | | 2,535 | 1,710 |
| Cash at bank – Banking Act | | 456 | 456 |
| Cash at bank – Life Insurance Act | | 5 | 5 |
| Cash at bank – Insolvency law reform | | 76 | 893 |
| Total cash and cash equivalents | 27 | 3,072 | 3,064 |
| Note 20B: Receivables | | | |
| Corporations Act: | | | |
| Corporations Act fees and charges | | 110,741 | 102,610 |
| Information brokers fees | | 5,661 | 5,593 |
| Other receivables: | | | |
| GST receivable from ATO | | 76 | 59 |
| Total receivables | | 116,478 | 108,262 |
| Less: Allowance for doubtful debts: | | | |
| Corporations Act | | 30,157 | 25,203 |
| Total receivables (net) | | 86,321 | 83,059 |
| Receivables are aged as follows: | | | |
| Not overdue | | 58,762 | 57,048 |
| Overdue by: | | | |
| Less than 30 days | | 14,977 | 15,285 |
| 30 to 60 days | | 6,962 | 6,521 |
| 61 to 90 days | | 3,442 | 3,040 |
| More than 90 days | | 32,335 | 26,368 |
| Total receivables | | 116,478 | 108,262 |
| The allowance for doubtful debts is aged as follows: | | | |
| Not overdue | | 388 | 384 |
| Overdue by: | | | |
| Less than 30 days | | 719 | 702 |
| 30 to 60 days | | 965 | 777 |
| 61 to 90 days | | 773 | 645 |
| More than 90 days | | 27,312 | 22,695 |
| Total allowance for doubtful debts | | 30,157 | 25,203 |
| Receivables are due from entities that are not part of the Australian Government. | | | |
| Reconciliation of the movement in the allowance for doubtful debts | | | |
| Opening balance 1 July | | 25,203 | 24,989 |
| Amounts written off | | (22,009) | (20,716) |
| Increase in allowance for doubtful debts recognised as an expense | | 26,963 | 20,930 |
| Closing balance | | 30,157 | 25,203 |

Note 21: Liabilities administered on behalf of Government

| | Note | 2009 \$'000 | 2008 \$'000 |
|---------------------------------------|------|----------------|----------------|
| Payables | | | |
| Note 21A: Suppliers | | | |
| Corporations Act refunds | | 3,111 | 2,567 |
| Unallocated monies – Corporations Act | | 2,373 | 1,830 |
| Trade creditors | 27 | 930 | 446 |
| Total suppliers | | 6,414 | 4,843 |

All creditors are entities that are not part of the Australian Government.

Note 22: Administered reconciliation table

| | | | |
|--|--|---------------|---------------|
| <i>Opening administered assets less administered liabilities as at 1 July</i> | | 81,280 | 74,769 |
| Plus: Administered revenues | | 603,945 | 589,855 |
| Less: Administered expenses | | (62,995) | (52,917) |
| Appropriation transfers from OPA: | | | |
| Special appropriations (unlimited) | | 40,120 | 35,028 |
| Transfers to OPA | | (579,371) | (565,455) |
| Closing administered assets less administered liabilities as at 30 June | | 82,979 | 81,280 |

Note 23: Administered cash flow reconciliation

Reconciliation of net contribution to budget outcome to net cash provided by operating activities

| | | | |
|---|--|----------------|----------------|
| Net contribution to budget outcome | | 540,950 | 536,938 |
| Increase / (decrease) in allowance for doubtful debts | | 4,954 | 214 |
| Increase in payables and provisions | | 1,571 | 229 |
| (Increase) in receivables | | (8,216) | (6,396) |
| | | (1,691) | (5,953) |
| Net cash provided by operating activities | | 539,259 | 530,985 |

Note 24: Remuneration of auditors – administered items

| | | |
|---|--------|--------|
| | \$ | \$ |
| Financial statement audit services by the Australian National Audit Office are provided free of charge to ASIC in relation to the audit of Corporations Act, Banking Act, Life Insurance Act, and other administered items. | | |
| The fair value of that service during the reporting period is: | 28,516 | 25,000 |

Note 25: Administered contingent liabilities

Quantifiable administered contingencies

Quantifiable administered contingencies that are not remote are disclosed in the Schedule of Administered Items.

Unquantifiable administered contingencies

There are no unquantifiable administered contingent liabilities.

Note 26: Administered contingent assets

There are no administered contingent assets.

Note 27: Administered financial instruments

| | 2009 \$'000 | 2008 \$'000 |
|--|----------------|----------------|
| Note 27A: Categories of financial instruments | | |
| Financial assets | | |
| Cash and cash equivalents | 3,072 | 3,064 |
| Financial liabilities | | |
| At amortised cost | | |
| Trade creditors | 930 | 446 |

Note 27B: Fair values of financial instruments

The fair values of financial liabilities at amortised cost approximate their fair value.

Note 27C: Credit risk

ASIC's administered receivables arise as a result of a statutory obligation not a contractual obligation and are therefore not classified as financial instruments.

ASIC has no significant exposures to any concentrations of credit risk.

Note 27D: Liquidity risk

ASIC's administered financial liabilities are trade creditors. ASIC does not expect to have difficulty meeting its financial liabilities as and when they become due and payable.

All administered financial liabilities as at 30 June 2009 and 30 June 2008 are payable within 1 year.

Note 28: Appropriations

Note 28A: Acquittal of authority to draw cash from the Consolidated Revenue Fund (CRF)

| Particulars | Departmental outputs | | Ordinary annual services appropriation – Administered expenses | |
|--|----------------------|----------------|--|----------------|
| | 2009 \$'000 | 2008 \$'000 | 2009 \$'000 | 2008 \$'000 |
| Balance carried forward from previous period | 119,865 | 53,726 | 419 | 748 |
| Appropriation Act: | | | | |
| Appropriation Act (No.1) | 298,963 | 291,566 | 3,424 | 5,206 |
| Appropriation Act (No.2) | 17,117 | 37,210 | – | – |
| Appropriation Act (No.3) | 11,163 | 607 | – | – |
| Appropriation Act (No.4) | 3,478 | 1,548 | – | – |
| Departmental adjustments by the Finance Minister (Appropriation Acts) | | | | |
| – prior year appropriation | (3,164) | – | – | – |
| – Appropriation Act (No.1) 2008–09 | (156) | – | – | – |
| – Appropriation Act (No.2) 2008–09 | (571) | – | – | – |
| Administered appropriations lapsed (Appropriation Act section 11, 2008: section 8) | – | – | (348) | (4,240) |
| Enforcement Special Account: | | | | |
| Appropriations credited to the Enforcement Special Account (ESA) | (30,000) | (30,000) | – | – |
| Amounts recognised as revenue due from the ESA | 27,097 | 21,842 | – | – |
| FMA Act: | | | | |
| Appropriations to take account of recoverable GST (FMA Act section 30A) | 15,169 | 8,996 | 198 | 116 |
| Annotations to 'net appropriations' (FMA Act section 31) | 8,106 | 10,713 | – | – |
| Total appropriation available for payments | 467,067 | 396,208 | 3,693 | 1,830 |
| Cash payments made during the year (GST inclusive) | (361,101) | (276,343) | (2,807) | (1,411) |
| Balance of authority to draw cash from the CRF | 105,966 | 119,865 | 886 | 419 |
| Represented by | | | | |
| Cash | 2,950 | 8,415 | 76 | 893 |
| Departmental appropriations receivable | | | | |
| Enforcement Special Account (ESA) | 8,839 | 5,636 | – | – |
| Departmental outputs (other than ESA) | 65,074 | 80,446 | – | – |
| Equity injections | 29,103 | 25,368 | – | – |
| Total departmental appropriations receivable | 103,016 | 111,450 | – | – |
| Undrawn, unlapsd administered appropriation | n/a | n/a | 810 | (474) |
| Total | 105,966 | 119,865 | 886 | 419 |

Note 28: Appropriations (continued)

Note 28B: Acquittal of authority to draw cash from the OPA for special appropriations (unlimited amounts)

ASIC receives special appropriations for refunds of collected monies when required (further details are provided within the tables below). The purpose of this note is to summarise the actual utilisation of the OPA for these special appropriations compared to the initial estimate included in the Government's Budget for each class of appropriation.

Banking Act 1959

Legal authority – *Banking Act 1959*

Purpose – ASIC has responsibility for the administration of unclaimed monies from banking and deposit taking institutions. Monies from banking and deposit taking institution accounts that remain inactive for seven or more years are transferred to the Commonwealth, and are deposited into the OPA.

ASIC receives special appropriations from the OPA (section 69 *Banking Act 1959*) to refund amounts to banking and deposit taking institution account holders.

All transactions under this Act are recognised as administered items.

| | 2009 \$'000 | 2008 \$'000 |
|-----------------|----------------|----------------|
| Budget estimate | 21,780 | 20,000 |
| Payments made | 26,122 | 24,315 |

Life Insurance Act 1995

Legal authority – *Life Insurance Act 1995*

Purpose – ASIC has responsibility for the administration of unclaimed monies from life insurance institutions and friendly societies. Monies in respect of matured life insurance policies that have not been claimed within seven years are transferred to the Commonwealth and are deposited into the OPA.

ASIC receives special appropriations from the OPA (section 216 *Life Insurance Act 1995*) to refund amounts to life insurance policy holders.

All transactions under this Act are recognised as administered items.

| | 2009 \$'000 | 2008 \$'000 |
|-----------------|----------------|----------------|
| Budget estimate | 2,760 | 8,000 |
| Payments made | 4,793 | 5,105 |

Note 28: Appropriations (continued)

Note 28B: Acquittal of authority to draw cash from the OPA for special appropriations (unlimited amounts) (continued)

Corporations Act 2001 (Refunds of overpaid Corporations Act fees and charges)

Legal authority – *Corporations Act 2001*

Purpose – ASIC has responsibility for the administration and collection of Corporations Act fees and charges. All fees and charges are deposited into the CRF as received. Refunds of overpayments are appropriated under section 28 of the FMA Act.

All transactions of this type under this Act are recognised as administered items.

| | Note | 2009 \$'000 | 2008 \$'000 |
|-----------------|------|----------------|----------------|
| Budget estimate | | 6,000 | 6,000 |
| Payments made | | 5,824 | 4,358 |

Corporations Act 2001 (Companies and Unclaimed Monies Special Account)

Legal authority – *Corporations Act 2001*

Purpose – ASIC has responsibility for the administration of unclaimed monies from the Companies and Unclaimed Monies Special Account. Monies that are not claimed within six years are transferred to the Commonwealth (Part 9.7 of the *Corporations Act 2001*), and are deposited into the OPA. Refunds are appropriated under section 28 of the FMA Act.

All transactions of this type under Part 9.7 of this Act are recognised in Note 32: Special Accounts.

| | | 2009 \$'000 | 2008 \$'000 |
|-----------------|-----|----------------|----------------|
| Budget estimate | | – | – |
| Payments made | 32B | 767 | 303 |

Note 29: Expenditure relating to statutory boards and tribunal

Pursuant to Parts 11 and 12 of the *Australian Securities and Investments Commission Act 2001*, ASIC is required to support statutory boards and a tribunal to promote activities that assist ASIC to attain its aims.

The following expenditure incurred on behalf of these boards and tribunal are included in the income statement of ASIC:

| | 2009 \$'000 | 2008 \$'000 |
|---|----------------|----------------|
| Companies Auditors and Liquidators Disciplinary Board | 1,074 | 1,289 |
| Australian Accounting Standards Board | 1,602 | 1,635 |
| Superannuation Complaints Tribunal | 4,612 | 4,568 |

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

Note 30: 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 adopts a passive approach to administering vested property and accounts for any proceeds on realisation of those assets in accordance with its statutory duties.

ASIC generally only deals with vested property once an application is made by a third party for ASIC to exercise its powers under section 601AE of the *Corporations Act 2001*. ASIC does not consider it practical to value any identified property vesting and consequently such property is not recorded or disclosed in these financial statements.

Note 31: Security deposits from dealers, investment advisers and liquidators

The *Corporations Act 2001* and the *Corporations Regulations 2001* requires applicants for a dealers or investment advisers 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.

| | 2009 \$'000 | 2008 \$'000 |
|--|----------------|----------------|
| Security deposits under Corporations Regulations 2001 regulation 7.6.02AA (dealers and investment advisers) | | |
| Cash (at bank) ¹ | 63 | 43 |
| Interest bearing deposits (at bank) ¹ | 320 | 380 |
| Inscribed stock | 20 | 20 |
| Insurance bonds | 20 | 20 |
| Bank guarantees | 25,820 | 35,230 |
| Closing balance | 26,243 | 35,693 |

1 Included in the balance of Security Deposits Special Account in Note 32D.

Security deposits under Corporations Act 2001 section 1284(1) (liquidators)

| | | |
|------------------------|--------------|--------------|
| Insurance bonds | 1,800 | 1,800 |
| Bank guarantees | – | 250 |
| Closing balance | 1,800 | 2,050 |

Note 32: Special Accounts

Note 32A: Enforcement Special Account (Departmental)

Legal authority – section 20(1) *Financial Management and Accountability Act 1997* and *Financial Management and Accountability Determination 2006/31 – Enforcement Special Account Establishment 2006*

Appropriation – section 20 *Financial Management and Accountability Act 1997*

Purpose – The Enforcement Special Account (ESA) is a departmental Special Account which was established by a determination of the Finance Minister on 13 September 2006 to fund the costs of ASIC arising from the investigation and litigation matters of significant public interest.

| | 2009 \$'000 | 2008 \$'000 |
|---|----------------|----------------|
| Balance carried forward from previous year | 26,806 | 13,863 |
| Appropriation for the reporting period | 30,000 | 30,000 |
| Available for payments | 56,806 | 43,863 |
| Cash repaid to the OPA | – | 171 |
| Cash payments from the Special Account ¹ | (23,894) | (17,228) |
| Balance available to draw down next year ² | 32,912 | 26,806 |

1 For the period ended 30 June 2009 ASIC recognised ESA revenue of \$27.097m (2008: \$21.842m), of which \$23.894m (2008: \$17.228m) was drawn down during the year.

2 The balance available to draw down as at 30 June 2008 is \$0.171m higher than the amount disclosed in the 2007–08 financial statements. The increase relates to court costs recovered by ASIC in respect of an ESA matter which were returned to the OPA. The return of funds to the OPA increases the amount of funds ASIC has available to draw down in future years.

Note 32B: Companies and Unclaimed Moneys Special Account (Administered) – established 1 July 2007

Legal authority – section 21 *Financial Management and Accountability Act 1997* and section 133 of the *Australian Securities and Investments Commission Act 2001*

Appropriation – section 21 *Financial Management and Accountability Act 1997*

Purpose – The Companies and Unclaimed Moneys Special Account (CUMSA) was established on 1 July 2007 when ASIC became a prescribed agency under the *Financial Management and Accountability Act 1997*. The CUMSA was established to administer unclaimed moneys received by ASIC under section 1341 of the *Corporations Act 2001*.

Note 32: Special Accounts (continued)

Note 32B: Companies and Unclaimed Moneys Special Account (Administered) – established 1 July 2007 (continued)

| | 2009 \$'000 | 2008 \$'000 |
|--|----------------|----------------|
| Table A – Special Account | | |
| Balance carried forward from previous year | 9,378 | – |
| Transfer from Assets held in trust ¹ | – | 206,281 |
| Appropriation for the reporting period | 767 | 303 |
| Receipts during the year | 72,588 | 44,105 |
| Interest amounts credited | 514 | 2,430 |
| Investments realised | 11,000 | 2,549 |
| Available for payments | 94,247 | 255,668 |
| Cash transferred to Consolidated Revenue | (9,053) | (2,732) |
| Investments made from the Special Account | (46,000) | (207,064) |
| Disbursements | (26,760) | (33,535) |
| Administration costs | (584) | (659) |
| Special purpose disbursement | (2,948) | (2,300) |
| Balance carried to next period (excluding investment balances) and represented by: | 8,902 | 9,378 |
| Cash – held by ASIC | 8,902 | 9,378 |

1 On 1 July 2007 ASIC became a prescribed agency under the FMA Act and on this date moneys ASIC administers under section 1341 of the *Corporations Act 2001* were transferred to the Companies and Unclaimed Moneys Special Account.

Table B – Special Account investment of Public Money

| | | |
|--|----------|---------|
| Special Appropriations under section 39 of the FMA Act | | |
| Balance carried forward from previous year | 214,262 | – |
| Investments made from the Special Account | 46,000 | 207,064 |
| Investment income | 12,430 | 9,747 |
| Investments realised | (11,000) | (2,549) |
| Balance carried to next period | 261,692 | 214,262 |

Note 32: Special Accounts (continued)

Note 32C: Deregistered Companies Trust Moneys Special Account (Trust)

Legal authority – section 20(1) *Financial Management and Accountability Act 1997* and *Financial Management and Accountability Determination 2008/02 – ASIC Deregistered Companies Trust Moneys Special Account Establishment 2008*

Appropriation – section 20 *Financial Management and Accountability Act 1997*

Purpose – The Deregistered Companies Trust Moneys Special Account was established by the Finance Minister on 18 February 2008 to manage property vesting in the Commonwealth as a result of the deregistration provisions of the *Corporations Act 2001*.

| | Note | 2009 \$'000 | 2008 \$'000 |
|--|------|----------------|----------------|
| Balance carried forward from previous year | | 4,636 | – |
| Transfer from Other Trust Moneys Special Account | 32F | – | 4,507 |
| Receipts during the year | | 358 | 37 |
| Interest received | | 79 | 105 |
| Disbursements | | (4,375) | (13) |
| Closing balance | | 698 | 4,636 |

Note 32D: ASIC Security Deposits Special Account (Trust)

Legal authority – section 20(1) *Financial Management and Accountability Act 1997* and *Financial Management and Accountability Determination 2008/03 – ASIC Security Deposits Special Account Establishment 2008*

Appropriation – section 20 *Financial Management and Accountability Act 1997*

Purpose – The ASIC Security Deposits Special Account was established by a determination of the Finance Minister on 18 February 2008 to manage security deposits lodged with ASIC by registered liquidators, licensed securities dealers, licensed investment advisers and financial services licensees.

| | Note | 2009 \$'000 | 2008 \$'000 |
|--|------|----------------|----------------|
| Balance carried forward from previous year | | 423 | – |
| Transfer from Other Trust Moneys Special Account | 32F | – | 443 |
| Disbursements | | (40) | (20) |
| Closing balance | | 383 | 423 |

Note 32: Special Accounts (continued)

Note 32E: ASIC Investigations, Legal Proceedings, Settlements and Court Orders Special Account (Trust)

Legal authority – section 20(1) *Financial Management and Accountability Act 1997* and *Financial Management and Accountability Determination 2008/04 – ASIC Investigations, Legal Proceedings, Settlements and Court Orders Special Account Establishment 2008*

Appropriation – section 20 *Financial Management and Accountability Act 1997*

Purpose – The ASIC Investigations, Legal Proceedings, Settlements and Court Orders Special Account was established by a determination of the Finance Minister on 18 February 2008 to manage money or other property temporarily held by ASIC for the benefit of a person other than the Commonwealth as a result of investigations conducted by ASIC, legal proceedings to which ASIC is a party, deeds of settlement to which ASIC is a party, enforceable undertakings accepted by ASIC and court orders referring to ASIC.

| | Note | 2009 \$'000 | 2008 \$'000 |
|--|------|----------------|----------------|
| Balance carried forward from previous year | | 124 | – |
| Transfer from Other Trust Moneys Special Account | 32F | – | 260 |
| Receipts during the year | | 14 | 124 |
| Interest received | | 4 | 6 |
| Disbursements | | (55) | (266) |
| Closing balance | | 87 | 124 |

Note 32F: Other Trust Moneys Special Account (Administered)

| | 2009 \$'000 | 2008 \$'000 |
|--|----------------|----------------|
| Balance carried forward from previous year | – | – |
| Transfer from assets held in trust | – | 29 |
| Transfer from fiduciary monies | – | 756 |
| Transfer from Security deposits – dealers and investment advisers | – | 443 |
| Receipts during the year | 53 | 4,794 |
| Interest received | – | 116 |
| Disbursements | (52) | (928) |
| Transfer to ASIC Investigations, Legal Proceedings, Settlements and Court Orders Special Account | – | (260) |
| Transfer to ASIC Security Deposits Special Account | – | (443) |
| Transfer to Deregistered Companies Trust Moneys Special Account | – | (4,507) |
| Balance carried to next period | 1 | – |

Note 32G: Services for Other Governments and Non-Agency Bodies Special Account (Administered)

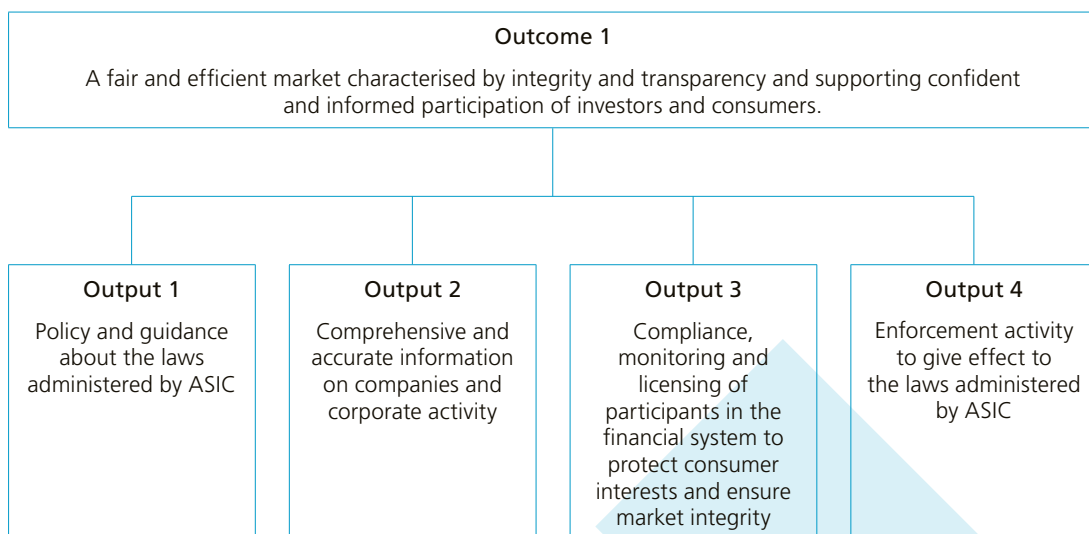
This Special Account was established on 31 December 1997 by the Department of Finance and Deregulation in accordance with the terms of section 2 of the FMA Act (“Services for Other Governments and Non-Agency Bodies Account”). There were no transactions in this account during the year and the balance of this account is nil (2008: nil).

Note 33: Reporting of outcomes

The outcomes and outputs framework for budgeting and reporting was introduced by Government for all Commonwealth Departments and Agencies in 1999-2000.

ASIC receives funding from Government within the context of this framework to regulate the market in order to achieve "a fair and efficient market characterised by integrity and transparency and supporting confident and informed participation of investors and consumers" (Outcome 1).

ASIC's operations and activities that give effect to its role as a regulator are categorised into four outputs. The relationship between Outcome 1 and the corresponding four outputs is shown in the diagram below.



Note 33: Reporting of outcomes (continued)

Note 33A: Net contribution of outcome

| | Outcome 1 | |
|--|------------------|------------------|
| | 2009 \$'000 | 2008 \$'000 |
| Expenses | | |
| Administered | 62,995 | 52,917 |
| Departmental | 294,793 | 273,806 |
| Total expenses | 357,788 | 326,723 |
| Costs recovered from provision of services to the non-government sector | | |
| Departmental | 1,348 | 2,780 |
| Total costs recovered | 1,348 | 2,780 |
| Other external revenues | | |
| Administered | | |
| Non-taxation revenue | 603,916 | 589,830 |
| Departmental | | |
| Interest | – | 6 |
| Other revenue | 2,485 | 4,180 |
| Total other external revenues | 606,401 | 594,016 |
| Net (contribution) of outcome | (249,961) | (270,073) |

The above table shows the net contribution to the Commonwealth Budget outcome by adding the departmental and administered expenses, less external departmental and administered revenues and costs recovered to produce a net contribution to the Budget outcome of \$249.961m (2008: \$270.073m). This derived amount is meaningful only when it is used to consider ASIC's contribution to the Budget outcome for the purposes of "whole of Government" reporting. It is not intended to represent or portray an alternative operating result for ASIC to that which is disclosed in the Income Statement.

Administered expenses represent revenue forgone to the Commonwealth as a result of refunds and waivers and write-offs of fees and charges owing to the Commonwealth (not ASIC) under the Corporations Act. Administered revenues and administered expenses are detailed in Notes 18 and 19 respectively.

Note 33: Reporting of outcomes (continued)

Note 33B: Major classes of departmental revenues and expenses by output

| Outcome 1 | Output 1 | | Output 2 | | Output 3 | | Output 4 | | Outcome 1 Total | |
|------------------------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|--------------------|----------------|
| | 2009 \$'000 | 2008 \$'000 | 2009 \$'000 | 2008 \$'000 | 2009 \$'000 | 2008 \$'000 | 2009 \$'000 | 2008 \$'000 | 2009 \$'000 | 2008 \$'000 |
| Departmental expenses | | | | | | | | | | |
| Employee benefits | 11,456 | 11,256 | 35,040 | 27,240 | 47,390 | 47,174 | 82,906 | 79,006 | 176,792 | 164,676 |
| Suppliers | 5,860 | 5,424 | 19,238 | 16,838 | 17,521 | 17,050 | 54,818 | 53,618 | 97,437 | 92,930 |
| Depreciation and amortisation | 1,057 | 922 | 4,573 | 2,605 | 3,984 | 3,840 | 9,577 | 8,187 | 19,191 | 15,554 |
| Finance costs | 29 | 12 | 95 | 88 | 111 | 50 | 233 | 156 | 468 | 306 |
| Write-down of assets | 46 | 20 | 229 | 54 | 174 | 83 | 447 | 177 | 896 | 334 |
| Net losses from sale of assets | 1 | – | 2 | 1 | 2 | 2 | 4 | 3 | 9 | 6 |
| Total departmental expenses | 18,449 | 17,634 | 59,177 | 46,826 | 69,182 | 68,199 | 147,985 | 141,147 | 294,793 | 273,806 |
| Funded by: | | | | | | | | | | |
| Revenues from Government | 16,532 | 17,144 | 73,247 | 53,391 | 65,031 | 64,720 | 152,986 | 146,963 | 307,796 | 282,218 |
| Rendering of services | 204 | 26 | 690 | 3,150 | 804 | 811 | 1,672 | 383 | 3,370 | 4,370 |
| Interest | – | – | – | 1 | – | 2 | – | 3 | – | 6 |
| Royalties | – | – | 236 | 325 | – | – | – | – | 236 | 325 |
| Other revenues | 184 | 63 | 622 | 747 | 725 | 307 | 1,505 | 3,827 | 3,036 | 4,944 |
| Resources received free of charge | 8 | 16 | 27 | 21 | 31 | 21 | 64 | 68 | 130 | 126 |
| Total departmental income | 16,928 | 17,249 | 74,822 | 57,635 | 66,591 | 65,861 | 156,227 | 151,244 | 314,568 | 291,989 |

The surplus in Outputs 2 and 4 in 2008–09 and 2007–08 includes underspending against appropriation received for a major IT project. The unspent appropriation will be used in future financial periods to fund this IT initiative.

Net costs shown include intra-government costs that are eliminated in calculating the actual Budget outcome.

Note 33C: Major classes of departmental assets and liabilities by outcome

All of ASIC's departmental assets and liabilities can be attributed to Outcome 1.

Note 33D: Major classes of administered income, expenses, assets and liabilities by outcome

All of ASIC's administered income, expenses, assets and liabilities can be attributed to Outcome 1.

Note 34: Compensation and debt relief

| | 2009 \$'000 | 2008 \$'000 |
|--|----------------|----------------|
| Expenses incurred in relation to 4 matters dealt with under the "Compensation for Detriment caused by Defective Administration scheme" during the reporting period | 43 | – |

End of financial statements

GLOSSARY

| | | | |
|--------------------|--|---------------|--|
| ABA | Australian Bankers Association | FTE | full time equivalent |
| ACCC | Australian Competition and Consumer Commission | G20 | The Group of Twenty Finance Ministers and Central Bank Governors |
| ACT | Australian Capital Territory | GDP | gross domestic product |
| ADI | authorised deposit-taking institutions | GFC | global financial crisis |
| AFMA | Australian Financial Markets Association | GMAICD | Graduate Member of the Australian Institute of Company Director |
| AFS licence | Australian Financial Services Licence | ICA | Insurance Council of Australia |
| AICD | Australian Institute of Company Directors | ICAA | Institute of Chartered Accountants in Australia |
| AIMA | Alternative Investment Management Association | IMF | International Monetary Fund |
| APRA | Australian Prudential Regulation Authority | IPO | initial public offerings |
| APS | Australian Public Service | IOSCO | International Organization of Securities Commissions |
| ASFA | Association of Superannuation Funds of Australia Limited | JORC | Joint Ore Reserves Committee |
| ASIC | Australian Securities & Investments Commission | MIS | managed investment schemes |
| ASIC Act | Australian Securities and Investments Commission Act 2001 | MRSO | Mutual Recognition of Securities Offerings |
| ASX | Australian Securities Exchange | NSW | New South Wales |
| AWA | Australian Workplace Agreement | NT | Northern Territory |
| BCA | Business Council of Australia | NZSC | Securities Commission in New Zealand |
| CA | Collective Agreement | OECD | Organisation for Economic Co-operation & Development |
| CALDB | Companies Auditors and Liquidators Disciplinary Board | OTC | over the counter |
| CDPP | Commonwealth Director of Public Prosecutions | Qld | Queensland |
| CFA | Consumers' Federation of Australia | RBA | Reserve Bank of Australia |
| EDGE | ASIC's electronic document lodgement system | SA | South Australia |
| EFT | electronic fund transfer | SDIA | Securities & Derivatives Industry Association |
| FaHCSIA | Department of Families, Housing, Community Services and Indigenous Affairs | SEC | Securities and Exchange Commission (US) |
| FAICD | Fellow, Australian Institute of Company Directors | SEL | Senior Executive Leaders |
| FCA | Fellow, Institute of Chartered Accountants | SF Fin | Senior Fellow, Financial Services Institute of Australasia |
| FMA Act | Financial Management and Accountability Act 1997 | Tas. | Tasmania |
| FMOs | Finance Minister's Orders | UK | United Kingdom |
| FPA | Financial Planning Association | US | United States of America |
| | | UUD | unlisted unrated debenture |
| | | Vic. | Victoria |
| | | WA | Western Australia |

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