

# APPENDICES

## Publications

We published the following free publications:

- Electronic newsletters: *FIDO News* (financial tips and safety checks), *FSR Update*; printed newsletter: *InFocus* (company information).
- Booklets and brochures: including *Investing in debentures*, *Your money*, *Getting advice*, *Super decisions* (last booklet in nine languages including English).
- Annual Report, media and information releases, reports, consultation papers, regulatory guides and information sheets accessible through our website or Infoline.

We published for sale *ASIC Digest*, *ASIC Working Guide for Accountants*, *ASIC Working Guide for Company Secretaries*, *ASIC Working Guide for Company Directors*, *ASIC Financial Services Policy Handbook*, *ASIC Forms* on CD-ROM, *ASIC Managed Investments Handbook* and *ASIC Policy Alert*.

## Freedom of Information Act

You have a right to apply to ASIC for access to documents in ASIC's possession under the *Freedom of Information Act 1982* (FOI Act). You must apply in writing, stating which documents you want to obtain. Requests should be directed to the Administrative Law Coordinator in your state or territory or to the Manager, Administrative Law, in Sydney. For further information on how to apply, visit [www.asic.gov.au](http://www.asic.gov.au).

Categories of documents in ASIC's possession relate to matters including:

- operational matters such as:
  - licence and professional registration applications
  - applications from businesses, correspondence, internal working papers, policy proposals and submissions, and
  - administrative, civil and criminal enforcement matters, including documents obtained under ASIC's compulsory powers

- law reform, including submissions and proposal papers
- correspondence with members of the public, government entities, Parliamentary committees, business entities and other bodies
- administration, including accommodation, accounts, expenditure, invoices, audit, human resources, recruitment and staff management, delegation and authorisation
- reference materials, including those contained in the library, handbooks, guidelines, manuals, regulatory guides, media releases, information releases, pamphlets and annual reports, and
- other documents held as public database information (ASCOT).

As required by section 9 of the FOI Act, we advise that you may inspect and purchase by subscription the following from Thomson-CPD, phone 1800 036 186: *ASIC Digest*, which contains, among other things, regulatory guides, media releases, information releases, summaries of most ASIC instruments, class orders, and pro-formas for various types of standard relief.

*Note:* Documents available to the public through ASIC's website ([www.asic.gov.au](http://www.asic.gov.au)), ASCOT or the *ASIC Digest* and library material maintained for reference purposes are not available under the FOI Act.

## Commonwealth Disability Strategy Report

As a regulator, ASIC published (in formats accessible for people with disabilities) all its publicly available information on regulations, quasi-regulations and compliance reporting. This occurred through our website on the day materials were released, and in hard copy through our commercial publisher and on request through ASIC's Infoline. Our website substantially complied with accessibility guidelines, within the limits of the technology at our disposal.

As an employer, ASIC incorporated the requirements of the *Disability Discrimination Act 1992* when developing and reviewing employment policies, procedures and guidelines. In particular:

- recruitment information was released in accessible electronic format, within 24 hours, or posted out in hard copy on request within 24 hours. No requests were received for other formats.
- Human Resources staff advised managers and recruiters on reasonable adjustments required for job applicants and staff with disabilities (including staff access to training).
- information on disability issues was included in training programs as appropriate.

ASIC also has internal and external grievance procedures, including review of actions under the Public Service Act and appeals to the Australian Public Service Commission. Dispute avoidance and settlement provisions have been included in the ASIC collective agreement. Staff also had access to an Employee Assistance Program.

## Disclosure under the Environment Protection and Biodiversity Conservation Act

Section 516A of this Act requires us to report matters relevant to environmentally sustainable development (ESD). In consequence, we report that:

- the only activities of the organisation relevant to ESD principles concern procurement of goods and services
- ASIC's administration of legislation is not related to ESD principles
- none of the outcomes specified for ASIC in an Appropriation Act have ESD implications
- the effects of our activities on the environment are set out on page 32
- the measures we have taken to minimise our environmental impact are also set out on page 32, and
- we review and increase the effectiveness of those measures through internal evaluation regimes, environmental auditing, benchmarks or targets, see page 32.

## Disclosure under Commonwealth Electoral Act

Section 311A of this Act requires us to report for the financial year all amounts paid by us or on our behalf to:

- advertising agencies and polling organisations: nil
- market research organisations: Investment Trends, \$44,550; Chant Link and Associates, \$172,435.34; Allen Consulting Group, \$218,868.15; SuperRatings, \$23,650; brandmanagement, \$111,614.96; Newspoll, \$12,650; Roy Morgan, \$131,522; and Eureka Strategic Research, \$143,731.44
- direct mail organisations: Chandler, \$2040; Recall Information Management, \$8884; and Hermes Precisa, \$7625, and
- media advertising organisations: hma Blaze \$473,592.

## Disclosure under ASIC Act

As required by section 136 of the ASIC Act, we report that ASIC did not exercise its powers under Part 15 of the *Retirement Savings Account Act 1997* or under Part 29 of the *Superannuation Industry (Supervision) Act 1993*. No relevant applications were received.

# ASIC OUTCOMES AND OUTPUTS

Our outcome and output framework sets out what we have agreed to deliver to government. The framework reflects the products and services we deliver and informs our budget and reporting process. Each year, details of the framework are outlined in the Portfolio Budget Statements, along with the relevant performance information.

Below is the framework and performance information for 2007–08 for ASIC’s four outputs.

Each year, details of the framework are outlined in the Portfolio Budget Statements, along with the relevant performance information.

## Output 1.1.1: Policy and guidance about the laws administered by ASIC \$14.3 million

### Quality

Extent to which advice is approved by the Minister

ASIC provides advice to the Minister on rule changes proposed by market operators. The Minister approved all operating rule changes, except a proposal about accreditation requirements in relation to derivatives advisers.

Extent to which consumers, investors and other stakeholders are consulted during policy formation

ASIC consults about all major policy projects. We adhere to the Government’s policy on best-practice consultation. When developing policy, we generally publish a consultation paper that sets out our policy proposals and invites comments from the public. We may also undertake targeted consultation where a policy affects a particular group. We generally publish the submissions received and our response (which explains how the submissions influenced our final policy) on our website.

Consumer issues in financial services exposed and steps taken to address them

For details, see pages 16–19.

Stakeholder liaison to ensure understanding of emerging consumer issues

For details, see page 38.

## Output 1.1.1: Policy and guidance about the laws administered by ASIC continued ...

### Quantity

Number of new and amended regulatory guides, guidance notes and class orders issued. Press release to accompany all new policy statements, guidance notes and class orders.	20 new and amended regulatory guides (formerly called policy statements) and 23 class orders. A media or information release accompanied all new regulatory guides.
80 per cent of advice to Minister on markets rule changes within 14 days of lodgment	93% of advice on markets rule changes was sent to the Minister within 14 days (13 of 14).
Number of information requests to and from overseas regulators	ASIC received 712 requests from overseas regulators and made 188 requests.
Number of visits to FIDO	1,469,307 (up 40%)
Number of consumer publications distributed	127,154 copies ( <i>Your money</i> , <i>Getting advice</i> , <i>Super decisions</i> and <i>You can complain</i> )

## Output 1.1.2: Comprehensive and accurate information on companies and corporate activity

**\$80.2 million**

### Quality

Percentage availability of the database	99.63% during business hours; 24-hour accessibility 99.55%
Percentage of online paid searches to counter searches	98.9% online, 1.1% counter
Calls answered < 2 minutes	80.3%
Percentage of key documents processed < 48 hours of receipt	95.3%
Percentage of documents requiring further details before entering onto database	5.9%

### Quantity

Total use of the databases (free and paid)	Free: 32,584,777 (63%); paid: 18,864,851 (37%); total: 51,449,628
Percentage of documents lodged electronically	80.4%
Percentage of company data lodged on time	94.7%
Number of companies targeted to ensure compliance	15,090
Number of companies deregistered for failing to pay their annual review fee	23,565 deregistered (of 32,674 targeted)
Number of civil actions undertaken to ensure lodgment of financial reports	684 proceedings issued

## ASIC OUTCOMES AND OUTPUTS CONTINUED ...

Under purchaser–provider arrangements, ASIC provides access to information from its databases to 18 Commonwealth and state government agencies, to assist the agencies perform their regulatory and law enforcement functions. Some eight Commonwealth agencies, including the Australian Tax Office and the CDPP, have access to non-public information. The terms of their access are governed by data access agreements.

### Output 1.1.3: Compliance monitoring and licensing of participants in the financial system to protect consumer interests and ensure market integrity

**\$66.1 million**

#### Quality

Feedback on extent to which market operators accept and implement ASIC's recommendations	ASIC's recommendations to market operators are generally made in our annual assessment reports. Market licensees' implementation of our recommendations is high and is generally done within 12 months of the recommendation being made.
Extent to which serious compliance problems are identified < 12 months after market licence granted	If they existed, serious compliance issues with market licensees would generally be identified through ongoing monitoring and ASIC's annual assessment.
Extent to which serious problems with scheme compliance plans and constitutions are identified	Some 5 schemes were not approved. ASIC negotiated changes to another 112 documents (of 519 lodged).
Extent to which recommendations are approved by the Minister	An exemption was approved for GFI Brokers Limited.
Stakeholders acceptance and understanding with discretionary decision making (number of AAT appeals)	There were 30 AAT appeals lodged and 24 decisions handed down (of which 6 appeals were affirmed, 15 dismissed and 3 set aside).

## Output 1.1.3: Compliance monitoring and licensing of participants in the financial system to protect consumer interests and ensure market integrity continued ...

### Quantity

80% of findings on assessment of markets advised to Minister within 2 months of inspection	In 2007–08, 26 assessments were conducted and 62% of findings were reported to the licensee within 2 months.  However, no findings were reported to the Minister within 2 months.
70% of applications for AFS licences and variations to AFS licences decided in 28 days	72%
70% of managed investment schemes registered within 8 business days	ASIC is required to register managed investment schemes within 14 calendar days (section 601EB of the Corporations Act). That statutory measure was met by ASIC in 99% (512 of 519) of cases.  Some 37.6% of schemes were registered within 8 business days.
80% of recommendations to Minister on new market licences made within 12 weeks of receiving an application	No recommendations to the Minister on new market licenses were made in this period.
70% of relief applications decided in principle within 21 days	71%
Number of additional disclosures to the market obtained	Following ASIC action, 2 listed companies made additional disclosure to the market.
Number of disclosure documents reviewed: – product disclosure statements, and – prospectuses	236 124 product disclosure statements 112 prospectuses
Number of documents reviewed where corrective disclosures achieved for: – product disclosure statements, and – prospectuses	163 88 product disclosure statements 75 prospectuses
Number of compliance surveillances	224

### Output 1.1.4: Enforcement activity to give effect to the laws administered by ASIC

**\$131.0 million**

#### Quality

50% of investigations resourced that led to a conclusion within 6 months of commencement	36%	We classify investigations as general and complex, and aim to complete 'general' within 6 months. We completed 59% of general investigations within 6 months. The proportion of complex investigations has increased from 28% to 54%.
No more than 15% of investigations resourced that led to a conclusion after 12 months of their commencement	33%	
70% of investigations resourced that led to an enforcement outcome	69%	
Analysis of reports within agreed timeframes		We finalised 78% of the 11,436 complaints received in 28 days, ahead of our target of 70%.
Percentage of complaints resolved		Some 34% of complaints were resolved. An additional 22% were referred for compliance, investigation or surveillance; there was no offence or ASIC lacked jurisdiction to act in 17% and another 27% were analysed, assessed and recorded. For more details, see page 29.
Successful implementation of Assetless Administration Fund leading to more investigation of assetless administrations and enforcement actions arising from them		New guidelines and awareness raising led to more investigation of assetless administrations. Some 36 of the 66 directors disqualified or banned during the year were the subjects of reports funded, and 7 briefs to the CDPP were from matters funded by the Fund.  For more details, see page 23.

## Output 1.1.4: Enforcement activity to give effect to the laws administered by ASIC continued

Quantity	
Number of investigations commenced	154
Number of litigations concluded	280
Number of jailings and number of bannings	23 jailed and 40 banned under section 206B(1) of the Corporations Act (automatic disqualification)
Number of officers disqualified/banned from managing corporations	66 officers banned or disqualified directly as a result of ASIC action, plus 40 who were automatically disqualified under section 206B(1) of the Corporations Act.
Number of briefs provided to the CDPP	72 briefs provided to the CDPP
Number of illegal investment schemes wound up	80
Amount of funds frozen and recovered for investors from illegal investment schemes	Over \$50 million in funds frozen
Number of complaints analysed and assessed by ASIC	11,436
Number of liquidators', administrators' and receivers' reports processed by ASIC	8,579





## SIX-YEAR SUMMARY

Business data	2007–08	2006–07	2005–06	2004–05	2003–04	2002–03
Companies (total)	1,645,805	1,572,054	1,480,684	1,427,573	1,359,305	1,299,985
New companies registered	149,403	156,424	121,298	121,463	122,441	107,917
Authorised financial markets	17	17	15	13	8	4
Licensed clearing and settlement facilities	5	5	5	5	4	3
Australian financial services licensees	4,769	4,625	4,415	4,135	3,853	626
Registered company auditors*	5,495	5,658	5,848	6,163	6,506	6,440
Registered liquidators	674	689	747	762	758	835
Registered managed investment schemes	5,108	4,680	4,310	4,093	3,765	3,487
Prospectuses lodged†	1,011	960	808	1,064	1,148	1,658
Product disclosure 'in use' notices‡	9,708	10,066	12,480	12,708	7,563	579
Takeovers	113	65	60	68	67	55

\* Figures for previous years have been restated to excluded authorised audit companies.

† From 11 March 2002, 'product disclosure statements' replaced 'prospectuses' for managed funds. After 11 March 2004, prospectuses were used only for company securities.

‡ Financial product issuers notify ASIC about the 'product disclosure statement' issued for each financial product.

ASIC performance data	2007–08	2006–07	2005–06	2004–05	2003–04	2002–03
Criminals jailed	23	21	17	27	28	29
Fundraising where ASIC required additional disclosure	\$2.59 billion	\$17b	\$9.5b	\$6b	\$4b	\$0.4b
Recoveries, costs compensation, fines or assets frozen	\$146 million	\$140m	\$215m	\$123m	\$121m	\$123m
% successful litigation	94%	97%	94%	94%	93%	94%
Litigation concluded	280	430	386	193	220	222
Reports of crime and misconduct	11,436	10,682	12,075	10,752	9,970	9,292
Total searches of ASIC databases	51 million	55m	45m	36m	36m	27m
% company data lodged on time	94.7%	95%	94%	94%	92%	93%
Fees and charges raised for the Commonwealth	\$545 million	\$519m	\$543m	\$531m	\$457m	\$405m
Staff (FTEs)	1,669	1,581	1,471	1,570	1,531	1,396
<b>Financial summary (\$m)</b>						
<i>Operations</i>						
Total operating expenses	273.8	255.7	217.9	208.0	196.2	172.6
Total operating revenue	291.9	257.8	224.7	208.0	191.3	172.5
<i>Financial position</i>						
Current assets	126.8	59.3	40.8	23.4	23.0	15.6
Non-current assets	49.8	49.7	37.4	34.8	35.2	33.3
Current liabilities	77.8	67.0	58.4	45.9	42.9	29.0
Non-current liabilities	22.9	20.8	13.2	11.2	20.2	20.9
Total equity	76.0	21.3	6.7	1.1	(4.9)	(1.0)

# FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2008

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## **INDEPENDENT AUDITOR'S REPORT**

**To the Minister for 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 2008, which comprise: a statement by the Commissioners and the Chief Financial Officer; income statement; balance sheet; statement of changes in equity; cash flow statement; schedules of commitments, contingencies and administered items; a summary of significant accounting policies; and other explanatory notes.

### ***The Responsibility of the Commission for the Financial Statements***

The members of the Commission are responsible for the preparation and fair presentation of the financial statements in accordance with Finance Minister's Orders made under the *Financial Management and Accountability Act 1997* and Australian Accounting Standards (including 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. My audit has been conducted 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 accounting policies used and the reasonableness of accounting estimates made by the members of 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*, and Australian Accounting Standards (including Australian Accounting Interpretations); 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 2008 and its financial performance and its cash flows for the year then ended.

Australian National Audit Office



P Hinchey  
Senior Director  
Delegate of the Auditor-General

Sydney  
1 August 2008

## STATEMENT BY COMMISSIONERS AND CHIEF FINANCIAL OFFICER

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In our opinion, the attached financial statements for the year ended 30 June 2008 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*.

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



A. M. D'Aloisio

Chairman  
1 August 2008



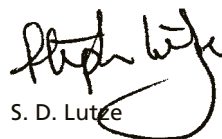
J. R. Cooper

Deputy Chairman  
1 August 2008



B. G. Gibson

Commissioner  
1 August 2008



S. D. Lutze

Chief Financial Officer  
1 August 2008

# INCOME STATEMENT

## FOR THE YEAR ENDED 30 JUNE 2008

Income	Notes	2008 \$'000	2007 \$'000
<b>Revenue</b>			
Revenues from Government	3A	282,218	244,058
Sale of services	3B	4,370	4,144
Interest	3C	6	5,457
Royalties	3D	325	360
Other revenues	3E	4,944	3,833
<b>Total revenue</b>		<b>291,863</b>	<b>257,852</b>
<b>Gains</b>			
Net gains from sale of assets	3F	–	2
Other gains	3G	126	–
<b>Total gains</b>		<b>126</b>	<b>2</b>
<b>Total income</b>	35B	<b>291,989</b>	<b>257,854</b>
<b>Expenses</b>			
Employee benefits	4A	164,676	147,734
Suppliers	4B	92,930	90,787
Depreciation and amortisation	4C	15,554	16,568
Finance costs	4D	306	292
Write-down of assets	4E	334	329
Net losses from sale of assets	4F	6	–
<b>Total expenses</b>		<b>273,806</b>	<b>255,710</b>
<b>Surplus<sup>1</sup></b>		<b>18,183</b>	<b>2,144</b>

1 The surplus for 2007–08 results from changes to the timing of expenditure for a major IT project. Revenue from Government received in 2007–08 to fund this initiative will now be utilised in future financial years. The forecast completion date remains unchanged.

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



## BALANCE SHEET

### AS AT 30 JUNE 2008

Assets	Notes	2008 \$'000	2007 \$'000
<b>Financial assets</b>			
Cash and cash equivalents	5A	8,415	51,660
Trade and other receivables	5B	115,660	5,703
<b>Total financial assets</b>		<b>124,075</b>	<b>57,363</b>
<b>Non-financial assets</b>			
Leasehold improvements	6A	24,303	26,851
Plant and equipment	6B	6,792	9,414
Intangibles	6C	18,742	13,505
Other non-financial assets	6D	2,686	2,010
<b>Total non-financial assets</b>		<b>52,523</b>	<b>51,780</b>
<b>Total assets</b>		<b>176,598</b>	<b>109,143</b>
<b>Liabilities</b>			
<b>Payables</b>			
Suppliers	7A	20,678	22,070
Other payables	7B	24,996	23,660
<b>Total payables</b>		<b>45,674</b>	<b>45,730</b>
<b>Interest bearing liabilities</b>			
Leases	8A	188	882
<b>Total interest bearing liabilities</b>		<b>188</b>	<b>882</b>
<b>Provisions</b>			
Employee provisions	9A	43,636	37,005
Other provisions	9B	11,150	4,218
<b>Total provisions</b>		<b>54,786</b>	<b>41,223</b>
<b>Total liabilities</b>		<b>100,648</b>	<b>87,835</b>
<b>Net assets</b>		<b>75,950</b>	<b>21,308</b>
<b>Equity</b>			
Contributed equity		59,354	20,596
Reserves		8,900	11,199
Accumulated surplus/(deficit)		7,696	(10,487)
<b>Total equity</b>		<b>75,950</b>	<b>21,308</b>
<b>Current assets</b>		<b>126,761</b>	<b>59,373</b>
<b>Non-current assets</b>		<b>49,837</b>	<b>49,770</b>
<b>Current liabilities</b>		<b>77,784</b>	<b>67,034</b>
<b>Non-current liabilities</b>		<b>22,864</b>	<b>20,801</b>

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

# STATEMENT OF CHANGES IN EQUITY

## FOR THE YEAR ENDED 30 JUNE 2008

	Notes	Accumulated surplus/(deficit)		Asset revaluation reserves		Contributed equity		Total equity	
		2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
Opening balance		(10,487)	(12,631)	11,199	5,254	20,596	14,082	21,308	6,705
<b>Income and expense</b>									
Revaluation								–	–
Leasehold improvements <sup>1</sup>	6E	–	–	198	5,945	–	–	198	5,945
Restoration obligations <sup>1</sup>	9B	–	–	(2,497)	–	–	–	(2,497)	–
Surplus		18,183	2,144	–	–	–	–	18,183	2,144
<b>Total income and expenses</b>		18,183	2,144	(2,299)	5,945	–	–	15,884	8,089
<b>Contributions by owners</b>									
Appropriations – contributed equity		–	–	–	–	38,758	6,514	38,758	6,514
<b>Closing balance</b>		7,696	(10,487)	8,900	11,199	59,354	20,596	75,950	21,308

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.

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

## CASH FLOW STATEMENT

### FOR THE YEAR ENDED 30 JUNE 2008

		2008 \$'000	2007 \$'000
<b>Operating activities</b>	<b>Notes</b>		
<b>Cash received</b>			
Appropriations		245,376	251,331
Services		4,761	5,295
Interest		6	5,542
Net GST received		8,996	9,495
Other cash received		5,946	3,700
<b>Total cash received</b>		<b>265,085</b>	<b>275,363</b>
<b>Cash used</b>			
Employees		154,999	144,274
Suppliers		102,878	89,676
Finance costs		40	93
Return of ESA court costs recovered to Government		171	–
Transfer to the Official Public Account <sup>1</sup>	5A	45,206	–
Return of appropriation to Government	28A	–	9,500
<b>Total cash used</b>		<b>303,294</b>	<b>243,543</b>
<b>Net cash from / (used by) operating activities</b>	<b>10</b>	<b>(38,209)</b>	<b>31,820</b>
<b>Investing activities</b>			
<b>Cash received</b>			
Proceeds from sales of leasehold improvements, plant and equipment	3F, 4F	–	20
<b>Cash used</b>			
Purchase of leasehold improvements, plant and equipment and intangibles	6E	17,732	21,381
<b>Net cash used by investing activities</b>		<b>(17,732)</b>	<b>(21,361)</b>
<b>Financing activities</b>			
<b>Cash received</b>			
Appropriations – contributed equity		13,390	6,514
<b>Cash used</b>			
Repayment of finance lease principal		694	886
<b>Net cash from financing activities</b>		<b>12,696</b>	<b>5,628</b>
<b>Net increase / (decrease) in cash held</b>		<b>(43,245)</b>	<b>16,087</b>
Cash and cash equivalents at the beginning of the reporting period		51,660	35,573
<b>Cash and cash equivalents at the end of the reporting period</b>	<b>5A</b>	<b>8,415</b>	<b>51,660</b>

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 (Note 5A refers).

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

## SCHEDULE OF COMMITMENTS

### AS AT 30 JUNE 2008

	2008 \$'000	2007 \$'000
<b>By type</b>		
<b>Commitments payable</b>		
<b>Capital commitments</b>		
Plant and equipment <sup>1</sup>	3,874	1,982
Intangibles	1,919	–
<b>Total capital commitments</b>	<b>5,793</b>	<b>1,982</b>
<b>Other commitments</b>		
Operating leases <sup>2</sup>	93,492	144,124
Other commitments (goods and services)	17,942	2,374
<b>Total other commitments</b>	<b>111,434</b>	<b>146,498</b>
<b>Less: commitments receivable</b>		
GST recoverable on commitments	10,657	13,498
<b>Total commitments receivable</b>	<b>10,657</b>	<b>13,498</b>
<b>Net commitments by type</b>	<b>106,570</b>	<b>134,982</b>
<b>By maturity</b>		
<b>Commitments payable</b>		
<b>Capital commitments</b>		
One year or less	5,793	1,982
<b>Total capital commitments</b>	<b>5,793</b>	<b>1,982</b>
<b>Operating lease commitments</b>		
One year or less	18,265	23,246
From one to five years	43,946	67,769
Over five years	31,281	53,109
<b>Total operating lease commitments</b>	<b>93,492</b>	<b>144,124</b>
<b>Other commitments (goods and services)</b>		
One year or less	17,919	2,374
From one to five years	23	–
<b>Total other commitments</b>	<b>17,942</b>	<b>2,374</b>
<b>Less: commitments receivable</b>		
<b>GST recoverable on commitments</b>		
One year or less	3,816	2,510
From one to five years	3,997	6,160
Over five years	2,844	4,828
<b>Total operating lease income</b>	<b>10,657</b>	<b>13,498</b>
<b>Net commitments by maturity</b>	<b>106,570</b>	<b>134,982</b>

1 Outstanding contractual payments for purchases of plant and equipment.

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

#### Nature of lease

Leases for office accommodation  
Motor vehicles – senior executives  
Office equipment

#### General description of leasing arrangement

Subject to fixed increases and annual or bi-annual rent reviews.  
No contingent rentals exist. There are no purchase options available to ASIC.  
No contingent rentals exist. There are no purchase options available to ASIC.

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 2008

	Note	2008 \$'000	2007 \$'000
<b>Contingent assets</b>			
<b>Contingent receivables</b>			
Balance from previous period		4,263	1,457
<i>Adjustments to prior period contingent receivables:</i>			
Assets recognised		(773)	(1,457)
Estimates not realisable		(1,310)	–
Revisions to estimates		51	–
New contingent receivables		1,480	4,263
<b>Total contingent assets</b>	11	<b>3,711</b>	<b>4,263</b>

#### Contingent liabilities

There were no quantifiable contingent liabilities as at 30 June 2008 (2007: 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 2008

Income administered on behalf of Government	Note	2008 \$'000	2007 \$'000
<b>Revenue</b>			
<b>Non-taxation revenue</b>			
Corporations Act fees and fines <sup>1</sup>	18A	544,524	519,030
Banking Act unclaimed monies <sup>2</sup>	18A	39,457	34,359
Life Insurance Act unclaimed monies <sup>3</sup>	18A	5,849	4,914
Interest	18B	–	155
<b>Total revenues administered on behalf of Government</b>		<b>589,830</b>	<b>558,458</b>
<b>Gains</b>			
Other gains	18C	25	31
<b>Total income administered on behalf of Government</b>		<b>589,855</b>	<b>558,489</b>
<b>Expenses administered on behalf of government</b>			
Suppliers <sup>4</sup>	19A	966	1,563
Write-down of assets	19B	22,506	22,427
Other expenses	19C	29,445	26,259
<b>Total expenses administered on behalf of Government</b>	22	<b>52,917</b>	<b>50,249</b>

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) Regulations 2001*. The revenues from these fees are not available to ASIC and are 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

### AS AT 30 JUNE 2008

		2008 \$'000	2007 \$'000
<b>Assets administered on behalf of Government</b>	<b>Note</b>		
<b>Financial assets (current)</b>			
Cash and cash equivalents	20A	3,064	2,506
Receivables	20B	83,059	76,877
<b><i>Total assets administered on behalf of Government</i></b>		<b>86,123</b>	<b>79,383</b>
<b>Liabilities administered on behalf of Government</b>			
<b>Payables (current)</b>			
Suppliers	21A	4,843	4,614
<b><i>Administered assets less administered liabilities</i></b>	<b>22</b>	<b>81,280</b>	<b>74,769</b>

Note: Intra government transactions have been omitted.

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

## SCHEDULE OF ADMINISTERED ITEMS FOR THE YEAR ENDED 30 JUNE 2008

Administered cash flows	Notes	2008 \$'000	2007 \$'000
<b>Operating activities</b>			
<b>Cash received</b>			
Corporations Act fees and charges		516,394	492,649
Banking Act unclaimed monies		39,457	34,359
Life Insurance Act unclaimed monies		5,849	4,914
Interest		–	155
Net GST received		116	84
<b>Total cash received</b>		<b>561,816</b>	<b>532,161</b>
<b>Cash used</b>			
Refunds paid to:			
Deposit-taking institution account holders		24,315	18,639
Life insurance policy holders		5,105	7,589
Suppliers		1,411	925
<b>Total cash used</b>		<b>30,831</b>	<b>27,153</b>
<b>Net cash from operating activities</b>	23	<b>530,985</b>	<b>505,008</b>
<b>Net increase in cash held</b>		<b>530,985</b>	<b>505,008</b>
Cash and cash equivalents at the beginning of the reporting period		2,506	2,962
Cash from Official Public Account for:			
– Appropriations	22	35,028	30,689
		<b>37,534</b>	<b>33,651</b>
Cash to Official Public Account for:			
– Corporations Act fees and charges		520,149	496,493
– Banking Act unclaimed monies		39,457	34,359
– Life Insurance Act unclaimed monies		5,849	4,914
– Return of 2005–06 unspent appropriation		–	387
	22	<b>565,455</b>	<b>536,153</b>
<b>Cash and cash equivalents at end of reporting period</b>	20A	<b>3,064</b>	<b>2,506</b>

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



## SCHEDULE OF ADMINISTERED ITEMS

### AS AT 30 JUNE 2008

#### Administered commitments

As at 30 June 2008 ASIC has administered commitments payable of \$0.8m (2007: nil). All administered commitments payable are for goods and services and are due within 1 year.

As at 30 June 2008 ASIC had administered commitments receivable of \$0.07m (2007: nil). 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 2008 (2007: nil).

	2008 \$'000	2007 \$'000
<b>Administered contingent liabilities</b>		
<b>Payables – Refunds to claimants</b>		
Banking Act administration <sup>1</sup>	36,962	35,498
Life Insurance Act unclaimed monies <sup>2</sup>	7,345	3,391
	<b>44,307</b>	<b>38,889</b>

#### 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 2008 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 2008 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 2008

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# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

## 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* (Corporations Act), 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 and prescribed fees set by the *Corporations (Fees) Regulations 2001* (Corporations (Fees) Regulations) (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 (FMOs) for reporting periods ending on or after 1 July 2007, 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 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 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 Statement of compliance

#### Adoption of new Australian Accounting Standard requirements

No accounting standard has been adopted earlier than the application date as stated in the standard.

The following new standards are applicable to the current reporting period:

#### Financial instruments disclosure

AASB 7 *Financial Instruments: Disclosures* is effective for reporting periods beginning on or after 1 January 2007 (the 2007–08 financial year) and amends the disclosure requirements for financial instruments. In general AASB 7 requires greater disclosure than that previously required. Associated with the introduction of AASB 7 a number of accounting standards were amended to reference the new standard or remove the present disclosure requirements through 2005–10 Amendments to Australian Accounting Standards [AASB 132, AASB 101, AASB 114, AASB 117, AASB 133, AASB 139, AASB 1, AASB 4, AASB 1023 & AASB 1038]. These changes have no financial impact but effect the disclosure of financial instruments.

The following new standards (including reissued standards), amendments to standards, erratum or interpretations for the current financial year have no material financial impact on ASIC:

AASB 101 *Presentation of Financial Statements* (reissued October 2006)

AASB 1048 *Interpretation and Application of Standards* (reissued September 2007)

2007–4 *Amendments to Australian Accounting Standards arising from ED 151 and Other Amendments and Erratum: Proportionate Consolidation*

2007–5 *Amendments to Australian Accounting Standard – Inventories Held for Distribution by Not-for-Profit Entities* [AASB 102]

2007–7 *Amendments to Australian Accounting Standards* [AASB 1, AASB 2, AASB 4, AASB 5, AASB 107 & AASB 128]

AASB Interpretation 10 *Interim Financial Reporting and Impairment*

AASB Interpretation 11 AASB 2 – *Group and Treasury Share Transactions* and 2007–1 *Amendments to Australian Accounting Standards arising from AASB Interpretation 11*

AASB Interpretation 1003 *Australian Petroleum Resource Rent Tax*.

#### Future Australian Accounting Standard requirements

The following new standards, amendments to standards or interpretations have been issued by the Australian Accounting Standards Board but are effective for future reporting periods. It is estimated that adopting these pronouncements when effective will have no material financial impact on future reporting periods:

AASB 3 *Business Combinations*

AASB 8 *Operating Segments* and 2007–3 *Amendments to Australian Accounting Standards arising from AASB 8*

AASB 101 *Presentation of Financial Statements* (reissued September 2007) and 2007–8 *Amendments to Australian Accounting Standards arising from AASB 101*

AASB 123 *Borrowing Costs* and 2007–6 *Amendments to Australian Accounting Standards arising from AASB 123*

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

## Note 1: Summary of significant accounting policies continued ...

AASB 127 *Consolidated and Separate Financial Statements* and 2008–3 *Amendments to Australian Accounting Standards from AASB 3 and AASB 127* [AASBs 1, 2, 4, 5, 7, 101, 107, 112, 114, 116, 121, 128, 131, 132, 133, 134, 136, 137, 138 & 139 and Interpretations 9 & 107]

AASB 1004 *Contributions*

AASB 1050 *Administered Items* and 2007–9 *Amendments to Australian Accounting Standards arising from the Review of AASs 27, 29 and 31* [AASB 3, AASB 5, AASB 8, AASB 101, AASB 114, AASB 116, AASB 127 & AASB 137]

AASB 1051 *Land Under Roads*

AASB 1052 *Disaggregated Disclosures*

2008–1 *Amendments to Australian Accounting Standard – Share-based Payments: Vesting Conditions and Cancellations* [AASB 2]

2008–2 *Amendments to Australian Accounting Standards – Puttable Financial Instruments and Obligations arising on Liquidation* [AASB 7, AASB 101, AASB 132, AASB 139 & Interpretation 2]

AASB Interpretation 1 *Changes in Existing Decommissioning, Restoration and Similar Liabilities*

AASB Interpretation 4 *Determining whether an Arrangement contains a Lease*

AASB Interpretation 12 *Service Concession Arrangements* and 2007–2 *Amendments to Australian Accounting Standards arising from Interpretation 12*

AASB Interpretation 13 *Customer Loyalty Programmes*

AASB Interpretation 14 *AASB 119 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction*

AASB Interpretation 129 *Service Concession Arrangements: Disclosures*

AASB Interpretation 1038 *Contributions by Owners Made to Wholly-Owned Public Sector Entities*.

### Other

The following standards and interpretations have been issued but are not applicable to the operations of ASIC:

AASB 1049 *Financial Reporting of General Government Sectors by Governments*

2008–4 *Amendments to Australian Accounting Standard – Key Management Personnel Disclosures by Disclosing Entities* [AASB 124]

## 1.5 Reporting of administered activities

ASIC collects and administers revenue under the Corporations Act and prescribed fees set by the Corporations (Fees) Regulations. The revenues from these fees are not available to ASIC and are 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, 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.

## Note 1: Summary of significant accounting policies continued ...

### 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.

Resources received free of charge are recorded as either revenue or gains depending on their nature.

### 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 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 provision for bad and doubtful debts. Collectability of debts is reviewed at balance date. Provisions 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*.

### 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.

### 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.

### 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) 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.

## Note 1: Summary of significant accounting policies continued ...

### Separation and redundancy

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

### 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 includes notes and coins on hand and any deposits held at call with a bank or financial institution. Cash equivalents are bank instruments readily convertible to cash (e.g. negotiable certificates of deposit). Cash is recognised at its nominal value.



## 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 AASB139 *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. Loans and 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 AASB139 *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 settlement is not probable or the amount cannot be reliably measured. Contingent assets are reported when settlement is probable but not virtually certain. Contingent liabilities are recognised when settlement is greater than remote.

### 1.16 Acquisition of assets

Assets are recorded at cost on acquisition providing the asset recognition threshold is met (Note 1.17 refers). The exception to this rule is assets acquired at no cost, or for nominal consideration, which are initially recognised as assets and revenues at their fair value at the date of acquisition.



Note 1: Summary of significant accounting policies continued ...

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 \$2000, 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 taken up.

Revaluations

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

Asset class	Fair value measured at
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.

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:

	2008	2007
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 10 years
Plant and equipment (leased)	2 to 5 years	2 to 10 years

## Note 1: Summary of significant accounting policies continued ...

### 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 (2007: 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).

### 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. 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.

## Note 1: Summary of significant accounting policies continued ...

### 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) Regulations. 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. Allowances are made when collection of the debt is no longer probable.

### Receivables

Administered revenue is recognised at its nominal amount due 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 provision of the remaining debts is estimated using sampling methodologies.

Administered receivables that are irrecoverable at law or are uneconomic to pursue are written off.

### 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* (Banking Act) 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* (Life Insurance Act) 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.

## Note 1: Summary of significant accounting policies continued ...

### 1.21 Expenditure of boards and tribunal

Pursuant to Parts 11 and 12 of the ASIC Act 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 30 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 35.

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 35 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 \$1000 except in relation to the following:

- remuneration of Commissioners
- remuneration of 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.

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

## Note 3: Income

Revenue	2008 \$'000	2007 \$'000
<b>Note 3A: Revenues from Government</b>		
Appropriation:		
Departmental outputs	260,376	227,070
Departmental Special Account	21,842	16,988
<b>Total revenues from Government</b>	<b>282,218</b>	<b>244,058</b>
<b>Note 3B: Sale of services</b>		
Sale of services to related entities	1,590	1,344
Sale of services to external entities	2,780	2,800
<b>Total sale of services</b>	<b>4,370</b>	<b>4,144</b>
<b>Note 3C: Interest</b>		
Deposits	6	5,457
<b>Total interest</b>	<b>6</b>	<b>5,457</b>

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 2007* (No.2) 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	325	360
<b>Total royalties</b>	<b>325</b>	<b>360</b>

### Note 3E: Other revenues

Cost recoveries <sup>1</sup>	3,160	2,193
Receipt from the Companies and Unclaimed Moneys Special Account <sup>2</sup>	504	–
Professional and witness fees	335	220
Recovery of property rental and outgoings relating to prior year	148	–
AusAID revenue <sup>3</sup>	585	948
Insurance recoveries	–	91
Miscellaneous	212	381
<b>Total other revenue</b>	<b>4,944</b>	<b>3,833</b>

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 ...

Gains	Note	2008 \$'000	2007 \$'000
<b>Note 3F: Net gains from sale of assets</b>			
Plant and equipment			
Proceeds from sale		–	20
Less: carrying value of assets sold		–	18
<b>Net gains from sale of assets</b>		<b>–</b>	<b>2</b>
<b>Note 3G: Other gains</b>			
Resources received free of charge	15	126	–
<b>Total other gains</b>		<b>126</b>	<b>–</b>

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

## Note 4: Expenses

### Note 4A: Employee benefits

Salaries	124,580	116,563
Superannuation <sup>1</sup>	20,083	18,004
Leave and other entitlements	16,960	12,842
Separation and redundancies <sup>2</sup>	3,053	325
<b>Total employee benefits</b>	<b>164,676</b>	<b>147,734</b>

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 30.8% (2007: 28.4%), the Public Sector Superannuation Scheme was 13.8% (2007: 13.3%), the PSS Accumulation Scheme was 15.4% (2007: 15.4%), and the superannuation productivity benefit was 2.0% to 3.0% (2007: 2.0% to 3.0%).

2 Separation and redundancies are generally calculated on the basis of 2 weeks pay for every year of service for each employee with a minimum of 4 weeks and a maximum of 48 weeks.

### Note 4B: Suppliers

Goods from related entities	13	8
Goods from external entities	2,892	3,231
Services from related entities	6,331	6,989
Services from external entities	65,920	63,218
Operating lease rentals:		
Minimum lease payments	16,528	16,045
Workers compensation premiums	910	838
Fringe benefits tax	336	458
<b>Total suppliers expenses</b>	<b>92,930</b>	<b>90,787</b>

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

## Note 4: Expenses continued ...

	Notes	2008 \$'000	2007 \$'000
<b>Note 4C: Depreciation and amortisation</b>			
Depreciation:			
Leasehold improvements		5,372	4,539
Plant and equipment		3,844	4,753
<b>Total depreciation</b>		<b>9,216</b>	<b>9,292</b>
Amortisation:			
Intangibles:			
Computer software		6,200	6,971
Assets held under finance leases		138	305
<b>Total amortisation</b>		<b>6,338</b>	<b>7,276</b>
<b>Total depreciation and amortisation</b>		<b>15,554</b>	<b>16,568</b>
<b>Note 4D: Finance costs</b>			
Finance leases		40	93
Unwinding of restoration provision discount	9B	266	199
<b>Total finance costs</b>		<b>306</b>	<b>292</b>
<b>Note 4E: Write-down of assets</b>			
Bad and doubtful debts expense	5B	148	135
Write-off of leasehold improvements, plant and equipment and intangibles		186	194
<b>Total write-down of assets</b>		<b>334</b>	<b>329</b>
<b>Note 4F: Net losses from sale of assets</b>			
Leasehold improvements, plant and equipment			
Carrying value of assets sold	6E	6	–
Less: proceeds from sale		–	–
<b>Total net losses from sale of assets</b>		<b>6</b>	<b>–</b>

## Note 5: Financial assets

	Notes	2008 \$'000	2007 \$'000
<b>Note 5A: Cash and cash equivalents</b>			
Cash on hand or on deposit	28A	8,415	51,660
<b>Total cash and cash equivalents</b>	17	<b>8,415</b>	<b>51,660</b>

As a prescribed agency, ASIC is required to maintain cash at a working capital level agreed with the Department of Finance and Deregulation. On 3 July 2007 ASIC returned \$45.2m to the Official Public Account. This amount is recognised in the balance of 'Appropriations receivable' and is available to ASIC on demand (Note 5B refers).

### Note 5B: Trade and other receivables

Goods and services		3,644	3,424
Appropriations receivable <sup>1</sup>	28A	110,235	851
Net GST receivable from the ATO		2,020	1,521
<b>Total trade and other receivables (gross)</b>		<b>115,899</b>	<b>5,796</b>
Less Allowance for doubtful debts:			
Goods and services		239	93
<b>Total trade and other receivables (net)</b>		<b>115,660</b>	<b>5,703</b>

All receivables are current.

1 The balance of Appropriations receivable at 30 June 2008 represents the balance of funds available to ASIC on demand in respect of departmental outputs, equity injections and the Enforcement Special Account.



NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2008

Note 5: Financial assets continued ...

	2008 \$'000	2007 \$'000
Receivables are aged as follows:		
Not overdue	115,481	5,261
Overdue by:		
Less than 30 days	157	218
30 to 60 days	5	149
61 to 90 days	1	51
More than 90 days	255	117
<b>Total receivables (gross)</b>	<b>115,899</b>	<b>5,796</b>

The allowance for doubtful debts is aged as follows:

Overdue by:		
More than 90 days	239	93
<b>Total allowance for doubtful debts</b>	<b>239</b>	<b>93</b>

Reconciliation of the movement in the allowance for doubtful debts

Opening balance 1 July	93	78
Amounts written off	(2)	(120)
Increase in allowance for doubtful debts recognised in net surplus	148	135
<b>Closing balance</b>	<b>239</b>	<b>93</b>

## Note 6: Non-financial assets

	2008 \$'000	2007 \$'000
<b>Note 6A: Leasehold improvements</b>		
Leasehold improvements		
– work in progress	1,148	2,622
– gross carrying value (at fair value)	32,071	28,604
– accumulated depreciation	(8,916)	(4,375)
<b>Total leasehold improvements (non-current)</b>	<b>24,303</b>	<b>26,851</b>

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.

As a result of the revaluation, an increment of \$5.945m for leasehold improvements was credited to the asset revaluation reserve and included in the equity section of the Balance Sheet in 2006–07.

The carrying value of leasehold improvements was reviewed at 30 June 2008. 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 2008.

### Note 6B: Plant and equipment

Plant and equipment:		
– gross carrying value (at fair value)	22,474	22,425
– accumulated depreciation	(15,682)	(13,011)
<b>Total plant and equipment (non-current)</b>	<b>6,792</b>	<b>9,414</b>

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.

No indicators of impairment were found for plant and equipment at 30 June 2008.

### Note 6C: Intangibles – computer software

<i>Internally developed</i>		
– work in progress	6,047	2,714
– in use	34,098	28,456
– accumulated amortisation	(24,956)	(20,402)
	<b>15,189</b>	<b>10,768</b>
<i>Purchased</i>		
– in use	13,911	11,663
– accumulated amortisation	(10,358)	(8,926)
	<b>3,553</b>	<b>2,737</b>
<b>Total intangibles (non-current)</b>	<b>18,742</b>	<b>13,505</b>

No indicators of impairment were found for intangible assets at 30 June 2008.

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

## Note 6: Non-financial assets continued ...

	2008 \$'000	2007 \$'000
<b>Note 6D: Other non-financial assets</b>		
Prepayments	2,686	2,010
<b>Total other non-financial assets</b>	<b>2,686</b>	<b>2,010</b>

All other non-financial assets are current assets.

### 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 (2007–08)**

	Leasehold improvements \$'000	Plant & equipment \$'000	Computer software internally developed \$'000	Computer software purchased \$'000	Total \$'000
<b>As at 1 July 2007</b>					
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)
<b>Net book value 1 July 2007</b>	<b>26,851</b>	<b>9,414</b>	<b>10,768</b>	<b>2,737</b>	<b>49,770</b>
Additions:					
by purchase	2,626	1,477	–	2,536	6,639
internally developed	–	–	8,976	–	8,976
<b>Total additions<sup>1</sup></b>	<b>2,626</b>	<b>1,477</b>	<b>8,976</b>	<b>2,536</b>	<b>15,615</b>
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)
<b>Net book value 30 June 2008</b>	<b>24,303</b>	<b>6,792</b>	<b>15,189</b>	<b>3,553</b>	<b>49,837</b>
<b>Net book value as of 30 June 2008 represented by:</b>					
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)
	<b>24,303</b>	<b>6,792</b>	<b>15,189</b>	<b>3,553</b>	<b>49,837</b>

<sup>1</sup> 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 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 (2006–07)**

	Leasehold improvements \$'000	Plant & equipment \$'000	Computer software internally developed \$'000	Computer software purchased \$'000	Total \$'000
<b>As at 1 July 2006</b>					
Gross book value	34,170	20,192	27,359	10,921	92,642
Accumulated depreciation/amortisation	(23,536)	(9,333)	(15,127)	(7,213)	(55,209)
<b>Net book value 1 July 2006</b>	<b>10,634</b>	<b>10,859</b>	<b>12,232</b>	<b>3,708</b>	<b>37,433</b>
Additions:					
by purchase	14,811	3,859	–	691	19,361
internally developed	–	–	3,811	–	3,811
<b>Total additions<sup>1</sup></b>	<b>14,811</b>	<b>3,859</b>	<b>3,811</b>	<b>691</b>	<b>23,172</b>
Revaluations	5,945	–	–	–	5,945
Reclassification	–	(34)	–	34	–
Depreciation/amortisation expense	(4,539)	(5,058)	(5,275)	(1,696)	(16,568)
Write-offs	–	(194)	–	–	(194)
Disposals:					
Other disposals	–	(18)	–	–	(18)
<b>Net book value 30 June 2007</b>	<b>26,851</b>	<b>9,414</b>	<b>10,768</b>	<b>2,737</b>	<b>49,770</b>
<b>Net book value as of 30 June 2007 represented by:</b>					
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)
	<b>26,851</b>	<b>9,414</b>	<b>10,768</b>	<b>2,737</b>	<b>49,770</b>

<sup>1</sup> Total purchases of \$23,172,444 comprises cash purchases of \$21,381,261 plus accrued capital expenditure and restoration costs of \$3,561,332 less accrued capital expenditure in 2005–06 of \$1,770,149.

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

## Note 7: Payables

	Notes	2008 \$'000	2007 \$'000
<b>Note 7A: Suppliers</b>			
Trade creditors	17	20,678	22,070
<b>Total suppliers payables</b>		<b>20,678</b>	<b>22,070</b>

All suppliers payables are current.

### Note 7B: Other payables

Unearned revenue – Government appropriations <sup>1</sup>		12,091	10,294
Other unearned revenue		793	1,383
Rent payable	17	4,690	4,049
Property lease incentives <sup>2</sup>		7,422	7,934
<b>Total other payables</b>		<b>24,996</b>	<b>23,660</b>

Other payables are represented by:

Current		14,431	13,414
Non-current		10,565	10,246
<b>Total other payables</b>		<b>24,996</b>	<b>23,660</b>

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 Total property lease incentives are disclosed as deferred rental expenditure at 30 June 2008. 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	882
<b>Total finance leases</b>		<b>188</b>	<b>882</b>

Payable:

Within one year			
Minimum lease payments		191	732
Deduct: future finance charges		(3)	(40)
In one to five years			
Minimum lease payments		–	193
Deduct: future finance charges		–	(3)
<b>Finance leases recognised on the balance sheet</b>		<b>188</b>	<b>882</b>

Finance leases exist in relation to certain IT assets. The leases are non-cancellable and for fixed terms averaging three years, with a maximum of five years. The interest rate implicit in the leases averaged 5.3% (2007: 5.3%). The leased assets secure the lease liabilities.

## Note 9: Provisions

	2008 \$'000	2007 \$'000
<b>Note 9A: Employee provisions</b>		
Salaries and bonuses	6,897	5,318
Annual leave entitlement	12,535	11,327
Long service leave entitlement <sup>1</sup>	24,002	20,234
Superannuation	202	126
<b>Total employee provisions</b>	<b>43,636</b>	<b>37,005</b>
Employee provisions are represented by:		
Current	37,104	30,422
Non-current	6,532	6,583
<b>Total employee provisions</b>	<b>43,636</b>	<b>37,005</b>

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 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 \$17,480,358 (2007: \$14,214,274), and in excess of one year \$26,155,110 (2007: \$22,790,510).

### Note 9B: Other provisions

Restructuring obligations <sup>1</sup>	4,204	–
Restoration obligations – leased premises	6,946	4,218
<b>Total other provisions</b>	<b>11,150</b>	<b>4,218</b>
Other provisions are represented by:		
Current	5,383	436
Non-current	5,767	3,782
<b>Total other provisions</b>	<b>11,150</b>	<b>4,218</b>

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.

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

## Note 9: Provisions continued ...

<b>Note 9B: Other provisions continued</b>	<b>2008 \$'000</b>	<b>2007 \$'000</b>
<i>Reconciliation of the opening and closing balance of restructure provision</i>		
Carrying amount 1 July	–	–
Additional provisions made	4,204	–
<b>Closing balance 30 June</b>	<b>4,204</b>	<b>–</b>
<i>Reconciliation of the opening and closing balance of restoration provision</i>		
Carrying amount 1 July	4,218	3,913
Additional provisions made	61	1,510
Revalued amounts	2,497	–
Amounts used	(80)	(1,404)
Amounts reversed	(16)	–
Unwinding of discount or change in discount rate	266	199
<b>Closing balance 30 June</b>	<b>6,946</b>	<b>4,218</b>

ASIC currently has 15 agreements (2007: 16) 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	8,415	51,660
Balance Sheet	8,415	51,660

#### Reconciliation of operating result to net cash from operating activities:

Operating result	18,183	2,144
Depreciation/amortisation	15,554	16,568
Net write-down of non-financial assets	186	194
Net (gain)/loss on disposal of assets	6	(2)
(Increase) in net receivables <sup>1</sup>	(84,589)	(2,779)
(Increase)/decrease in prepayments	(676)	304
Increase in employee provisions	6,631	3,460
Increase/(decrease) in supplier payables	(1,392)	7,842
Increase in other payables	7,888	4,089
<b>Net cash from/(used by) operating activities</b>	<b>(38,209)</b>	<b>31,820</b>

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

## Note 11: Contingent liabilities and assets

### Quantifiable contingencies (ASIC departmental)

As at the date of this report, there are 21 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 \$3.711m, which is disclosed as a contingent asset because realisation of this debt is not virtually certain.

There are no quantifiable contingent liabilities as at 30 June 2008 (2007: nil).

### Quantifiable contingencies (assets held in trust)

#### Companies Unclaimed Monies

Unclaimed monies held by ASIC, pursuant to Part 9.7 of the Corporations Act, 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 \$895,000 (2007: \$486,552) represents an estimate of future claims for repayment from the Official Public Account. The estimate of future claims for repayment at 30 June 2008 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. Also, 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, three 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.

Nine further possible claims of this type have been notified to ASIC since 1 July 2007. It is not yet possible in any of those cases to assess the likelihood that proceedings will be commenced.

### 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.

As at the date of this report ASIC has also incurred costs to undertake investigations and conduct litigation in relation to two large matters. ASIC may seek to recover these costs from the Enforcement Special Account (ESA) if the conditions for accessing the ESA are satisfied. As the quantum of costs have not been settled, the contingent receivable has not been quantified.

### Remote contingencies

ASIC has no remote contingent assets or liabilities.



# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

## 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)

B. G. Gibson (Commissioner from 5 November 2007)

J. J. Lucy (Commissioner to 10 December 2007)

### 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) Regulations.

## Note 13: Remuneration of Commissioners

	2008 Commissioners	2007 Commissioners
The number of Commissioners of ASIC included in these figures are shown below in the relevant remuneration bands:		
\$135,000 – \$149,999	–	1
\$175,000 – \$190,999	1	–
\$225,000 – \$239,999	–	1
\$250,000 – \$264,999	1	–
\$415,000 – \$429,999	–	1
\$445,000 – \$459,999	1	–
\$505,000 – \$519,999	–	1
\$520,000 – \$534,999	1	–
<b>Total number of Commissioners of ASIC</b>	<b>4</b>	<b>4</b>
	2008 \$	2007 \$
Total remuneration received or due and receivable by Commissioners of ASIC:	1,411,538	1,316,051

## Note 14: Remuneration of executives

	2008 Executives	2007 Executives
The number of senior executives who received or were due to receive total remuneration of \$130,000 or more:		
\$130,000 to \$144,999	–	2
\$145,000 to \$159,999	2	7
\$160,000 to \$174,999	4	6
\$175,000 to \$189,999	2	1
\$190,000 to \$204,999	7	4
\$205,000 to \$219,999	3	6
\$220,000 to \$234,999	3	5
\$235,000 to \$249,999	3	2
\$250,000 to \$264,999	–	2
\$265,000 to \$279,999	5	1
\$280,000 to \$294,999	3	1
\$295,000 to \$309,999	4	1
\$310,000 to \$324,999	1	–
\$340,000 to \$354,999	2	2
\$355,000 to \$369,999	1	1
\$370,000 to \$384,999	1	–
\$385,000 to \$399,999	1	1
\$400,000 to \$414,999	1	–
\$550,000 to \$564,999	1	–
\$565,000 to \$579,999	–	1
\$670,000 to \$684,999	1	–
<b>Total</b>	<b>45</b>	<b>43</b>
	2008 \$	2007 \$
The aggregate amount of total remuneration of executives shown above is:	11,978,457	9,591,079
The aggregate amount of estimated separation/termination benefit expenses charged to the Income Statement in respect of executives shown above is:	2,016,556	456,436

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

## Note 15: Remuneration of auditors

	2008 \$	2007 \$
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:	125,645	139,300

No other services were provided by the Auditor-General.

## Note 16: Average staffing levels

	2008	2007
The average full-time equivalent staffing levels for ASIC during the year were:	1,669	1,610

## Note 17: Financial instruments

	2008 \$'000	2007 \$'000
<b>Note 17A: Categories of financial instruments</b>		
<b>Financial assets</b>		
Loans and receivables financial assets		
Cash and cash equivalents <sup>1</sup>	8,415	51,660
Receivables for goods and services (net of allowance for doubtful debts)	3,405	3,331
<b>Carrying amount of financial assets</b>	<b>11,820</b>	<b>54,991</b>

1 In 2007–08 ASIC is required to maintain cash at a working capital level agreed with the Department of Finance and Deregulation.

### Financial liabilities

At amortised cost		
Trade creditors	20,678	22,070
Rent payable	4,690	4,049
Finance leases	188	882
<b>Carrying amount of financial liabilities</b>	<b>25,556</b>	<b>27,001</b>

### Note 17B: Net income and (expense) from financial assets

Loans and receivables		
Interest revenue	6	5,457
Impairment	(148)	(135)
<b>Net gain/(loss) from financial assets</b>	<b>(142)</b>	<b>5,322</b>

### Note 17C: Net income and (expense) from financial liabilities

Financial liabilities – at amortised cost		
Interest expense	(40)	(93)

## Note 17: Financial instruments continued ...

	2008 Carrying amount \$'000	2008 Fair value \$'000	2007 Carrying amount \$'000	2007 Fair value \$'000
<b>Note 17D: Fair values of financial instruments</b>				
<b>Financial assets</b>				
Cash and cash equivalents	8,415	8,415	51,660	51,660
Receivables for goods and services (net of allowance for doubtful debts)	3,405	3,405	3,331	3,331
<b>Total financial assets</b>	<b>11,820</b>	<b>11,820</b>	<b>54,991</b>	<b>54,991</b>
<b>Financial liabilities</b>				
Trade creditors	20,678	20,678	22,070	22,070
Rent payable	4,690	4,690	4,049	4,049
Finance leases	188	188	882	882
<b>Total financial liabilities</b>	<b>25,556</b>	<b>25,556</b>	<b>27,001</b>	<b>27,001</b>

### 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 (2008: \$3,405,098 and 2007: \$3,331,108). ASIC has assessed the risk of the default on payment for each receivable and has allocated \$239,302 in 2008 (2007: \$92,670) 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.

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

	Not Past Due Nor Impaired 2008 \$'000	Not Past Due Nor Impaired 2007 \$'000	Past due or impaired 2008 \$'000	Past due or impaired 2007 \$'000
<b>Loans and receivables</b>				
Cash and cash equivalents	8,415	51,660	—	—
Receivables for goods and services (gross)	3,226	2,889	418	535
<b>Total</b>	<b>11,641</b>	<b>54,549</b>	<b>418</b>	<b>535</b>

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

## Note 17: Financial instruments continued ...

### Note 17E: Credit risk continued

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

	Overdue by				
	0 to 30 days \$'000	31 to 60 days \$'000	61 to 90 days \$'000	90+ days \$'000	Total \$'000
<b>Loans and receivables</b>					
Receivables for goods and services	157	5	1	16	179
<b>Total</b>	<b>157</b>	<b>5</b>	<b>1</b>	<b>16</b>	<b>179</b>

Ageing of financial assets that are past due but not impaired for 2007:

	Overdue by				
	0 to 30 days \$'000	31 to 60 days \$'000	61 to 90 days \$'000	90+ days \$'000	Total \$'000
<b>Loans and receivables</b>					
Receivables for goods and services	218	149	51	24	442
<b>Total</b>	<b>218</b>	<b>149</b>	<b>51</b>	<b>24</b>	<b>442</b>

### Note 17F: Liquidity risk

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

The following tables illustrate the maturities for financial liabilities.

	Within 1 year 2008 \$'000	1 to 5 years 2008 \$'000	> 5 years 2008 \$'000	Total 2008 \$'000
<b>Other liabilities</b>				
Trade creditors	20,678	–	–	20,678
Rent payable	215	901	3,574	4,690
Finance leases	188	–	–	188
<b>Total</b>	<b>21,081</b>	<b>901</b>	<b>3,574</b>	<b>25,556</b>

## Note 17: Financial instruments continued ...

<b>Note 17F: Liquidity risk continued</b>	Within 1 year 2007 \$'000	1 to 5 years 2007 \$'000	> 5 years 2007 \$'000	Total 2007 \$'000
<b>Other liabilities</b>				
Trade creditors	22,070	–	–	22,070
Rent payable	499	838	2,712	4,049
Finance leases	692	190	–	882
<b>Total</b>	<b>23,261</b>	<b>1,028</b>	<b>2,712</b>	<b>27,001</b>

As at 30 June 2008 ASIC has no financial liabilities payable on demand (2007: 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

Revenue	2008 \$'000	2007 \$'000
<b>Note 18A: Non-taxation revenue</b>		
Corporations Act fees <sup>1</sup>	476,856	458,236
Corporations Act fines	67,668	60,794
<b>Corporations Act fees and fines</b>	<b>544,524</b>	<b>519,030</b>
Monies received from banks and deposit-taking institutions in respect of accounts inactive for seven or more years	39,457	34,359
Monies received from life insurance institutions and friendly societies for policies not claimed within seven years	5,849	4,914
<b>Total non-taxation revenue</b>	<b>589,830</b>	<b>558,303</b>

<sup>1</sup> Fees and charges arise from actions which are mandatory under the Corporations Act. Examples include annual review fees and other fees prescribed in the Corporations (Fees) Regulations.

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

## Note 18: Income administered on behalf of Government continued ...

### Note 18A: Non-taxation revenue continued

#### Corporations Act fees and fines

	2008 \$'000 Fees	2008 \$'000 Fines	2008 \$'000 Total	2007 \$'000 Fees	2007 \$'000 Fines	2007 \$'000 Total
Mandatory collections <sup>1</sup>	428,470	66,960	495,430	413,289	59,514	472,803
Information broker fees <sup>2</sup>	47,687	–	47,687	44,159	–	44,159
Other fees <sup>2</sup>	699	–	699	788	–	788
Court receivables <sup>3</sup>	–	708	708	–	1,280	1,280
	<b>476,856</b>	<b>67,668</b>	<b>544,524</b>	<b>458,236</b>	<b>60,794</b>	<b>519,030</b>

1 Fees and charges arise from actions which are mandatory under the Corporations Act. Examples include annual review fees and other fees prescribed in the Corporations (Fees) Regulations.

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.

	2008 \$'000	2007 \$'000
<b>Note 18B: Interest</b>		
Bank interest from:		
Life Insurance Act unclaimed monies account	–	27
Banking Act unclaimed monies account	–	51
Corporations Act refund account	–	45
Insolvency law reform account	–	32
<b>Total interest</b>	<b>–</b>	<b>155</b>

On 1 July 2007 the arrangements for ASIC's administered bank accounts were changed so that each night the account balances are swept to the Official Public Account and reinstated the following day. The reason for this change is to allow the Commonwealth to manage the investment of surplus public monies held by the Commonwealth.

### Gains

#### Note 18C: Other gains

Resources received free of charge <sup>1</sup>	25	31
<b>Total other gains</b>	<b>25</b>	<b>31</b>

1 Financial statement audit services by the Auditor-General 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 the audit services provided for the reporting period is \$25,000 (2007: \$31,000).

## Note 19: Expenses administered on behalf of Government

	Notes	2008 \$'000	2007 \$'000
<b>Note 19A: Suppliers</b>			
Services from external parties <sup>1</sup>		966	1,563
<b>Total suppliers expenses</b>		<b>966</b>	<b>1,563</b>

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 <sup>1</sup>	20B	20,930	19,604
Waiver of fees and charges owing <sup>2</sup>		1,576	2,823
<b>Total write-down and impairment of assets</b>		<b>22,506</b>	<b>22,427</b>

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 116,642 items totalling \$20,716,441 (2007: 107,993 items totalling \$20,096,051).

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 15,724 items totalling \$1,575,896 (2007: 21,642 items totalling \$2,823,210).

### Note 19C: Other expenses

Refunds paid to bank and deposit taking institution account holders	28B	24,315	18,639
Refunds paid to life insurance policy holders	28B	5,105	7,589
Audit fees	24	25	31
<b>Total other expenses</b>		<b>29,445</b>	<b>26,259</b>



# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

## Note 20: Assets administered on behalf of Government

<b>Financial assets</b>	<b>Note</b>	<b>2008 \$'000</b>	<b>2007 \$'000</b>
<b>Note 20A: Cash and cash equivalents</b>			
Cash at bank and on hand – Corporations Act		1,710	1,615
Cash at bank – Banking Act		456	456
Cash at bank – Life Insurance Act		5	250
Cash at bank – Insolvency law reform		893	185
<b>Total cash and cash equivalents</b>	<b>27</b>	<b>3,064</b>	<b>2,506</b>
<b>Note 20B: Receivables</b>			
Corporations Act:			
Corporations Act fees and charges		102,610	96,907
Information brokers fees		5,593	4,880
Other receivables:			
GST receivable from ATO		59	79
<b>Total receivables</b>		<b>108,262</b>	<b>101,866</b>
Less: Allowance for doubtful debts:			
Corporations Act		25,203	24,989
<b>Total receivables (net)</b>		<b>83,059</b>	<b>76,877</b>
Receivables are aged as follows:			
Not overdue		57,048	54,743
Overdue by:			
Less than 30 days		15,285	13,697
30 to 60 days		6,521	5,153
61 to 90 days		3,040	2,617
More than 90 days		26,368	25,656
<b>Total receivables</b>		<b>108,262</b>	<b>101,866</b>
The allowance for doubtful debts is aged as follows:			
Not overdue		384	636
Overdue by:			
Less than 30 days		702	598
30 to 60 days		777	670
61 to 90 days		645	586
More than 90 days		22,695	22,499
<b>Total allowance for doubtful debts</b>		<b>25,203</b>	<b>24,989</b>

Receivables are due from entities that are not part of the Australian Government.

## Note 20: Assets administered on behalf of Government continued ...

### Note 20B: Receivables continued

	2008 \$'000	2007 \$'000
<b>Financial assets</b>		
<i>Reconciliation of the movement in the allowance for doubtful debts</i>		
Opening balance 1 July	24,989	25,481
Amounts written off	(20,716)	(20,096)
Increase in allowance for doubtful debts recognised as an expense	20,930	19,604
<b>Closing balance</b>	<b>25,203</b>	<b>24,989</b>

## Note 21: Liabilities administered on behalf of Government

Payables	Note	2008 \$'000	2007 \$'000
<b>Note 21A: Suppliers</b>			
Corporations Act refunds		2,567	2,452
Unallocated monies – Corporations Act		1,830	1,367
Trade creditors	27	446	795
<b>Total suppliers</b>		<b>4,843</b>	<b>4,614</b>

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>	74,769	71,993
Plus: Administered revenues	589,855	558,489
Less: Administered expenses	(52,917)	(50,249)
Appropriation transfers from OPA:		
Special appropriations (unlimited)	35,028	30,689
Transfers to OPA	(565,455)	(536,153)
<b>Closing administered assets less administered liabilities as at 30 June</b>	<b>81,280</b>	<b>74,769</b>

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

### Note 23: Administered cash flow reconciliation

<i>Reconciliation of net contribution to budget outcome to net cash provided by operating activities</i>	2008 \$'000	2007 \$'000
Net contribution to budget outcome	536,938	508,240
Increase / (decrease) in allowance for doubtful debts	214	(493)
Increase in payables and provisions	229	390
(Increase) in receivables	(6,396)	(3,129)
	(5,953)	(3,232)
<i>Net cash provided by operating activities</i>	530,985	505,008

### Note 24: Remuneration of auditors – administered items

	\$	\$
Financial statement audit services by the Auditor-General 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:	25,000	31,000

### Note 25: Administered contingent liabilities

#### *Quantifiable administered contingencies*

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

#### *Unquantifiable and remote administered contingencies*

There are no unquantifiable administered contingent liabilities.

There are no remote administered contingent liabilities.

### Note 26: Administered contingent assets

There are no administered contingent assets.

## Note 27: Administered financial instruments

			2008 \$'000	2007 \$'000
<b>Note 27A: Categories of financial instruments</b>				
Financial liabilities				
At amortised cost				
Trade creditors			446	795
<b>Note 27B: Net income and expense from financial assets</b>				
Interest revenue			–	155
<b>Note 27C: Fair values of financial assets and liabilities</b>				
	2008 Carrying amount \$'000	2008 Fair value \$'000	2007 Carrying amount \$'000	2007 Fair value \$'000
Financial assets				
Cash and cash equivalents	3,064	3,064	2,506	2,506
Financial liabilities				
Trade creditors	446	446	795	795

### Note 27D: Credit risk

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

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

### Note 27E: 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 2008 and 30 June 2007 are payable within 1 year.

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

## Note 28: Appropriations

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

Particulars	Departmental outputs <sup>1</sup>		Ordinary annual services appropriation – Administered expenses	
	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
Balance carried from previous period	851	–	748	(8)
Opening cash balance <sup>1</sup>	51,660	n/a	n/a	n/a
Appropriation Act:				
Appropriation Act (No.1)	291,566	265,194	5,206	3,984
Appropriation Act (No.2)	37,210	6,514	–	–
Appropriation Act (No.3)	607	–	–	–
Appropriation Act (No.4)	1,548	–	–	–
Departmental adjustments by the Finance Minister (Appropriation Acts)	–	(9,500)	–	–
Administered appropriations lapsed (Appropriation Act section 8)	–	–	(4,240)	(2,421)
Enforcement Special Account:				
Act 1 appropriation not recognised in the current year	(8,158)	(13,012)	–	–
FMA Act:				
Appropriations to take account of recoverable GST (FMA Act section 30A)	8,996	n/a	116	118
Annotations to 'net appropriations' (FMA Act section 31)	10,713	n/a	–	–
Total appropriation available for payments	394,993	249,196	1,830	1,673
Cash payments from the CRF	–	(257,845)	–	–
Cash returned to the CRF	–	9,500	–	–
Cash payments made during the year (GST inclusive)	(276,343)	n/a	(1,411)	(925)
Balance of authority to draw cash from the CRF	118,650	851	419	748
<b>Represented by</b>				
Cash	8,415		893	185
Departmental appropriations receivable				
Enforcement Special Account (ESA)	5,636	851	n/a	n/a
Departmental outputs (other than ESA)	79,231	–	n/a	n/a
Equity injections	25,368	–	n/a	n/a
<i>Total departmental appropriations receivable</i>	110,235	851	n/a	n/a
Undrawn, unexpired administered appropriation	n/a	n/a	(474)	563
<b>Total</b>	<b>118,650</b>	<b>851</b>	<b>419</b>	<b>748</b>

1 This note has been prepared in accordance with Division 104 of the 'Finance Minister's Orders for financial reporting'. The figures for 2007–08 and 2006–07 are not comparable because the disclosure requirements are different for FMA and CAC prescribed agencies.

## 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 appropriation 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) to refund amounts to banking and deposit taking institution account holders.

All transactions under this Act are recognised as administered items.

	2008 \$'000	2007 \$'000
Budget estimate	20,000	18,000
Payments made	24,315	18,639

#### 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) to refund amounts to life insurance policy holders.

All transactions under this Act are recognised as administered items.

Budget estimate	8,000	3,000
Payments made	5,105	7,589

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

Legal authority – *Corporations Act*

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.

Budget estimate	6,000	6,000
Payments made	4,358	3,622

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

## Note 28: Appropriations continued ...

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

#### **Corporations Act 2001 (Companies and Unclaimed Moneys Special Account)**

Legal authority – Corporations Act

Purpose – ASIC has responsibility for the administration of unclaimed monies from the Companies and Unclaimed Moneys Special Account. Monies that are not claimed within six years are transferred to the Commonwealth (Part 9.7 of the Corporations Act), 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 34: Special Accounts (2007: Note 29: Assets held in trust).

	Notes	2008 \$'000	2007 \$'000
Budget estimate		–	–
Payments made	34B, 29	<u>303</u>	<u>204</u>

## Note 29: Assets held in trust

### **Financial assets**

#### **Comcare Trust Account**

Purpose – monies held in trust and advanced to ASIC by Comcare for the purpose of distributing compensation payments made in accordance with the *Safety Rehabilitation and Compensation Act 1988*.

Balance carried forward from previous year	–	26
Receipts during the year	–	159
Interest received	–	3
Available for payments	–	188
Payments made	–	(188)
<b>Closing balance<sup>1</sup></b>	–	–

1 The Comcare trust account was closed during the 2006–07 financial year following an amendment to the *Safety Rehabilitation and Compensation Act 1988*. The amendment to the Act now allows for payments to reimburse employers directly. Payments that are direct reimbursement to employers are no longer considered to be Special Public Money. Therefore from 1 July 2006, amounts received for claims made for an injury occurring on or after 1 July 2006 which are reimbursements are not required to be deposited into a Special Account nor disclosed as an asset held in trust.

## Note 29: Assets held in trust continued ...

### Companies Unclaimed Monies

Purpose – monies received under the Corporations Act (Part 9.7) are placed in a special purpose bank account and are expended in accordance with that Act. The principal amount of these monies is not available to ASIC and accordingly is not recognised in the financial statements.

On becoming a prescribed agency on 1 July 2007 the funds ASIC previously held in trust under Part 9.7 of the Corporations Act were transferred to the Companies and Unclaimed Moneys Special Account (Note 34C refers).

	Note	2008 \$'000	2007 \$'000
Opening balance		206,281	196,581
Transfer to the Companies and Unclaimed Moneys Special Account	34B	(206,281)	–
Receipts during the year		–	28,625
Special appropriations received (section 28(2) FMA Act)		–	204
Special purpose receipt		–	102
Interest received		–	12,044
Disbursements		–	(28,040)
Special purpose disbursement		–	(325)
Management costs recovered by ASIC		–	(472)
Transfer to the CRF		–	(2,438)
<b>Closing balance</b>		<b>–</b>	<b>206,281</b>

### Represented by

Cash at bank and on deposit	–	206,268
Accrued interest	–	–
GST receivable	–	13
	<b>–</b>	<b>206,281</b>

### Unclaimed Monies Holding Account

Purpose – ASIC has established a special purpose bank account in terms of section 601AD and Part 9.7 of the Corporations Act. Monies received are expended in accordance with the Corporations Act. These monies are not available to ASIC and are not recognised in the financial statements.

On becoming a prescribed agency on 1 July 2007 the funds ASIC previously held in trust under section 601AD and Part 9.7 of the Corporations Act were transferred to the Other Trust Moneys Special Account (Note 34F refers).

Opening balance		29	39
Transfer to the Other Trust Moneys Account	34F	(29)	–
Receipts during the year		–	113
Interest received		–	2
Disbursements		–	(125)
<b>Closing balance</b>		<b>–</b>	<b>29</b>



## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

### Note 30: Expenditure relating to statutory boards and tribunal

Pursuant to Parts 11 and 12 of the ASIC Act, 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:

	2008 \$'000	2007 \$'000
Companies Auditors and Liquidators Disciplinary Board	1,289	1,175
Australian Accounting Standards Board	1,635	1,620
Superannuation Complaints Tribunal	4,568	4,376

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 31: Assets of deregistered companies vesting in ASIC

Section 601AD of the Corporations Act 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. 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 32: Fiduciary monies (other than trust monies)

	Notes	2008 \$'000	2007 \$'000
<b>Monies held pending the outcome of ASIC investigations and/or legal proceedings</b>			
Opening balance		626	127
Transfer to Other Trust Moneys Special Account <sup>1</sup>	34F	(626)	–
Reclassified during the year		–	(127)
Receipts during the year		–	1,560
Interest received		–	19
Disbursements		–	(953)
<b>Closing balance</b>		<b>–</b>	<b>626</b>

### Monies received and disbursed in accordance with orders made by the courts or deeds of settlement between ASIC and other parties

#### Cash at bank

Opening balance		130	473
Transfer to Other Trust Moneys Special Account <sup>1</sup>	34F	(130)	–
Reclassified during the year		–	127
Receipts during the year		–	838
Interest received		–	8
Disbursements		–	(1,316)
<b>Closing balance</b>		<b>–</b>	<b>130</b>

#### Investments<sup>1, 2</sup>

A parcel of shares was vested in ASIC on 25 June 2007 pursuant to an order made by a court requiring ASIC to sell the shares and apply the proceeds, less costs, in accordance with Part 9.7 of the Corporations Act. Based on the closing price quoted on the Australian Securities Exchange on 29 June 2007, the value of these shares was \$4,336,778. This investment was realised on 21 September 2007 and the balance was deposited into the Unclaimed Monies Holding Account.

1 On becoming a prescribed agency on 1 July 2007 the funds ASIC previously held in trust under section 601AD and Part 9.7 of the Corporations Act were transferred to the Other Trust Moneys Special Account (Note 34F refers).

2 Special Accounts are reported on a cash basis and therefore the amount realised for these shares is included in the balance of 'Receipts during the year' disclosed in Note 34F.

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

### Note 33: Security deposits from dealers, investment advisers and liquidators

The Corporations Act 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.

	Notes	2008 \$'000	2007 \$'000
<b>Security deposits under Corporations Regulations 2001 regulation 7.6.02AAA (2007: regulation 10.2.45) (dealers and investment advisers)</b>			
Cash (at bank)	34D, 34F	43	43
Interest bearing deposits (at bank)	34D, 34F	380	400
Inscribed stock		20	20
Insurance bonds		20	20
Bank guarantees		35,230	36,790
<b>Closing balance</b>		<b>35,693</b>	<b>37,273</b>
<b>Security deposits under Corporations Act 2001 section 1284(1) (liquidators)</b>			
Insurance bonds		1,800	3,950
Bank guarantees		250	750
<b>Closing balance</b>		<b>2,050</b>	<b>4,700</b>

## Note 34: Special Accounts

### Note 34A: Enforcement Special Account (Departmental)

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

Appropriation – section 20 FMA Act

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 of exception matters of significant public interest.

	2008 \$'000	2007 \$'000
Balance carried forward from previous year	13,863	–
Appropriation for the reporting period	30,000	30,000
Costs recovered	171	–
Available for payments	44,034	30,000
Cash repaid to the OPA	(171)	–
Cash payments from the Special Account <sup>1</sup>	(17,228)	(16,137)
Balance available to draw down next year	26,635	13,863

<sup>1</sup> For the period ended 30 June 2008 ASIC recognised ESA revenue of \$21.842m (2007:\$16.988m), of which \$17.228m (2007:\$16.137m) was drawn down during the year.

### Note 34B: Companies and Unclaimed Moneys Special Account (Administered) – established 1 July 2007

Legal authority – section 21 FMA Act and section 133 of the ASIC Act

Appropriation – section 21 FMA Act

Purpose – The Companies and Unclaimed Moneys Special Account (CUMSA) was established on 1 July 2007 when ASIC became a prescribed agency under the FMA Act.

The CUMSA was established to administer unclaimed moneys received by ASIC under section 1341 of the Corporations Act.

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

## Note 34: Special Accounts continued ...

<b>Note 34B: Companies and Unclaimed Moneys Special Account (Administered) – established 1 July 2007 continued</b>	<b>2008 \$'000</b>	<b>2007 \$'000</b>
<b>Table A – Special Account</b>		
Balance carried forward from previous year	–	–
Transfer from Assets held in trust <sup>1</sup>	206,281	–
Appropriation for the reporting period	303	–
Receipts during the year	44,105	–
Interest amounts credited	2,430	–
Investments realised	2,549	–
Available for payments	255,668	–
Cash transferred to Consolidated Revenue	(2,732)	–
Investments made from the Special Account	(207,064)	–
Disbursements	(33,535)	–
Administration costs	(659)	–
Special purpose disbursement	(2,300)	–
Balance carried to next period (excluding investment balances) and represented by:	9,378	–
Cash – held by ASIC	9,378	–

1 On 1 July 2007 ASIC become a prescribed agency under the FMA Act and on this date moneys ASIC administers under section 1341 of the Corporations Act 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	–	–
Investments made from the Special Account	207,064	–
Investment income	9,747	–
Investments realised	(2,549)	–
Balance carried to next period	214,262	–

## Note 34: Special Accounts continued ...

### Note 34C: Deregistered Companies Trust Moneys Special Account (Trust)

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

Appropriation – section 20 FMA Act

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.

	Note	2008 \$'000	2007 \$'000
Balance carried forward from previous year		–	–
Transfer from Other Trust Moneys Special Account	34F	4,507	–
Receipts during the year		37	–
Interest received		105	–
Disbursements		(13)	–
<b>Closing balance</b>		<b>4,636</b>	<b>–</b>

### Note 34D: ASIC Security Deposits Special Account (Trust)

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

Appropriation – section 20 FMA Act

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.

Balance carried forward from previous year		–	–
Transfer from Other Trust Moneys Special Account	34F	443	–
Disbursements		(20)	–
<b>Closing balance</b>		<b>423</b>	<b>–</b>

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

## Note 34: Special Accounts continued ...

### **Note 34E: ASIC Investigations, Legal Proceedings, Settlements and Court Orders Special Account (Trust)**

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

Appropriation – section 20 FMA Act

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	2008 \$'000	2007 \$'000
Balance carried forward from previous year		–	–
Transfer from Other Trust Moneys Special Account	34F	260	–
Receipts during the year		124	–
Interest received		6	–
Disbursements		(266)	–
<b>Closing balance</b>		<b>124</b>	<b>–</b>

### **Note 34F: Other Trust Moneys Special Account (Administered)**

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	4,794	–
Interest received	116	–
Disbursements	(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	–	–

### **Note 34G: Services for Other Governments and Non-Agency Bodies Special Account (Administered)**

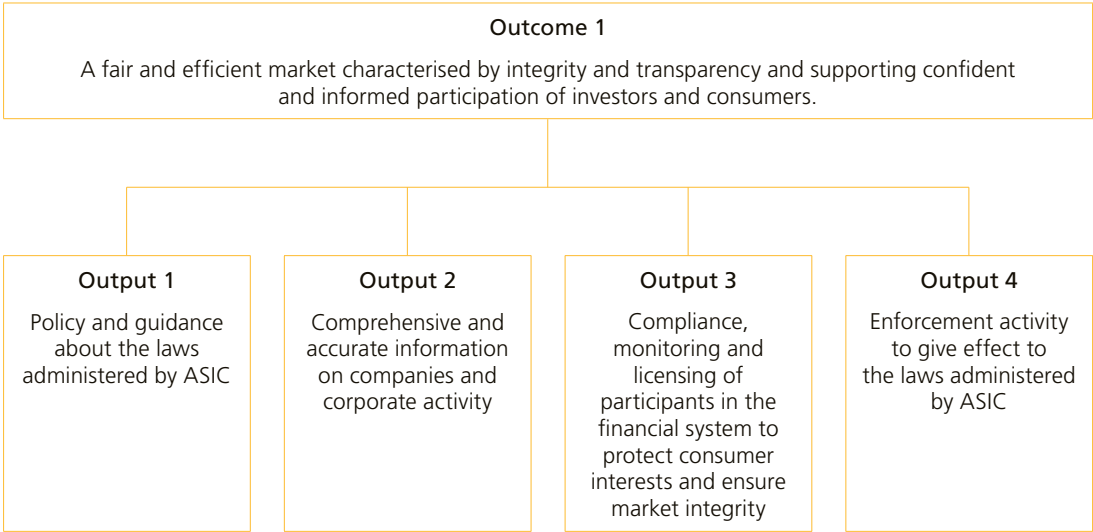
This Special Account was established on 31 December 1997 by the Department of Finance and Deregulation (formerly the Department of Finance and Administration) in accordance with the terms of section 2 of the FMA Act ('Services for Other Governments and Non-Agency Bodies Account'). There was no transactions in this account during the year and the balance of this account is nil (2007: nil).

# Note 35: 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.





# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

## Note 35: Reporting of outcomes continued ...

	Outcome 1	
	2008	2007
	\$'000	\$'000
<b>Note 35A: Net contribution of outcome</b>		
<b>Expenses</b>		
Administered	52,917	50,249
Departmental	273,806	255,710
<b>Total expenses</b>	<b>326,723</b>	<b>305,959</b>
<b>Costs recovered from provision of services to the non-government sector</b>		
Departmental	2,780	2,800
<b>Total costs recovered</b>	<b>2,780</b>	<b>2,800</b>
<b>Other external revenues</b>		
<b>Administered</b>		
Non-taxation revenue	589,830	558,458
<b>Departmental</b>		
Interest	6	5,457
Net gains from sale of assets	–	2
Other revenue	4,180	3,154
<b>Total other external revenues</b>	<b>594,016</b>	<b>567,071</b>
<b>Net (contribution) of outcome</b>	<b>(270,073)</b>	<b>(263,912)</b>

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 \$270.073m (2007: \$263.912m). 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 35: Reporting of outcomes continued ...

### Note 35B: Major classes of departmental revenues and expenses by output

Outcome 1	Output 1		Output 2		Output 3		Output 4		Outcome 1 Total	
	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
<b>Departmental expenses</b>										
Employee benefits	11,256	9,544	27,240	27,323	47,174	41,937	79,006	68,930	164,676	147,734
Suppliers	5,424	5,520	16,838	14,557	17,050	13,464	53,618	57,246	92,930	90,787
Depreciation and amortisation	922	955	2,605	2,826	3,840	3,978	8,187	8,809	15,554	16,568
Finance costs	12	5	88	25	50	23	156	239	306	292
Write-down of assets	20	18	54	75	83	78	177	158	334	329
Net losses from sale of assets	–	–	1	–	2	–	3	–	6	–
<b>Total departmental expenses</b>	<b>17,634</b>	<b>16,042</b>	<b>46,826</b>	<b>44,806</b>	<b>68,199</b>	<b>59,480</b>	<b>141,147</b>	<b>135,382</b>	<b>273,806</b>	<b>255,710</b>
<b>Funded by:</b>										
Revenues from Government	17,144	15,286	53,391	40,078	64,720	61,204	146,963	127,490	282,218	244,058
Sale of services	26	89	3,150	2,433	811	907	383	715	4,370	4,144
Interest	–	327	1	873	2	1,364	3	2,893	6	5,457
Royalties	–	–	325	360	–	–	–	–	325	360
Other revenues	63	74	747	395	307	305	3,827	3,059	4,944	3,833
Net gains from sale of assets	–	–	–	–	–	1	–	1	–	2
Resources received free of charge	16	–	21	–	21	–	68	–	126	–
<b>Total departmental income</b>	<b>17,249</b>	<b>15,776</b>	<b>57,635</b>	<b>44,139</b>	<b>65,861</b>	<b>63,781</b>	<b>151,244</b>	<b>134,158</b>	<b>291,989</b>	<b>257,854</b>

The surplus in Outputs 2 and 4 in 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.

In 2006–07 revenue is greater than expenses for Output 3 due to funding received for certain specific purpose initiatives being underspent by \$6.104m.

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

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2008

Note 35: Reporting of outcomes continued ...

	Outcome 1	
	2008	2007
	\$'000	\$'000
<b>Note 35C: Major classes of administered revenues and expenses by outcome</b>		
<b>Administered income</b>		
Other taxes, fees and fines	544,524	519,030
Monies from banks and deposit taking institutions	39,457	34,359
Monies from life insurance institutions	5,849	4,914
Interest	–	155
Services free of charge	25	31
<b>Total administered income</b>	<b>589,855</b>	<b>558,489</b>
<b>Administered expenses</b>		
Suppliers	966	1,563
Write-down and impairment of assets	22,506	22,427
Other expenses	29,445	26,259
<b>Total administered expenses</b>	<b>52,917</b>	<b>50,249</b>

End of Financial Statements.

# GLOSSARY

<b>AAT</b>	Administrative Appeals Tribunal	<b>FMA Act</b>	<i>Financial Management and Accountability Act 1997</i>
<b>ACCC</b>	Australian Competition and Consumer Commission	<b>FMOs</b>	Finance Minister's Orders
<b>ACR</b>	Australian Capital Reserve Limited	<b>FOI Act</b>	<i>Freedom of Information Act 1982</i>
<b>ACT</b>	Australian Capital Territory	<b>FTE</b>	full-time equivalent
<b>AFS licence</b>	Australian financial services licence	<b>IFIAR</b>	International Forum of Independent Audit Regulators
<b>APRA</b>	Australian Prudential Regulation Authority	<b>IOSCO</b>	International Organization of Securities Commissions
<b>APS</b>	Australian Public Service	<b>MAS</b>	Monetary Authority of Singapore
<b>ASIC</b>	Australian Securities and Investments Commission	<b>MINCO</b>	Ministerial Council for Corporations
<b>ASIC Act</b>	<i>Australian Securities and Investments Commission Act 2001</i>	<b>MRSO</b>	Mutual Recognition of Securities Offerings
<b>ASX</b>	Australian Securities Exchange	<b>NSW</b>	New South Wales
<b>AWA</b>	Australian Workplace Agreement	<b>NT</b>	Northern Territory
<b>CA</b>	Collective Agreement	<b>OBPR</b>	Office of Best Practice Regulation
<b>CALDB</b>	Companies Auditors and Liquidators Disciplinary Board	<b>OH&amp;S Act</b>	<i>Occupational Health and Safety Act 1991</i>
<b>CAP</b>	Consumer Advisory Panel	<b>PCAOB</b>	Public Company Accounting Oversight Board
<b>CBRC</b>	China Banking Regulatory Commission	<b>QDII</b>	Qualified Domestic Institutional Investor
<b>CDPP</b>	Commonwealth Director of Public Prosecutions	<b>Qld</b>	Queensland
<b>CFDs</b>	contracts for difference	<b>SA</b>	South Australia
<b>COP</b>	communities of practice	<b>SBR</b>	Standard Business Reporting
<b>CSRC</b>	China Securities Regulatory Commission	<b>SEC</b>	Securities and Exchange Commission
<b>ECM</b>	enterprise content management	<b>SF Fin</b>	Senior Fellow, Financial Services Institute of Australasia
<b>EPAS Fund</b>	Employees Productivity Award Superannuation Fund	<b>Tas</b>	Tasmania
<b>FAI</b>	FAI General Insurance Company Limited	<b>US</b>	United States of America
<b>FAICD</b>	Fellow, Australian Institute of Company Directors	<b>Vic</b>	Victoria
<b>FCA</b>	Fellow, Institute of Chartered Accountants	<b>WA</b>	Western Australia
<b>FICA</b>	Finance Industry Council of Australia		

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ISBN 978-0-9805021-5-2

ASIC Annual Reports are available from  
[www.asic.gov.au](http://www.asic.gov.au) or phone 1300 300 630.

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