

# Financial Statements

for the year ended 30 June 2007

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## **INDEPENDENT AUDITOR'S REPORT**

**To the Treasurer**

### **Matters relating to the Electronic Presentation of the Audited Financial Statements**

This auditor's report relates to the financial statements published on the website of the Australian Securities and Investments Commission (the Commission) for the year ended 30 June 2007. The Commissioners are responsible for the integrity of the web site.

This auditor's report refers only to the primary statements, schedules and notes named below. It does not provide an opinion on any other information which may have been hyperlinked to or from the audited financial statements.

If the users of this report are concerned with the inherent risks arising from electronic data communications, they are advised to refer to the hard copy of the audited financial statements in the Commission's annual report.

### **Scope**

I have audited the accompanying financial statements of the Commission for the year ended 30 June 2007, which comprise: a statement by the Commissioners and 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 *Commonwealth Authorities and Companies Act 1997* and 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 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***

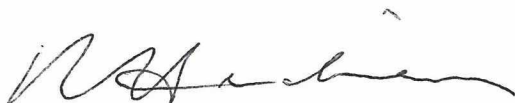
In conducting the audit, I have followed the independence requirements of the Australian National Audit Office, which incorporate the ethical requirements of the Australian accounting profession.

### **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 *Commonwealth Authorities and Companies Act 1997* and 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 2007 and of 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  
20 July 2007

# Statement by the Commissioners and Chief Financial Officer

In our opinion, the attached financial statements for the year ended 30 June 2007 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 *Commonwealth Authorities and Companies Act 1997* and the *Financial Management and Accountability Act 1997*.

In our opinion, at the date of this statement, there are reasonable grounds to believe that ASIC will be able to pay its debts as and when they become due and payable.

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



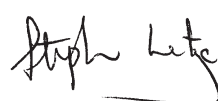
A. M. D'Aloisio  
Chairman  
20 July 2007



J. R. Cooper  
Deputy Chairman  
20 July 2007



J. J. Lucy  
Commissioner  
20 July 2007



S. D. Lutze  
Chief Financial Officer  
20 July 2007

# Income statement

for the year ended 30 June 2007

Income	Notes	2007 \$'000	2006 \$'000
<b>Revenue</b>			
Revenues from Government	3A, 28B	244,058	213,879
Sale of services	3B	4,144	3,432
Interest	3C	5,457	3,574
Royalties	3D	360	361
Other revenues	3E	3,833	3,435
<b>Total revenue</b>		<b>257,852</b>	<b>224,681</b>
<b>Gains</b>			
Net gains from disposal of assets	3F	2	-
Reversals of previous asset write-downs	3G	-	43
<b>Total gains</b>		<b>2</b>	<b>43</b>
<b>Total income</b>	35B	<b>257,854</b>	<b>224,724</b>
<b>Expenses</b>			
Employee benefits	4A	147,734	127,310
Suppliers	4B	90,787	74,672
Depreciation and amortisation	4C	16,568	15,041
Finance costs	4D	292	347
Write-down of assets	4E	329	68
Net losses from disposal of assets	4F	-	79
<b>Total expenses</b>		<b>255,710</b>	<b>217,517</b>
<b>Surplus<sup>1</sup></b>		<b>2,144</b>	<b>7,207</b>

<sup>1</sup> The surplus in 2006-07 and in 2005-06 includes underspending against appropriations received for specific purposes. The unspent appropriation will be used in future financial periods to fund initiatives directly related to the purpose of the appropriation.

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

# Balance sheet

as at 30 June 2007

		2007 \$'000	2006 \$'000
<b>Assets</b>	<b>Notes</b>		
<b>Financial assets</b>			
Cash and cash equivalents	5A	51,660	35,573
Trade and other receivables	5B	5,703	2,924
<b>Total financial assets</b>		<b>57,363</b>	<b>38,497</b>
<b>Non-financial assets</b>			
Leasehold improvements	6A	26,851	10,634
Plant and equipment	6B	9,414	10,859
Intangibles	6C	13,505	15,940
Other non-financial assets	6D	2,010	2,314
<b>Total non-financial assets</b>		<b>51,780</b>	<b>39,747</b>
<b>Total assets</b>		<b>109,143</b>	<b>78,244</b>
<b>Liabilities</b>			
<b>Payables</b>			
Suppliers	7A	22,070	14,228
Other payables	7B	23,660	18,085
<b>Total payables</b>		<b>45,730</b>	<b>32,313</b>
<b>Interest bearing liabilities</b>			
Leases	8A	882	1,768
<b>Total interest bearing liabilities</b>		<b>882</b>	<b>1,768</b>
<b>Provisions</b>			
Employee provisions	9A	37,005	33,545
Other provisions	9B	4,218	3,913
<b>Total provisions</b>		<b>41,223</b>	<b>37,458</b>
<b>Total liabilities</b>		<b>87,835</b>	<b>71,539</b>
<b>Net assets</b>		<b>21,308</b>	<b>6,705</b>
<b>Equity</b>			
Contributed equity		20,596	14,082
Reserves		11,199	5,254
Accumulated deficit		(10,487)	(12,631)
<b>Total equity</b>		<b>21,308</b>	<b>6,705</b>
<b>Current assets</b>		<b>59,373</b>	<b>40,811</b>
<b>Non-current assets</b>		<b>49,770</b>	<b>37,433</b>
<b>Current liabilities</b>		<b>67,034</b>	<b>58,359</b>
<b>Non-current liabilities</b>		<b>20,801</b>	<b>13,180</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 2007

	Notes	Accumulated deficit		Asset revaluation reserves		Contributed equity		Total equity	
		2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000
Opening balance		(12,631)	(15,600)	5,254	5,254	14,082	11,510	6,705	1,164
Adjustment for adoption of a new accounting policy <sup>1</sup>		-	(4,238)	-	-	-	-	-	(4,238)
Adjusted opening balance		(12,631)	(19,838)	5,254	5,254	14,082	11,510	6,705	(3,074)
Revaluation	6E	-	-	5,945	-	-	-	5,945	-
Surplus		2,144	7,207	-	-	-	-	2,144	7,207
<i>Contributions by owners</i>									
Appropriations - contributed equity	28A	-	-	-	-	6,514	2,572	6,514	2,572
Closing balance at 30 June		(10,487)	(12,631)	11,199	5,254	20,596	14,082	21,308	6,705

- 1 Adjustment to opening retained earnings as at 1 July 2005 relates to the adoption of a new accounting policy as a result of the transition to the Australian Equivalents to International Financial Reporting Standards. Under the new policy operating lease expenses (with the exception of contingent rentals) are recognised on a straight-line basis over the term of the lease even if the lease payments are not on that basis (AASB 117 *Leases*). As a result ASIC's supplier expenses for 2005-06 are \$0.493m lower than the amount reported in the 2005-06 financial statements.

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



# Cash flow statement

## for the year ended 30 June 2007

		2007 \$'000	2006 \$'000
<b>Operating Activities</b>	<b>Notes</b>		
<b>Cash received</b>			
Appropriations	28A, 28B	251,331	223,161
Services		5,295	4,547
Interest		5,542	3,469
Net GST received		9,495	9,328
Other cash received		3,700	4,131
<b>Total cash received</b>		<b>275,363</b>	<b>244,636</b>
<b>Cash used</b>			
Employees		144,274	126,144
Suppliers		89,676	80,730
Finance costs		93	180
Return of appropriation to Government	28A, 28B	9,500	1,216
<b>Total cash used</b>		<b>243,543</b>	<b>208,270</b>
<b>Net cash from operating activities</b>	10	<b>31,820</b>	<b>36,366</b>
<b>Investing Activities</b>			
<b>Cash received</b>			
Proceeds from sales of leasehold improvements, plant and equipment	3F, 4F	20	19
<b>Cash used</b>			
Purchase of leasehold improvements, plant and equipment	6E	21,381	16,007
<b>Net cash used by investing activities</b>		<b>(21,361)</b>	<b>(15,988)</b>
<b>Financing Activities</b>			
<b>Cash received</b>			
Appropriations - contributed equity	28A	6,514	2,572
<b>Cash used</b>			
Repayment of finance lease principal		886	2,284
<b>Net cash from financing activities</b>		<b>5,628</b>	<b>288</b>
<b>Net increase in cash held</b>		<b>16,087</b>	<b>20,666</b>
Cash at the beginning of the reporting period		35,573	14,907
<b>Cash at the end of the reporting period</b>	5A	<b>51,660</b>	<b>35,573</b>

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

# Schedule of commitments

## as at 30 June 2007

	2007 \$'000	2006 \$'000
<b>By Type</b>		
Commitments payable		
Capital commitments		
Plant and equipment <sup>1</sup>	1,982	1,090
<b>Total capital commitments</b>	<b>1,982</b>	<b>1,090</b>
Other commitments		
Operating leases <sup>2</sup>	144,124	152,850
Other commitments (goods and services)	2,374	219
<b>Total other commitments</b>	<b>146,498</b>	<b>153,069</b>
Less: commitments receivable		
GST recoverable on commitments	13,498	14,134
<b>Total commitments receivable</b>	<b>13,498</b>	<b>14,134</b>
<b>Net commitments by type</b>	<b>134,982</b>	<b>140,025</b>
<b>By Maturity</b>		
Commitments payable		
Capital commitments		
One year or less	1,982	1,090
<b>Total capital commitments</b>	<b>1,982</b>	<b>1,090</b>
Operating lease commitments		
One year or less	23,246	22,274
From one to five years	67,769	73,330
Over five years	53,109	57,246
<b>Total operating lease commitments</b>	<b>144,124</b>	<b>152,850</b>
Other commitments (goods and services)		
One year or less	2,374	219
<b>Total other commitments</b>	<b>2,374</b>	<b>219</b>
Less: commitments receivable		
GST recoverable on commitments		
One year or less	2,510	2,113
From one to five years	6,160	6,659
Over five years	4,828	5,362
<b>Total operating lease income</b>	<b>13,498</b>	<b>14,134</b>
<b>Net commitments by maturity</b>	<b>134,982</b>	<b>140,025</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 2007

		2007 \$'000	2006 \$'000
<b>Contingent Assets</b>			
Contingent receivables			
Balance from previous period		1,457	-
New contingent receivables		4,263	1,457
Assets realised		(1,457)	-
<b>Total contingent assets</b>	11	<b>4,263</b>	<b>1,457</b>

### Contingent Liabilities

There were no quantifiable contingent liabilities as at 30 June 2007 (2006: 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 2007

		2007	2006
Income Administered on Behalf of Government	Notes	\$'000	\$'000
<b>Revenue</b>			
<b>Non-taxation revenue</b>			
Corporations Act fees and fines <sup>1</sup>	18A	519,030	542,686
Banking Act unclaimed monies <sup>2</sup>	18A	34,359	32,923
Life Insurance Act unclaimed monies <sup>3</sup>	18A	4,914	10,192
Interest	18B	155	67
<b>Total revenues administered on behalf of Government</b>		<b>558,458</b>	<b>585,868</b>
<b>Gains</b>			
Other gains	18C	31	29
<b>Total income administered on behalf of Government</b>		<b>558,489</b>	<b>585,897</b>
<b>Expenses Administered on Behalf of Government</b>			
Suppliers <sup>4</sup>	19A	1,563	73
Write-down of assets	19B	22,427	24,511
Other expenses	19C	26,259	23,250
<b>Total expenses administered on behalf of Government</b>	22	<b>50,249</b>	<b>47,834</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 Consolidated Revenue Fund (CRF).
- 2 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 years are transferred to the Commonwealth, and are deposited into the CRF.
- 3 ASIC also 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 for more than seven years are transferred to the Commonwealth and are deposited into the CRF.
- 4 As part of its corporate insolvency law reform package to strengthen creditor protection and to deter misconduct by company officers, ASIC administers payments on behalf of the Government 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 2007

		2007	2006
<b>Assets Administered on Behalf of Government</b>	<b>Notes</b>	<b>\$'000</b>	<b>\$'000</b>
<b>Financial assets (current)</b>			
Cash and cash equivalents	20A	2,506	2,962
Receivables	20B	76,877	73,255
<b>Total assets administered on behalf of Government</b>		<b>79,383</b>	<b>76,217</b>
<b>Liabilities Administered on Behalf of Government</b>			
<b>Payables (current)</b>			
Suppliers	21A	4,614	4,224
<b>Total liabilities administered on behalf of Government</b>		<b>4,614</b>	<b>4,224</b>
<b>Administered assets less administered liabilities</b>	22	<b>74,769</b>	<b>71,993</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 2007

		2007	2006
Administered Cash Flows	Notes	\$'000	\$'000
<b>Operating Activities</b>			
<b>Cash received</b>			
Corporations Act fees and charges		492,649	513,448
Banking Act unclaimed monies		34,359	32,923
Life Insurance Act unclaimed monies		4,914	10,192
Interest		155	67
Net GST received		84	-
<b>Total cash received</b>		<b>532,161</b>	<b>556,630</b>
<b>Cash used</b>			
Refunds paid to:			
Deposit taking institution account holders		18,639	20,492
Life insurance policy holders		7,589	2,728
Suppliers		925	80
<b>Total cash used</b>		<b>27,153</b>	<b>23,300</b>
<b>Net cash from operating activities</b>	23	<b>505,008</b>	<b>533,330</b>
<b>Net increase in cash held</b>		<b>505,008</b>	<b>533,330</b>
Cash at the beginning of the reporting period		2,962	4,479
Cash from Consolidated Revenue Fund for:			
- Appropriations	22	30,689	27,205
		<b>33,651</b>	<b>31,684</b>
Cash to Consolidated Revenue Fund for:			
- Corporations Act fees and charges		(496,493)	(518,937)
- Banking Act unclaimed monies		(34,359)	(32,923)
- Life Insurance Act unclaimed monies		(4,914)	(10,192)
- Return of 2005-06 unspent appropriation		(387)	-
	22	<b>(536,153)</b>	<b>(562,052)</b>
<b>Cash at end of reporting period</b>	20A	<b>2,506</b>	<b>2,962</b>

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

# Schedule of administered items as at 30 June 2007

## Administered Commitments

There were no administered commitments as at 30 June 2007 (2006: nil).

## Administered Contingent Assets

There were no administered contingent assets as at 30 June 2007 (2006: nil).

	2007 \$'000	2006 \$'000
<b>Administered Contingent Liabilities</b>		
<b>Payables - Refunds to claimants</b>		
Banking Act administration <sup>1</sup>	35,498	35,239
Life Insurance Act unclaimed monies <sup>2</sup>	3,391	8,277
	<b>38,889</b>	<b>43,516</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 CRF. 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 2007 was determined using a methodology provided by an independent actuary (Towers Perrin (Australia) Pty Ltd).

### 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 CRF. 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 2007 was determined using a methodology provided by an independent actuary (Towers Perrin (Australia) Pty Ltd).

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 2007

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# Notes to and forming part of the financial statements for the year ended 30 June 2007

## Note 1: Summary of significant accounting policies

### 1.1 Objectives of the Australian Securities and Investments Commission

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

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

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

ASIC is subject to the *Commonwealth Authorities and Companies Act 1997* (CAC Act) by virtue of section 7 of that Act, and is also subject to the *Financial Management and Accountability Act 1997* (FMA Act) in respect of the public monies that it manages on behalf of Government, pursuant to Schedule 1 Part 2 of the *Financial Management and Accountability Regulations 1997* (refer also to Note 2: Events after the balance sheet date).

### 1.2 Basis of preparation of the financial report

The financial statements and notes are required by clause 1(b) of Schedule 1 to the *Commonwealth Authorities and Companies Act 1997* 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:

- Finance Minister's Orders (or FMOs) for reporting periods ending on or after 1 July 2006; 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.

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 departmental items, except where otherwise stated at Note 1.22.

### 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

Australian Accounting Standards require a statement of compliance with International Financial Reporting Standards (IFRSs) to be made where the financial report complies with these standards. Some Australian Equivalents to IFRSs and other Australian Accounting Standards contain requirements specific to not-for-profit entities that are inconsistent with IFRS requirements.

**Note 1: Summary of significant accounting policies (continued)**

ASIC is a not-for-profit entity and has applied these requirements, so while this financial report complies with Australian Accounting Standards including Australian Equivalents to International Financial Reporting Standards (AEIFRS) it cannot make this statement.

**Adoption of new Australian Accounting Standard requirements**

During the current reporting period no accounting standard has been adopted earlier than the effective date.

The following amendments, revised standards or interpretations have become effective but have had no financial impact or do not apply to the operations of ASIC.

**Amendments:**

- 2005-1 Amendments to Australian Accounting Standards [AASBs 1, 101, 124]
- 2005-6 Amendments to Australian Accounting Standards [AASB 3]
- 2006-1 Amendments to Australian Accounting Standards [AASB 121]
- 2006-3 Amendments to Australian Accounting Standards [AASB 1045]

**Interpretations:**

- UIG 4 Determining whether an arrangement contains a lease
- UIG 5 Rights to interests arising from decommissioning, restoration and environmental rehabilitation funds
- UIG 7 Applying the restatement approach under AASB 129 financial reporting in hyperinflationary economies
- UIG 8 Scope of AASB 2
- UIG 9 Reassessment of embedded derivatives

UIG 4 and UIG 9 might have impacts in future periods, subject to existing contracts being renegotiated.

**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 there will be no material financial impact on future financial statements of adopting these pronouncements when effective.

**Financial instrument 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 is presently 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 will effect the disclosure presented in future financial reports.

**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*
- UIG 10 Interim financial reporting and impairment

**1.5 Reporting of administered activities**

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 Consolidated Revenue Fund (CRF). Transactions and balances relating to these fees are reported as administered items.

# Notes to and forming part of the financial statements for the year ended 30 June 2007

## Note 1: Summary of significant accounting policies (continued)

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 1.22.

Administered items are distinguished by shading in these financial statements.

### 1.6 Revenue

#### *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 sale 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*.

#### *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.

### 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.

## Note 1: Summary of significant accounting policies (continued)

### **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.

The liability for long service leave has been determined by reference to the work of an independent actuary (Mercer Human Resource Consulting) following a review at 30 June 2003. Future actuarial reviews will be undertaken on a five yearly basis. The estimate of the present value of the liability takes into account attrition rates and pay increases through promotion and inflation.

### **Separation and redundancy**

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

There is 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 accounts for the contributions as if they were contributions to defined contribution plans.

### **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 lease 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.

In 2005-06 expenditure on operating leases with fixed rate increases was recognised on a basis that reflected the pattern of lease payments over the term of the lease. This treatment was inconsistent with AASB 117 *Leases* which requires operating lease payments to be expensed on a straight-line basis which is representative of the pattern of benefits derived from the lease.

The 2005-06 comparatives have been amended in accordance with AASB 108 *Accounting Policies, Changes in Accounting Estimates and Errors*.

### **1.11 Finance costs**

All finance costs are expensed as incurred.

# Notes to and forming part of the financial statements for the year ended 30 June 2007

## Note 1: Summary of significant accounting policies (continued)

### 1.12 Cash and cash equivalents

Cash means notes and coins held and any deposits held at call with a bank or financial institution. Cash is recognised at its nominal amount. Cash which is not immediately required by ASIC is invested with an approved bank, as defined under section 5 of the CAC Act.

Cash equivalents are bank instruments readily convertible to cash (for example negotiable certificates of deposit).

### 1.13 Financial risk management

ASIC's activities expose it to normal commercial financial risk. As a result of the nature of ASIC's business, and ASIC's internal and Australian Government policies dealing with the management of financial risk, ASIC's exposure to market, credit, liquidity and cash flow and interest rate risk is considered to be low.

### 1.14 Derecognition of financial assets and liabilities

Financial assets are derecognised when the contractual rights to the cash flows from the financial assets expire or the asset is transferred to another entity. In the case of a transfer to another entity, it is necessary that the risks and rewards of ownership are also transferred.

Financial liabilities are derecognised when the obligation under the contract is discharged, cancelled or expires.

### 1.15 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 receivables, or for 'held to maturity investments' held at amortised cost, 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 and the loss is recognised in the Income Statement.

### 1.16 Suppliers and other payables

Suppliers and other payables are recognised at their nominal amounts. Liabilities are recognised to the extent that the goods or services have been received (and irrespective of having been invoiced).

### 1.17 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, and contingent liabilities are recognised when settlement is greater than remote.

### 1.18 Acquisition of assets

Assets are recorded at cost on acquisition providing the asset recognition threshold is met (Note 1.19 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.

Assets acquired at no cost, or for nominal consideration, are initially recognised as assets and revenues at their fair value at the date of acquisition.

### 1.19 Leasehold improvements, plant and equipment

#### *Asset recognition threshold*

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

The initial cost of an asset includes an estimate of the cost of dismantling and removing the item and restoring the site on which it is located. '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.

## Note 1: Summary of significant accounting policies (continued)

### 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 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:

	2007	2006
Leasehold improvements	Lease term	Lease term
Computer equipment	1 to 5 years	1 to 5 years
Plant and equipment (owned)	2 to 10 years	2 to 10 years
Plant and equipment (leased)	2 to 10 years	2 to 10 years

### Impairment

All assets were assessed for impairment at 30 June 2007. 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.

### 1.20 Intangibles

ASIC's intangibles comprise internally developed software for internal use. These assets are carried at cost.

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 (2006: 4 years).

All software assets were assessed for indications of impairment as at 30 June 2007.

### 1.21 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).



# Notes to and forming part of the financial statements for the year ended 30 June 2007

## Note 1: Summary of significant accounting policies (continued)

### 1.22 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.

#### *Administered cash transfers to and from the Consolidated Revenue Fund (CRF)*

Revenue collected by ASIC for use by the Government rather than ASIC is administered revenue. Collections are transferred to the CRF maintained by the Department of Finance and Administration. Conversely, cash is drawn from the CRF to make payments under Parliamentary appropriation on behalf of Government. These transfers to and from the CRF 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. Thus the Schedule of Administered Items largely reflects the Government's transactions, through ASIC, with parties outside the Government.

#### *Revenue*

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

Administered revenue is generated from annual review fees, other fees and search products prescribed under the *Corporations (Fees) Regulations 2001*. 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 less any allowance for bad or doubtful debts. Collectability of debts is reviewed at balance date. Allowances are made when collection of the debt is judged to be less rather than more likely.

#### *Receivables*

Administered revenue is recognised at its nominal amount due less any allowance for bad or doubtful debts. In 2005-06 ASIC's administered receivables were disclosed in accordance with AASB 139 *Financial Instruments: Recognition and Measurement*. In 2006-07, following a determination by the Finance Minister that statutory receivables are not financial instruments, ASIC has assessed administered receivables for impairment under AASB 136 *Impairment of Assets*. This change has no financial impact on the Income Statement for the year ended 30 June 2007 or the Balance Sheet as at 30 June 2007.

Provisions are raised against receivables for any doubtful debts and any probable credit amendments, and are based on a review of outstanding debts at year end. This includes an examination of individual large debts and disputed amounts with reference to historic collection patterns.

Doubtful debts 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* 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 CRF.

## Note 1: Summary of significant accounting policies (continued)

### *Life Insurance Act administration*

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

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

#### 1.23 Expenditure of boards and tribunal

Pursuant to Parts 11 and 12 of the *Australian Securities and Investments Commission Act 2001* and the *Superannuation (Resolution of Complaints) Act 1993* ASIC is required to support various boards and a tribunal to promote activities that enable ASIC to attain its aims. The boards are the Australian Accounting Standards Board and the Companies Auditors and Liquidators Disciplinary Board. The tribunal is the Superannuation Complaints Tribunal. Employee and administrative expenditure incurred on behalf of these boards and the tribunal are included in the Income Statement of ASIC (Note 30 refers).

#### 1.24 Changes in accounting policy

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

#### 1.25 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).

#### 1.26 Comparative figures

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

#### 1.27 Rounding

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

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

#### 1.28 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

The *Governance Review Implementation (Treasury Portfolio Agencies) Act 2007* received Royal Assent on 5 June 2007. Under that Act, from 1 July 2007 ASIC is no longer subject to the *Commonwealth Authorities and Companies Act 1997*, and has become a prescribed agency under the *Financial Management and Accountability Act 1997*.

On 3 July 2007 ASIC returned \$45.2m to the Consolidated Revenue Fund (CRF) in accordance with the Government requirements specified in *Finance Circular 2003/07: Agency Banking Framework Guidance Manual*. These funds are available to ASIC on demand.

There is no material impact on the disclosure requirements of the 2006-07 financial statements as a consequence of this change.

# Notes to and forming part of the financial statements for the year ended 30 June 2007

## Note 3: Income

Revenue	Note	2007 \$'000	2006 \$'000
<b>Note 3A: Revenues from Government</b>			
Appropriation:			
Departmental outputs		227,070	213,879
Departmental Special Account	28A	16,988	-
<b>Total revenues from Government</b>		<b>244,058</b>	<b>213,879</b>
<b>Note 3B: Sale of services</b>			
Sale of services to related entities		1,344	959
Sale of services to external entities		2,800	2,473
<b>Total sale of services</b>		<b>4,144</b>	<b>3,432</b>
<b>Note 3C: Interest</b>			
Deposits		5,457	3,574
<b>Total interest</b>		<b>5,457</b>	<b>3,574</b>
<b>Note 3D: Royalties</b>			
ASIC publications		360	361
<b>Total royalties</b>		<b>360</b>	<b>361</b>
<b>Note 3E: Other revenue</b>			
Cost recoveries <sup>1</sup>		2,193	1,280
Receipt from the Companies Unclaimed Monies Account <sup>2</sup>		-	690
Receipt from the Department of Treasury <sup>3</sup>		-	670
Professional and witness fees		220	269
Recovery of property rental & outgoings relating to prior year		-	179
AusAID revenue <sup>4</sup>		948	131
Insurance recoveries		91	-
Miscellaneous		381	216
<b>Total other revenue</b>		<b>3,833</b>	<b>3,435</b>

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

2 Costs recovered in relation to the relocation of ASIC's microfiche development facility. The relocation was undertaken as part of ASIC's strategic plan to consolidate leased premises.

3 Amount recovered by ASIC in relation to the increased costs of the Companies Auditors and Liquidators Disciplinary Board.

4 Amount received by ASIC in respect of its participation in AusAID projects to enhance the capability of the Indonesian securities regulator Bapepam.

### Note 3: Income (continued)

	2007 \$'000	2006 \$'000
<b>Gains</b>		
<b>Note 3F: Net gains from disposal of assets</b>		
Plant and equipment:		
Proceeds from sale	20	-
Less: carrying value of assets sold	18	-
<b>Net gain from sale of assets</b>	<b>2</b>	<b>-</b>
<b>Note 3G: Reversals of previous asset write-downs</b>		
Bad and doubtful debts provision	-	43
<b>Total reversals of previous asset write-downs</b>	<b>-</b>	<b>43</b>

### Note 4: Expenses

<b>Note 4A: Employee benefits</b>		
Salaries	116,563	100,164
Superannuation <sup>1</sup>	18,004	14,900
Leave and other entitlements	12,842	11,306
Separation and redundancies <sup>2</sup>	325	940
<b>Total employee benefits</b>	<b>147,734</b>	<b>127,310</b>

- Contributions to superannuation schemes are at rates calculated to cover existing and emerging obligations. The employer contribution rate for the Commonwealth Superannuation Scheme was 28.4% (2006: 24.6%), the Public Sector Superannuation Scheme was 13.3% (2006: 11.9%), the PSS Accumulation Scheme was 15.4% (2006: 15.4%), and the superannuation productivity benefit was 2.0% to 3.0% (2006: 2.0% to 3.0%).
- Redundancy expenses are calculated on the basis of two weeks pay for every year of service by employees made redundant with a minimum of four weeks and the maximum is 48 weeks.

# Notes to and forming part of the financial statements for the year ended 30 June 2007

## Note 4: Expenses (continued)

	2007 \$'000	2006 \$'000
<b>Note 4B: Suppliers</b>		
Goods from related entities	8	25
Goods from external entities	3,231	3,242
Services from related entities	6,989	5,808
Services from external entities	63,218	47,155
Operating lease rentals:		
Minimum lease payments	16,045	16,728
Workers compensation premiums	838	1,316
Fringe benefits tax	458	398
<b>Total suppliers expenses<sup>1,2</sup></b>	<b>90,787</b>	<b>74,672</b>

- 1 In 2006-07 ASIC changed the basis for allocating supplier expenses amongst these categories and added the fringe benefits tax and workers compensation premiums categories. The 2005-06 comparatives have been restated to show the expenses on a consistent basis.
- 2 Suppliers expenses for 2005-06 are \$0.493m lower than the amount reported in the 2005-06 financial statements. The decrease relates to the adoption of a new accounting policy as a result of the transition to the Australian Equivalents to International Financial Reporting Standards. Under the new policy operating lease expenses (with the exception of contingent rentals) are recognised on a straight-line basis over the term of the lease even if the lease payments are not on that basis (AASB 117 Leases).

## Note 4C: Depreciation and amortisation

<b>Depreciation:</b>		
Leasehold improvements	4,539	3,745
Plant and equipment	4,753	4,142
<b>Total depreciation</b>	<b>9,292</b>	<b>7,887</b>
<b>Amortisation:</b>		
Assets held under finance leases	305	876
Intangibles:		
Computer software	6,971	6,278
<b>Total amortisation</b>	<b>7,276</b>	<b>7,154</b>
<b>Total depreciation and amortisation</b>	<b>16,568</b>	<b>15,041</b>

## Note 4D: Finance costs

Finance leases	93	183
Unwinding of restoration provision discount	199	164
<b>Total finance costs</b>	<b>292</b>	<b>347</b>

## Note 4E: Write-down of assets

Bad and doubtful debts expense	135	-
Write-off of leasehold improvements, plant and equipment	194	68
<b>Total write-down of assets</b>	<b>329</b>	<b>68</b>

#### Note 4: Expenses (continued)

	Notes	2007 \$'000	2006 \$'000
<b>Note 4F: Net losses from disposal of assets</b>			
Leasehold improvements, plant and equipment			
Carrying value of assets sold		-	98
Less: proceeds from sale		-	19
<b>Total net losses from disposal of assets</b>		<b>-</b>	<b>79</b>

#### Note 5: Financial assets

##### Note 5A: Cash and cash equivalents

Cash on hand or on deposit		51,660	9,344
Deposits		-	26,229
<b>Total cash and cash equivalents</b>	17	<b>51,660</b>	<b>35,573</b>

##### Note 5B: Trade and other receivables

Goods and services		3,424	1,063
Appropriations receivable - Enforcement Special Account	28A, 34	851	-
Net GST receivable from the ATO		1,521	1,938
<b>Total trade and other receivables (gross)</b>		<b>5,796</b>	<b>3,001</b>
Less Allowance for doubtful debts:			
Goods and services		(93)	(77)
<b>Total trade and other receivables (net)</b>	17	<b>5,703</b>	<b>2,924</b>

Receivables are aged as follows:

Not overdue		5,261	2,867
Overdue by:			
Less than 30 days		218	23
30 to 60 days		149	2
61 to 90 days		51	17
More than 90 days		117	92
<b>Total receivables (gross)</b>		<b>5,796</b>	<b>3,001</b>

The allowance for doubtful debts is aged as follows:

Overdue by:			
More than 90 days		93	77
<b>Total allowance for doubtful debts</b>		<b>93</b>	<b>77</b>

Receivables are represented by:

Current		5,703	2,924
<b>Total trade and other receivables (net)</b>		<b>5,703</b>	<b>2,924</b>

# Notes to and forming part of the financial statements for the year ended 30 June 2007

## Note 6: Non-financial assets

	2007 \$'000	2006 \$'000
<b>Note 6A: Leasehold improvements</b>		
Leasehold improvements		
– work in progress	2,622	398
– gross carrying value (at fair value)	28,604	33,772
– accumulated depreciation	(4,375)	(23,536)
<b>Total leasehold improvements (non-current)</b>	<b>26,851</b>	<b>10,634</b>

All revaluations are conducted in accordance with the revaluation policy stated at Note 1.19. 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.

No indicators of impairment were found for leasehold improvements.

## Note 6B: Plant and equipment

Plant and equipment:		
– gross carrying value (at fair value)	22,425	20,192
– accumulated depreciation	(13,011)	(9,333)
<b>Total plant and equipment (non-current)</b>	<b>9,414</b>	<b>10,859</b>

As at 30 June 2007, Simon O'Leary AAPI MSAA, an independent valuer from the Australian Valuation Office conducted a review of ASIC's register of plant and equipment. The review confirmed there was no material difference between the fair value and the carrying value of plant and equipment assets.

No indicators of impairment were found for plant and equipment.

## Note 6C: Intangibles - computer software

<i>Internally developed</i>		
– work in progress	2,714	785
– in use	28,456	26,574
– accumulated amortisation	(20,402)	(15,127)
	<b>10,768</b>	<b>12,232</b>
<i>Purchased</i>		
– in use	11,663	10,921
– accumulated amortisation	(8,926)	(7,213)
	<b>2,737</b>	<b>3,708</b>
<b>Total intangibles (non-current)</b>	<b>13,505</b>	<b>15,940</b>

No indicators of impairment were found for intangible assets.

## Note 6D: Other non-financial assets

Prepayments	2,010	2,314
<b>Total other non-financial assets</b>	<b>2,010</b>	<b>2,314</b>

All other non-financial assets are current assets.



## Note 6: Non-financial assets (continued)

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 (2006-07)**

	Leasehold improvements	Plant & equipment	Computer software internally developed	Computer software purchased	Total
	\$'000	\$'000	\$'000	\$'000	\$'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
by internal cost	-	-	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 2007

## 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 (2005-06)*

	Leasehold improvements	Plant & equipment	Computer software internally developed	Computer software purchased	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
<b>As at 1 July 2005</b>					
Gross book value	31,260	11,383	23,321	9,638	75,602
Accumulated depreciation/amortisation	(20,214)	(4,446)	(10,405)	(5,675)	(40,740)
<b>Net book value 1 July 2005</b>	<b>11,046</b>	<b>6,937</b>	<b>12,916</b>	<b>3,963</b>	<b>34,862</b>
Additions:					
by purchase	3,342	9,102	-	1,296	13,740
by internal cost	-	-	4,038	-	4,038
Total additions <sup>1</sup>	3,342	9,102	4,038	1,296	17,778
Reclassification	-	(5)	-	5	-
Depreciation/amortisation expense	(3,745)	(5,018)	(4,722)	(1,556)	(15,041)
Write-offs	(3)	(65)	-	-	(68)
Disposals:					
Other disposals	(6)	(92)	-	-	(98)
<b>Net book value 30 June 2006</b>	<b>10,634</b>	<b>10,859</b>	<b>12,232</b>	<b>3,708</b>	<b>37,433</b>
<b>Net book value as of 30 June 2006 represented by:</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>10,634</b>	<b>10,859</b>	<b>12,232</b>	<b>3,708</b>	<b>37,433</b>

1 Total purchases of \$17,777,579 comprises cash purchases of \$16,007,430 plus accrued capital expenditure of \$1,770,149.

## Note 7: Payables

	Notes	2007 \$'000	2006 \$'000
<b>Note 7A: Suppliers</b>			
Trade creditors		22,070	14,228
<b>Total suppliers payables</b>	17	<u>22,070</u>	<u>14,228</u>

All suppliers payables are current.

## Note 7B: Other payables

Unearned revenue - Government appropriations <sup>1</sup>		10,294	11,670
Other unearned revenue		1,383	1,152
Rent payable <sup>2</sup>		4,049	3,745
Interest payable		-	21
Property lease incentives <sup>3</sup>		7,934	1,497
<b>Total other payables</b>	17	<u>23,660</u>	<u>18,085</u>

Other payables are represented by:

Current		13,414	13,676
Non-current		10,246	4,409
<b>Total other payables</b>		<u>23,660</u>	<u>18,085</u>

- 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 Other payables as at 30 June 2006 are \$3.745m higher than the amount reported in 2005-06. The increase relates to the adoption of a new accounting policy as a result of the transition to the Australian Equivalents to International Financial Reporting Standards. Under the new policy operating leases that have fixed rent increases are recognised on a straight-line basis over the lease term.
- 3 Total property lease incentives are disclosed as deferred rental expenditure at 30 June 2007. The amortisation of these amounts will be made over the life of the leases.

# Notes to and forming part of the financial statements for the year ended 30 June 2007

## Note 8: Interest bearing liabilities

	Note	2007 \$'000	2006 \$'000
<b>Note 8A: Leases</b>			
Finance leases		882	1,768
<b>Total finance leases</b>	17	<b>882</b>	<b>1,768</b>
Payable:			
Within one year			
Minimum lease payments		732	982
Deduct: future finance charges		(40)	(95)
In one to five years			
Minimum lease payments		193	924
Deduct: future finance charges		(3)	(43)
<b>Finance leases recognised on the balance sheet</b>		<b>882</b>	<b>1,768</b>

Finance leases exist in relation to certain IT assets. The leases are non-cancellable and for fixed terms averaging 3 years, with a maximum of 5 years. The interest rate implicit in the leases averaged 5.3% (2006: 5%). The leased assets secure the lease liabilities.

## Note 9: Provisions

<b>Note 9A: Employee provisions</b>			
Salaries and bonuses		5,318	4,354
Annual leave entitlement		11,327	10,266
Long service leave entitlement		20,234	18,417
Superannuation		126	135
Separations and redundancies		-	373
<b>Total employee provisions</b>		<b>37,005</b>	<b>33,545</b>
Employee provisions are represented by:			
Current		30,422	27,983
Non-current		6,583	5,562
<b>Total employee provisions</b>		<b>37,005</b>	<b>33,545</b>

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 \$14,214,274 (2006: \$12,847,979), and in excess of one year \$22,760,510 (2006: \$20,696,858).

## Note 9: Provisions (continued)

	2007 \$'000	2006 \$'000
<b>Note 9B: Other provisions</b>		
Restoration obligations - leased premises	4,218	3,913
<b>Total other provisions</b>	<b>4,218</b>	<b>3,913</b>
Other provisions are represented by:		
Current	436	1,585
Non-current	3,782	2,328
<b>Total other provisions</b>	<b>4,218</b>	<b>3,913</b>
<b>Reconciliation of the opening and closing balance of other provisions</b>		
Carrying amount 1 July	3,913	3,209
Additional provisions made	1,510	540
Amounts used	(1,404)	-
Unwinding of discount or change in discount rate	199	164
<b>Closing balance 30 June</b>	<b>4,218</b>	<b>3,913</b>

ASIC currently has 16 agreements 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	51,660	35,573
Balance Sheet	51,660	35,573
Difference	-	-

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

Operating result	2,144	7,207
Depreciation / amortisation	16,568	15,041
Net write-down of non-financial assets	194	68
Net (gain) / loss on disposal of assets	(2)	79
(Increase) / decrease in net receivables	(2,779)	3,216
(Increase) / decrease in prepayments	304	(46)
Increase in employee provisions	3,460	1,166
Increase in supplier payables	7,842	6,270
Increase in other payables	4,089	3,365
<b>Net cash from operating activities</b>	<b>31,820</b>	<b>36,366</b>

# Notes to and forming part of the financial statements for the year ended 30 June 2007

## Note 11: Contingent liabilities and assets

### *Quantifiable contingencies (ASIC departmental)*

As at the date of this report, there are 24 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 \$4.263m, which is disclosed as a contingent asset because realisation of this debt is not virtually certain.

The contingent receivable at 30 June 2006 represented a potential refund of rent paid to a landlord that was contingent on the renegotiation of an existing lease agreement. The receivable was crystallised during the 2006-07 financial year.

There are no quantifiable contingent liabilities as at 30 June 2007 (2006: nil).

### *Quantifiable contingencies (assets held in trust)*

#### Companies Unclaimed Monies

Unclaimed monies held by ASIC, pursuant to Part 9.7 of the *Corporations Act 2001*, that have not been claimed within six years are transferred to the Commonwealth and deposited into the CRF. A contingent liability estimated to be \$486,552 (2006: \$568,850) represents an estimate of future claims for repayment. The estimate of future claims for repayment at 30 June 2007 was determined using a methodology provided by an independent actuary (Russell Employee Benefits Pty Ltd).

### *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 is at the date of this report, one matter of this type where proceedings are current. In this matter, 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.

Seven further possible claims of this type have been notified to ASIC since 1 July 2006. 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 a large matter. 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.

## Note 12: Remuneration of Commissioners

	2007 Commissioners	2006 Commissioners
The number of Commissioners of ASIC included in these figures are shown below in the relevant remuneration bands:		
\$120,000 - \$134,999	-	1
\$135,000 - \$149,999	1	-
\$180,000 - \$194,999	-	1
\$225,000 - \$239,999	1	-
\$345,000 - \$359,999	-	1
\$385,000 - \$399,999	-	1
\$415,000 - \$429,999	1	-
\$505,000 - \$519,999	1	-
Total number of Commissioners of ASIC	4	4
	2007 \$	2006 \$
Total remuneration received or due and receivable by Commissioners of ASIC:	1,316,051	1,053,662

## Note 13: Related party disclosures

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

- A. M. D'Aloisio (Chairman from 13 May 2007 and Commissioner from 22 November 2006 to 12 May 2007)
- J. J. Lucy (Chairman to 12 May 2007 and Commissioner from 13 May 2007)
- J. R. Cooper (Deputy Chairman)
- M. J. Rodgers (Acting Commissioner to 21 November 2006)

### *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.



# Notes to and forming part of the financial statements for the year ended 30 June 2007

## Note 14: Remuneration of executives

	2007 Executives	2006 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	1
\$145,000 to \$159,999	7	8
\$160,000 to \$174,999	6	6
\$175,000 to \$189,999	1	7
\$190,000 to \$204,999	4	4
\$205,000 to \$219,999	6	3
\$220,000 to \$234,999	5	4
\$235,000 to \$249,999	2	1
\$250,000 to \$264,999	2	1
\$265,000 to \$279,999	1	-
\$280,000 to \$294,999	1	-
\$295,000 to \$309,999	1	1
\$310,000 to \$324,999	-	2
\$325,000 to \$339,999	-	2
\$340,000 to \$354,999	2	-
\$355,000 to \$369,999	1	-
\$385,000 to \$399,999	1	-
\$565,000 to \$579,999	1	-
<b>Total</b>	<b>43</b>	<b>40</b>
	<b>2007</b>	<b>2006</b>
	<b>\$</b>	<b>\$</b>
The aggregate amount of total remuneration of executives shown above:	<b>9,591,079</b>	<b>8,069,950</b>
The aggregate amount of separation and redundancy/termination benefit payments during the year to executives shown above:	<b>456,436</b>	<b>129,693</b>

## Note 15: Remuneration of auditors

Remuneration to the Auditor-General for auditing the financial statements of ASIC in respect of the reporting period:

139,300	141,275
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No other services were provided by the Auditor-General.

## Note 16: Average staffing levels

	2007	2006
The average full time equivalent staffing levels for ASIC during the year were:	1,610	1,471

## Note 17: Financial instruments

### Note 17A: Interest rate risk

Financial instrument	Floating interest rate		Fixed interest rate maturing in				Non-interest bearing		Total		Weighted average effective interest rate	
			1 year or less		1 to 5 years							
	2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000	2007 %	2006 %
<b>Financial assets</b>												
Cash at bank and on hand	51,619	9,298	-	-	-	-	41	46	51,660	9,344	5.8	5.1
Cash on deposit	-	26,229	-	-	-	-	-	-	-	26,229	n/a	5.8
Receivables for goods & services	-	-	-	-	-	-	5,703	2,924	5,703	2,924	n/a	n/a
<b>Total</b>	<b>51,619</b>	<b>35,527</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>5,744</b>	<b>2,970</b>	<b>57,363</b>	<b>38,497</b>		
<b>Total assets</b>									<b>109,143</b>	<b>78,244</b>		
<b>Financial liabilities</b>												
Finance lease liabilities	-	-	692	887	190	881	-	-	882	1,768	5.3	5.0
Trade creditors	-	-	-	-	-	-	22,070	14,228	22,070	14,228	n/a	n/a
Unearned revenue	-	-	-	-	-	-	11,677	12,822	11,677	12,822	n/a	n/a
Other payables	-	21	-	-	-	-	11,983	5,242	11,983	5,263	n/a	5.1 <sup>1</sup>
<b>Total</b>	<b>-</b>	<b>21</b>	<b>692</b>	<b>887</b>	<b>190</b>	<b>881</b>	<b>45,730</b>	<b>32,292</b>	<b>46,612</b>	<b>34,081</b>		
<b>Total liabilities</b>									<b>87,835</b>	<b>71,539</b>		

1 5.1% relates to Other payables of \$0.021m as at 30 June 2006.

# Notes to and forming part of the financial statements for the year ended 30 June 2007

## Note 17: Financial instruments (continued)

### Note 17B: Fair values of financial assets and liabilities

	2007		2006	
	Total carrying amount \$'000	Aggregate fair value \$'000	Total carrying amount \$'000	Aggregate fair value \$'000
<b>Financial assets</b>				
Cash	51,660	51,660	9,344	9,344
Deposits	-	-	26,229	26,229
Receivables for goods and services	5,703	5,703	2,924	2,924
<b>Total financial assets</b>	<b>57,363</b>	<b>57,363</b>	<b>38,497</b>	<b>38,497</b>
<b>Financial liabilities</b>				
Finance lease liabilities	882	882	1,768	1,768
Trade creditors	22,070	22,070	14,228	14,228
Unearned revenue	11,677	11,677	12,822	12,822
Other payables	11,983	11,983	5,263	5,263
<b>Total financial liabilities</b>	<b>46,612</b>	<b>46,612</b>	<b>34,081</b>	<b>34,081</b>

### Note 17C: Credit risk exposures

ASIC's maximum exposures to credit risk at reporting date in relation to each class of recognised financial assets is the carrying amount of those assets as indicated in the Balance Sheet.

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

All figures for credit risk referred to do not take into account the value of any collateral or other security.

# Notes to schedule of administered items for the year ended 30 June 2007

## Note 18: Income administered on behalf of Government

	2007 \$'000	2006 \$'000
<b>Revenue</b>		
<b>Note 18A: Non-taxation revenue</b>		
Corporations Act fees <sup>1</sup>	458,236	476,360
Corporations Act fines	60,794	66,326
<b>Corporations Act fees and fines</b>	<b>519,030</b>	<b>542,686</b>
Monies received from banks and deposit taking institutions in respect of accounts inactive for seven or more years	34,359	32,923
Monies received from life insurance institutions and friendly societies for policies not claimed within seven years	4,914	10,192
<b>Total non-taxation revenue</b>	<b>558,303</b>	<b>585,801</b>

1 In the 2006-07 Commonwealth Budget, the Government determined to decrease the company registration fee from \$800 to \$400 which primarily contributed to the decrease in Corporations Act fee revenue.

### Corporations Act fees and fines

	2007 \$'000	2007 \$'000	2007 \$'000	2006 \$'000	2006 \$'000	2006 \$'000
	Fees	Fines	Total	Fees	Fines	Total
Mandatory collections <sup>1</sup>	413,289	59,514	472,803	435,018	65,343	500,361
Information broker fees <sup>2</sup>	44,159	-	44,159	40,413	-	40,413
Other fees <sup>2</sup>	788	-	788	929	-	929
Court receivables <sup>3</sup>	-	1,280	1,280	-	983	983
	<b>458,236</b>	<b>60,794</b>	<b>519,030</b>	<b>476,360</b>	<b>66,326</b>	<b>542,686</b>

1 Fees and charges arise from actions which are mandatory under the *Corporations Act 2001*.

Examples include annual review fees and other fees prescribed in the *Corporations (Fees) Regulations 2001*.

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

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

	2007 \$'000	2006 \$'000
<b>Note 18B: Interest</b>		
Bank interest from:		
Life Insurance Act unclaimed monies account	27	18
Banking Act unclaimed monies account	51	38
Corporations Act refund account	45	11
Insolvency law reform account	32	-
<b>Total interest</b>	<b>155</b>	<b>67</b>

# Notes to schedule of administered items for the year ended 30 June 2007

## Note 18: Income administered on behalf of Government (continued)

Gains	Notes	2007 \$'000	2006 \$'000
<b>Note 18C: Other gains</b>			
Resources received free of charge <sup>1</sup>		31	29
<b>Total other gains</b>		<b>31</b>	<b>29</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 2001*, *Banking Act 1959*, *Life Insurance Act 1995*, and other administered items. The fair value of the audit services provided for the reporting period is \$31,000 (2006: \$28,600).

## Note 19: Expenses administered on behalf of Government

### Note 19A: Suppliers

Services from external parties <sup>1</sup>	1,563	73
<b>Total suppliers expenses</b>	<b>1,563</b>	<b>73</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. This forms a part of the Government's corporate insolvency law reform package to strengthen creditor protection and to deter misconduct by company officers.

### Note 19B: Write-down and impairment of assets

Write-off of fees and charges <sup>1</sup>	20,096	24,016
Decrease in allowance for doubtful debts <sup>2</sup>	(492)	(4,157)
Waiver of fees and charges owing <sup>3</sup>	2,823	4,652
<b>Total write-down and impairment of assets</b>	<b>22,427</b>	<b>24,511</b>

1 The number and aggregate amount of Commonwealth monies written off during the financial year pursuant to section 47 of the FMA Act is 107,993 items totalling \$20,096,051 (2006: 113,975 items totalling \$24,015,587).

2 The allowance for doubtful debts has decreased by \$492,578 to \$24,989,422 (2006: decrease of \$4,157,426 to \$25,481,574).

3 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 21,642 items totalling \$2,823,210 (2006: 32,374 items totalling \$4,652,272).

### Note 19C: Other expenses

Refunds paid to bank and deposit taking institution account holders	28C	18,639	20,492
Refunds paid to life insurance policy holders	28C	7,589	2,729
Audit fees	24	31	29
<b>Total other expenses</b>		<b>26,259</b>	<b>23,250</b>

## Note 20: Assets administered on behalf of Government

		2007	2006
Financial assets	Note	\$'000	\$'000
<b>Note 20A: Cash and cash equivalents</b>			
Cash at bank and on hand - Corporations Act		1,615	1,864
Cash at bank - Banking Act		456	405
Cash at bank - Life Insurance Act		250	313
Cash at bank - Insolvency law reform		185	380
<b>Total cash and cash equivalents</b>	27	<u>2,506</u>	<u>2,962</u>
<b>Note 20B: Receivables</b>			
Corporations Act:			
Corporations Act fees and charges		96,907	92,954
Information brokers fees		4,880	5,776
Other receivables:			
GST receivable from ATO		79	7
<b>Total receivables</b>		<u>101,866</u>	<u>98,737</u>
Less: Allowance for doubtful debts:			
Corporations Act		(24,989)	(25,482)
<b>Total receivables (net)</b>		<u>76,877</u>	<u>73,255</u>
Receivables are aged as follows:			
Not overdue		54,743	51,790
Overdue by:			
Less than 30 days		13,697	13,468
30 to 60 days		5,153	6,415
61 to 90 days		2,617	2,637
More than 90 days		25,656	24,427
<b>Total receivables</b>		<u>101,866</u>	<u>98,737</u>
The allowance for doubtful debts is aged as follows:			
Not overdue		636	622
Overdue by:			
Less than 30 days		598	692
30 to 60 days		670	759
61 to 90 days		586	660
More than 90 days		22,499	22,749
<b>Total allowance for doubtful debts</b>		<u>24,989</u>	<u>25,482</u>
Receivables are due from entities that are not part of the Australian Government.			

# Notes to schedule of administered items for the year ended 30 June 2007

## Note 21: Liabilities administered on behalf of Government

		2007	2006
Payables	Note	\$'000	\$'000
<b>Note 21A: Suppliers</b>			
Corporations Act refunds		2,452	2,651
Unallocated monies - Corporations Act		1,367	1,573
Trade creditors		795	-
<b>Total suppliers</b>	27	<b>4,614</b>	<b>4,224</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>	71,993	68,777
Plus: Administered revenues	558,489	585,897
Less: Administered expenses	(50,249)	(47,834)
Appropriation transfers from CRF:		
Special appropriations (unlimited)	30,689	27,205
Transfers to CRF	(536,153)	(562,052)
<b>Closing administered assets less administered liabilities as at 30 June</b>	<b>74,769</b>	<b>71,993</b>

## Note 23: Administered cash flow reconciliation

<i>Reconciliation of net contribution to budget outcome to net cash provided by operating activities</i>		
Net contribution to budget outcome	508,240	538,063
(Decrease) in allowance for doubtful debts	(493)	(4,157)
Increase / (decrease) in payables and provisions	390	(428)
(Increase) in receivables	(3,129)	(148)
	(3,232)	(4,733)
<b>Net cash provided by operating activities</b>	<b>505,008</b>	<b>533,330</b>

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

	2007	2006
	\$	\$
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, which is the estimated fair value of the service	31,000	28,600

#### Note 25: Administered contingent liabilities

##### *Quantifiable administered contingencies*

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

In the 2005-06 financial statements, a contingent liability for Companies Unclaimed Monies was disclosed as an administered contingent liability. As a consequence of a change in the Finance Minister's Orders assets held in trust are no longer considered to be administered items. The contingent liability for Companies Unclaimed Monies is now disclosed in Note 11: Contingent liabilities and assets.

##### *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.



# Notes to schedule of administered items for the year ended 30 June 2007

## Note 27: Administered financial instruments

### Note 27A: Interest rate risk

Financial instrument	Floating interest rate		Non-interest bearing		Total		Weighted average effective interest rate	
	2007	2006	2007	2006	2007	2006	2007	2006
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	%	%
<b>Financial assets</b>								
Cash	2,506	2,962	-	-	2,506	2,962	5.5	5.1
<b>Total</b>	<b>2,506</b>	<b>2,962</b>	<b>-</b>	<b>-</b>	<b>2,506</b>	<b>2,962</b>		
<b>Total assets</b>					<b>79,383</b>	<b>76,217</b>		
<b>Financial liabilities</b>								
Corporations Act refunds	-	-	2,452	2,651	2,452	2,651	n/a	n/a
Other monies	-	-	1,367	1,573	1,367	1,573	n/a	n/a
Trade creditors	-	-	795	-	795	-	n/a	n/a
<b>Total</b>	<b>-</b>	<b>-</b>	<b>4,614</b>	<b>4,224</b>	<b>4,614</b>	<b>4,224</b>		
<b>Total liabilities</b>					<b>4,614</b>	<b>4,224</b>		
<b>Liabilities not recognised</b>								
Banking Act unclaimed monies	-	-	35,498	35,239	35,498	35,239	n/a	n/a
Life Insurance Act unclaimed monies	-	-	3,391	8,277	3,391	8,277	n/a	n/a
<b>Total financial liabilities (unrecognised)<sup>1</sup></b>	<b>-</b>	<b>-</b>	<b>38,889</b>	<b>43,516</b>	<b>38,889</b>	<b>43,516</b>		

There were no fixed interest financial instruments as at 30 June 2007 (2006: nil).

1 Unrecognised financial liabilities are quantified administered contingencies as disclosed in the Schedule of Administered Items.

## Note 27: Administered financial instruments (continued)

### Note 27B: Fair values of financial assets and liabilities

	2007		2006	
	Total carrying amount \$'000	Aggregate fair value \$'000	Total carrying amount \$'000	Aggregate fair value \$'000
<b>Financial assets</b>				
Cash	2,506	2,506	2,962	2,962
<b>Total financial assets</b>	<b>2,506</b>	<b>2,506</b>	<b>2,962</b>	<b>2,962</b>
<b>Financial liabilities</b>				
Corporations Act refunds	2,452	2,452	2,651	2,651
Other monies	1,367	1,367	1,573	1,573
Trade creditors	795	795	-	-
<b>Total financial liabilities</b>	<b>4,614</b>	<b>4,614</b>	<b>4,224</b>	<b>4,224</b>
<b>Financial liabilities (unrecognised)<sup>1</sup></b>				
Banking Act unclaimed monies	35,498	35,498	35,239	35,239
Life Insurance Act unclaimed monies	3,391	3,391	8,277	8,277
<b>Total financial liabilities (unrecognised)</b>	<b>38,889</b>	<b>38,889</b>	<b>43,516</b>	<b>43,516</b>

1 Unrecognised financial liabilities are quantified administered contingencies as disclosed in the Schedule of Administered Items.

### Note 27C: Credit risk exposures

ASIC's maximum exposures to credit risk at reporting date in relation to each class of recognised financial assets is the carrying amount of those assets as indicated in the Schedule of Administered Items.

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

All figures for credit risk referred to do not take into account the value of any collateral or other security.

# Notes to and forming part of the financial statements for the year ended 30 June 2007

## Note 28: Appropriations

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

Particulars	Notes	Departmental outputs		Equity		Total	
		2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000
Balance carried from previous period		-	3,084	-	407	-	3,491
Appropriation Act:							
Appropriation Act (No.1 and No.3) <sup>1</sup>		252,182	220,077	-	-	252,182	220,077
Appropriation Act (No.2 and No.4)		-	-	6,514	2,165	6,514	2,165
Departmental adjustments by the Finance Minister (Appropriation Acts)		(9,500)	-	-	-	(9,500)	-
Total appropriation available for payments		242,682	223,161	6,514	2,572	249,196	225,733
Cash payments made out of CRF	28B	(251,331)	(223,161)	(6,514)	(2,572)	(257,845)	(225,733)
Cash returned to the CRF	28B	9,500	-	-	-	9,500	-
Balance of authority to draw cash from the CRF for ordinary annual services appropriations		851	-	-	-	851	-
<i>Represented by</i>							
Departmental appropriations receivable <sup>1</sup>	34	851	-	-	-	851	-
<b>Total</b>		<b>851</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>851</b>	<b>-</b>

Departmental and non-operating appropriations do not lapse at financial year end. However, the responsible Minister may decide that part or all of a departmental or non-operating appropriation is not required and request the Finance Minister to reduce that appropriation or defer it to future years. The reduction in the appropriation is effected by the Finance Minister's determination and is disallowable by Parliament. On 27 April 2007, a determination of the Finance Minister was made resulting in a reduction in departmental appropriations. The amount deferred to future years under Appropriation Act No.1 of 2007-08 was \$9.5m.

- 1 Appropriation Act No.1 includes funding received from the Enforcement Special Account (ESA) (Note 34 refers). For the year ended 30 June 2007 ASIC recognised ESA revenue of \$16.988m, of which \$16.137m was drawn down during the year, resulting in a balance of \$0.851m appropriation receivable as at 30 June 2007.

## Note 28: Appropriations (continued)

	2007 \$'000	2006 \$'000
<b>Note 28B: Reconciliation of appropriation reported on a cash basis (Note 28A) to the accruals basis as reported in the Income Statement</b>		
Payments from the CRF	251,331	223,161
Add: appropriations receivable - current year	851	-
Less: appropriations receivable - previous year	-	(3,084)
Less: unearned appropriation revenue - current year	(10,294)	(11,670)
Unearned appropriation - previous year	11,670	6,688
Less: appropriation returned to the CRF	(9,500)	(1,216)
<b>Total revenues from Government</b>	<b>244,058</b>	<b>213,879</b>

## Note 28C: Acquittal of authority to draw cash from the CRF 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 CRF for these special appropriations compared to the initial estimate included in the Government's Budget for each class of appropriation.

### Banking Act 1959

#### Legal authority - *Banking Act 1959*

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

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

All transactions under this Act are recognised as administered items.

Budget estimate	18,000	18,000
Payments made	18,639	20,492

### 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 CRF.

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

All transactions under this Act are recognised as administered items.

Budget estimate	3,000	3,000
Payments made	7,589	2,729

# Notes to and forming part of the financial statements for the year ended 30 June 2007

## Note 28: Appropriations (continued)

	Note	2007 \$'000	2006 \$'000
<b>Corporations Act 2001 (Refunds of overpaid Corporations Act fees and charges)</b>			
Legal authority - <i>Corporations Act 2001</i>			
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		3,622	3,687

## Corporations Act 2001 (Companies Unclaimed Monies Account)

Legal authority - *Corporations Act 2001*

Purpose - ASIC has responsibility for the administration of unclaimed monies from the Companies Unclaimed Monies Account. Monies that are not claimed within six years are transferred to the Commonwealth (Part 9.7 of the *Corporations Act 2001*), and are deposited into the CRF. 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 29: Assets held in trust.

Budget estimate		-	-
Payments made	29	204	227

## Note 29: Assets held in trust

	2007 \$'000	2006 \$'000
<b>Financial assets</b>		
<b>Comcare Trust Account</b>		
Purpose – monies held in trust and advanced to ASIC by Comcare for the purpose of distributing compensation payments made in accordance with the <i>Safety Rehabilitation and Compensation Act 1988</i> .		
Balance carried forward from previous year	26	48
Receipts during the year	159	324
Interest received	3	-
Available for payments	188	372
Payments made	(188)	(346)
<b>Closing balance<sup>1</sup></b>	<b>-</b>	<b>26</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.

### Companies Unclaimed Monies

Purpose – monies received under the *Corporations Act 2001* (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.

Opening balance	196,581	68,496
Receipts during the year	28,625	133,050
Special appropriations received (section 28(2) FMA Act)	204	227
Special purpose receipt	102	-
Interest received	12,044	5,633
Disbursements	(28,040)	(6,824)
Special purpose disbursement	(325)	(690)
Management costs recovered by ASIC	(472)	(400)
Transfer to the CRF	(2,438)	(2,911)
<b>Closing balance</b>	<b>206,281</b>	<b>196,581</b>
<b>Represented by</b>		
Cash at bank and on deposit	206,268	195,954
Accrued interest	-	620
GST receivable	13	7
	<b>206,281</b>	<b>196,581</b>

# Notes to and forming part of the financial statements for the year ended 30 June 2007

## Note 29: Assets held in trust (continued)

	2007 \$'000	2006 \$'000
<b>Unclaimed Monies Holding Account</b>		
Purpose – ASIC has established a special purpose bank account in terms of section 601AD and Part 9.7 of the <i>Corporations Act 2001</i> . Monies received are expended in accordance with the <i>Corporations Act 2001</i> . These monies are not available to ASIC and are not recognised in the financial statements.		
Opening balance	39	55
Receipts during the year	113	87
Interest received	2	3
Disbursements	(125)	(106)
<b>Closing balance</b>	<b>29</b>	<b>39</b>

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

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

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

Companies Auditors and Liquidators Disciplinary Board (CALDB)	1,175	1,237
Australian Accounting Standards Board (AASB)	1,620	1,607
Superannuation Complaints Tribunal	4,376	4,231

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 2001* provides that, on deregistration of a company, all of the company's property vests in ASIC. ASIC adopts a passive approach to administering vested property and accounts for any proceeds on realisation of those assets in accordance with its statutory duties.

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

### Note 32: Fiduciary monies (other than trust monies)

	2007 \$'000	2006 \$'000
<b>Monies held pending the outcome of ASIC investigations and/or legal proceedings</b>		
Opening balance	127	116
Reclassified during the year	(127)	-
Receipts during the year	1,560	78
Interest received	19	8
Disbursements	(953)	(75)
<b>Closing balance</b>	<b>626</b>	<b>127</b>
<b>Monies received and disbursed in accordance with orders made by the courts or deeds of settlement between ASIC and other parties</b>		
<b>Cash at bank</b>		
Opening balance	473	787
Reclassified during the year	127	-
Receipts during the year	838	1
Interest received	8	31
Disbursements	(1,316)	(346)
<b>Closing balance</b>	<b>130</b>	<b>473</b>

#### Investments

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 2001*. Based on the closing price quoted on the Australian Securities Exchange on 29 June 2007, the value of these shares was \$4,336,778.



# Notes to and forming part of the financial statements for the year ended 30 June 2007

## Note 33: Fiduciary monies (other than trust monies) security deposits

	2007 \$'000	2006 \$'000
The <i>Corporations Act 2001</i> and the <i>Corporations Regulations 2001</i> 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.		
Security deposits under Corporations Regulations 2001 regulation 10.2.45 (2006: regulation 7.6.02AA) (dealers and investment advisers)		
Cash (at bank)	43	43
Interest bearing deposits (at bank)	400	420
Inscribed stock	20	20
Insurance bonds	20	20
Bank guarantees	36,790	35,820
<b>Closing balance</b>	<b>37,273</b>	<b>36,323</b>
Security deposits under Corporations Act 2001 section 1284(1) (liquidators)		
Insurance bonds	3,950	4,100
Bank guarantees	750	750
<b>Closing balance</b>	<b>4,700</b>	<b>4,850</b>

## Note 34: Special Accounts

### Enforcement Special Account (departmental) - established 13 September 2006

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

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.

Balance carried forward from previous year	-	-
Appropriation for the reporting period	30,000	-
Costs recovered	-	-
GST credits	-	-
Available for payments	30,000	-
Cash payments from the CRF <sup>1</sup>	(16,137)	-
Balance available to draw down next year	13,863	-

<sup>1</sup> For the year ended 30 June 2007 ASIC recognised ESA revenue of \$16.988m, of which \$16.137m was drawn down during the year, resulting in a balance of \$0.851m appropriation receivable as at 30 June 2007.

**Note 34: Special Accounts (continued)**

**Administered Special Accounts**

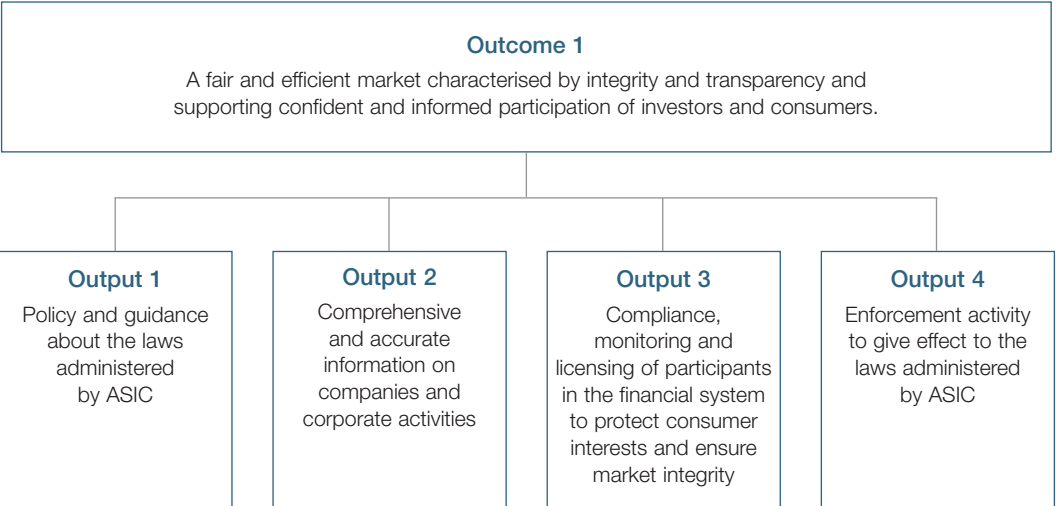
Two administered Special Accounts were established on 31 December 1997 by the Department of Finance and Administration in accordance with the terms of section 2 of the FMA Act (“Other Trust Monies Account” and “Services for Other Governments and Non-Agency Bodies Account”). There were no transactions in these two accounts during the year and the balance of these accounts is nil (2006: 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 2007

## Note 35: Reporting of outcomes (continued)

	Outcome 1	
	2007 \$'000	2006 \$'000
<b>Note 35A: Net contribution of outcome</b>		
<b>Expenses</b>		
Administered	50,249	47,834
Departmental	255,710	217,517
<b>Total expenses</b>	<b>305,959</b>	<b>265,351</b>
<b>Costs recovered from provision of services to the non-government sector</b>		
Departmental	2,800	2,473
<b>Total costs recovered</b>	<b>2,800</b>	<b>2,473</b>
<b>Other external revenues</b>		
Administered		
Non-taxation revenue	558,458	585,897
Departmental		
Interest	5,457	3,574
Net gains from disposal of assets	2	-
Other revenue	3,154	3,796
<b>Total other external income</b>	<b>567,071</b>	<b>593,267</b>
<b>Net (contribution) of outcome</b>	<b>(263,912)</b>	<b>(330,389)</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 \$263.912m (2006: \$330.389m). 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

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

Outcome 1	Output 1		Output 2		Output 3		Output 4		Outcome 1 Total	
	2007	2006	2007	2006	2007	2006	2007	2006	2007	2006
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Departmental expenses</b>										
Employee benefits	9,544	7,893	27,323	26,509	41,937	34,886	68,930	58,022	147,734	127,310
Suppliers	5,520	5,200	14,557	17,401	13,464	13,702	57,246	38,369	90,787	74,672
Depreciation and amortisation	955	567	2,826	6,262	3,978	3,283	8,809	4,929	16,568	15,041
Finance costs	5	20	25	52	23	81	239	194	292	347
Write-down of assets	18	3	75	14	78	16	158	35	329	68
Net losses from disposal of assets	-	3	-	13	-	14	-	49	-	79
<b>Total departmental expenses</b>	<b>16,042</b>	<b>13,686</b>	<b>44,806</b>	<b>50,251</b>	<b>59,480</b>	<b>51,982</b>	<b>135,382</b>	<b>101,598</b>	<b>255,710</b>	<b>217,517</b>
<b>Funded by:</b>										
Revenues from Government	15,286	13,294	40,078	45,396	61,204	54,781	127,490	100,408	244,058	213,879
Sale of services	89	-	2,433	2,830	907	602	715	-	4,144	3,432
Interest	327	215	873	572	1,364	893	2,893	1,894	5,457	3,574
Royalties	-	16	360	133	-	68	-	144	360	361
Other revenues	74	155	395	1,268	305	645	3,059	1,367	3,833	3,435
Net gains from disposal of assets	-	-	-	-	1	-	1	-	2	-
Reversals of previous asset write-downs	-	2	-	9	-	10	-	22	-	43
<b>Total departmental income</b>	<b>15,776</b>	<b>13,682</b>	<b>44,139</b>	<b>50,208</b>	<b>63,781</b>	<b>56,999</b>	<b>134,158</b>	<b>103,835</b>	<b>257,854</b>	<b>224,724</b>

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.

In 2005-06 revenue is greater than expenses for outputs 3 & 4 due to funding received for certain specific purpose initiatives relating to these outputs being underspent by \$7.292m.

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 2007

## Note 35: Reporting of outcomes (continued)

	Outcome 1	
	2007	2006
	\$'000	\$'000
<b>Note 35C: Major classes of administered revenues and expenses by outcome</b>		
<b>Administered income</b>		
Other taxes, fees and fines	519,030	542,686
Monies from banks and deposit taking institutions	34,359	32,923
Monies from life insurance institutions	4,914	10,192
Interest	155	67
Services free of charge	31	29
<b>Total administered income</b>	<b>558,489</b>	<b>585,897</b>
<b>Administered expenses</b>		
Suppliers	1,563	73
Write-down and impairment of assets	22,427	24,511
Other expenses	26,259	23,250
<b>Total administered expenses</b>	<b>50,249</b>	<b>47,834</b>

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