

# FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2010

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## INDEPENDENT AUDITOR'S REPORT

To the Parliamentary Secretary to the Treasurer

### Scope

I have audited the accompanying financial statements of the Australian Securities and Investments Commission for the year ended 30 June 2010, which comprise: a Statement by the Chairman and Chief Financial Officer; Statement of Comprehensive Income; Balance Sheet; Statement of Changes in Equity; Cash Flow Statement; Schedule of Commitments; Schedule of Contingencies; Schedule of Asset Additions; Schedule of Administered Items and Notes to and forming part of the Financial Statements, including a Summary of significant accounting policies.

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

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

### *Auditor's Responsibility*

My responsibility is to express an opinion on the financial statements based on my audit. I have conducted my audit in accordance with the Australian National Audit Office Auditing Standards, which incorporate the 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

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statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Agency'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 Agency's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Agency's Chairman, as well as evaluating the overall presentation of the financial statements.

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

### ***Independence***

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

### **Auditor's Opinion**

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

- (a) have been prepared in accordance with the Finance Minister's Orders made under the *Financial Management and Accountability Act 1997*, including the Australian Accounting Standards; and
- (b) give a true and fair view of the matters required by the Finance Minister's Orders including the Australian Securities and Investments Commission's financial position as at 30 June 2010 and its financial performance and cash flows for the year then ended.

Australian National Audit Office



Carla Jago  
Executive Director  
Delegate of the Auditor-General

Canberra

30 July 2010

# Statement by Chief Executive AND CHIEF FINANCIAL OFFICER

In our opinion, the attached financial statements for the year ended 30 June 2010 are based on properly maintained financial records and give a true and fair view of the matters required by the Finance Minister's Orders made under the *Financial Management and Accountability Act 1997*, as amended.

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



A. M. D'Aloisio

Chairman  
29 July 2010



M. M. Haerewa

Chief Financial Officer  
29 July 2010

# Statement of Comprehensive Income

## FOR THE YEAR ENDED 30 JUNE 2010

	Notes	2010 \$'000	2009 \$'000
<b>EXPENSES</b>			
Employee benefits	3A	208,232	176,792
Supplier expenses <sup>1</sup>	3B	147,260	97,465
Depreciation and amortisation	3C	27,865	19,191
Finance costs	3D	488	468
Write-down and impairment of assets	3E	2,712	896
Losses from asset sales	3F	13	9
<b>Total expenses</b>	<b>30B</b>	<b>386,570</b>	<b>294,821</b>
<b>LESS:</b>			
<b>Own-source income</b>			
<b>Own-source revenue</b>			
Rendering of services	4A	3,734	3,370
Royalties	4B	250	236
Other revenues	4C	7,208	3,036
<b>Total own-source revenue</b>		<b>11,192</b>	<b>6,642</b>
<b>Gains</b>			
Other gains <sup>1</sup>	4D	172	158
<b>Total gains</b>		<b>172</b>	<b>158</b>
<b>Total own-source income</b>		<b>11,364</b>	<b>6,800</b>
<b>Net cost of services</b>		<b>375,206</b>	<b>288,021</b>
Revenues from Government	4E	370,229	307,796
<b>(Deficit) / surplus attributable to the Australian Government <sup>2</sup></b>		<b>(4,977)</b>	<b>19,775</b>
<b>Other comprehensive income</b>			
Changes in asset revaluation reserve <sup>2</sup>		973	–
<b>Total comprehensive (loss) / income attributable to the Australian Government <sup>2</sup></b>		<b>(4,004)</b>	<b>19,775</b>

1 Supplier expenses for 2008–09 are \$28,516 higher than the amount reported in the 2008–09 financial statements. The increase, which is offset by an increase in 'Other gains' relates to ANAO audit fees received free of charge. Previously this cost was disclosed in the Schedule of Administered Items.

2 This is disclosed in the Statement of Changes in Equity.

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

# Balance Sheet

AS AT 30 JUNE 2010

	Notes	2010 \$'000	2009 \$'000
<b>ASSETS</b>			
<b>Financial assets</b>			
Cash and cash equivalents	5A	189	2,950
Trade and other receivables	5B	72,046	108,366
<b>Total financial assets</b>		<b>72,235</b>	<b>111,316</b>
<b>Non-financial assets</b>			
Leasehold improvements	6A	68,072	27,043
Plant and equipment	6B	23,893	17,241
Intangibles	6C	82,611	52,149
Other non-financial assets	6D	8,271	4,247
<b>Total non-financial assets</b>		<b>182,847</b>	<b>100,680</b>
<b>Total assets</b>		<b>255,082</b>	<b>211,996</b>
<b>LIABILITIES</b>			
<b>Payables</b>			
Suppliers	7A	22,436	16,183
Other payables	7B	54,664	33,200
<b>Total payables</b>		<b>77,100</b>	<b>49,383</b>
<b>Provisions</b>			
Employee provisions	8A	50,071	43,332
Other provisions	8B	10,918	6,696
<b>Total provisions</b>		<b>60,989</b>	<b>50,028</b>
<b>Total liabilities</b>		<b>138,089</b>	<b>99,411</b>
<b>Net assets</b>		<b>116,993</b>	<b>112,585</b>
<b>EQUITY</b>			
Contributed equity		84,626	76,214
Reserves		6,473	8,900
Accumulated surplus		25,894	27,471
<b>Total equity</b>		<b>116,993</b>	<b>112,585</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 2010

	Notes	Accumulated surplus		Asset revaluation reserve		Contributed equity		Total equity	
		2010 \$'000	2009 \$'000	2010 \$'000	2009 \$'000	2010 \$'000	2009 \$'000	2010 \$'000	2009 \$'000
<b>Opening balance</b>		27,471	7,696	8,900	8,900	76,214	59,354	112,585	75,950
<b>Comprehensive income</b>									
Revaluation									
Leasehold improvements <sup>1</sup>	6E	—	—	1,262	—	—	—	1,262	—
Restoration obligations <sup>1</sup>	8B	—	—	(289)	—	—	—	(289)	—
(Deficit) / surplus		(4,977)	19,775	—	—	—	—	(4,977)	19,775
<b>Total comprehensive (loss) / income attributable to the Australian Government</b>		(4,977)	19,775	973	—	—	—	(4,004)	19,775
Transfer from the asset revaluation reserve to retained earnings <sup>2</sup>		3,400	—	(3,400)	—	—	—	—	—
<b>Transactions with owners</b>									
<b>Contributions by owners</b>									
Appropriations – contributed equity		—	—	—	—	10,065	20,595	10,065	20,595
<b>Distribution to owners</b>									
Returns of capital									
Finance Minister's determination <sup>3</sup>									
No. 36 of 2008–09 Schedule 2 and Schedule 3		—	—	—	—	—	(1,757)	—	(1,757)
No. 38 of 2008–09 Schedule 2		—	—	—	—	—	(1,407)	—	(1,407)
No. 39 of 2008–09 Schedule 1		—	—	—	—	—	(571)	—	(571)
No. 11 of 2009–10 Schedule 8		—	—	—	—	(1,653)	—	(1,653)	—
<b>Sub-total transactions with owners</b>		—	—	—	—	8,412	16,860	8,412	16,860
<b>Closing balance attributable to the Australian Government</b>		25,894	27,471	6,473	8,900	84,626	76,214	116,993	112,585

1 On 1 June 2010 ASIC re-assessed the future cost to make good its premises. The increase in restoration obligation has been debited directly to the asset revaluation reserve as it reverses a previous credit to the reserve in respect of the leasehold improvements class of assets. The increase in depreciated replacement costs of leasehold improvements has also been credited directly to the asset revaluation reserve.

2 The transfer from the asset revaluation reserve to retained earnings relates to leasehold improvements previously revalued that ASIC no longer holds.

3 The reduction to equity in 2008–09 and 2009–10 relates to the Standard Business Reporting cross-agency initiative. The reduction to ASIC's equity has been re-directed to other agencies involved in the project.

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



# Cash Flow Statement

FOR THE YEAR ENDED 30 JUNE 2010

	Notes	2010 \$'000	2009 \$'000
<b>Operating activities</b>			
Cash received			
Appropriations		414,444	315,501
Services		3,475	4,832
Net GST received		20,067	15,169
Other cash received		7,459	3,272
<b>Total cash received</b>		<b>445,445</b>	<b>338,774</b>
Cash used			
Employees		199,310	168,805
Suppliers		170,078	127,629
Finance costs		–	3
Return to Government – ESA court costs recovered		815	–
Transfers to the Official Public Account <sup>1</sup>		7,574	–
<b>Total cash used</b>		<b>(377,777)</b>	<b>(296,437)</b>
<b>Net cash from / (used by) operating activities</b>	9	<b>67,668</b>	<b>42,337</b>
<b>Investing activities</b>			
Cash received			
Proceeds from sales of leasehold improvements, plant and equipment	3F	–	2
Cash used			
Purchase of leasehold improvements, plant and equipment and intangibles		78,841	64,476
<b>Net cash (used) by investing activities</b>		<b>(78,841)</b>	<b>(64,474)</b>
<b>Financing activities</b>			
Cash received			
Appropriations – contributed equity		8,412	16,860
Cash used			
Repayment of finance lease principal		–	(188)
<b>Net cash from financing activities</b>		<b>8,412</b>	<b>16,672</b>
<b>Net increase / (decrease) in cash held</b>		<b>(2,761)</b>	<b>(5,465)</b>
Cash and cash equivalents at the beginning of the reporting period		2,950	8,415
<b>Cash and cash equivalents at the end of the reporting period</b>	5A	<b>189</b>	<b>2,950</b>

1 The balance for 2009–10 includes cash received from independent sources which has been transferred to the Official Public Account. This is in accordance with the policy introduced by the Department of Finance and Deregulation from October 2009.

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

# Schedule of Commitments

AS AT 30 JUNE 2010

	2010 \$'000	2009 \$'000
<b>By type</b>		
Commitments payable		
Capital commitments		
Leasehold improvements <sup>1</sup>	1,013	2,968
Plant and equipment <sup>1</sup>	3,663	3,118
Intangibles	8,337	3,086
<b>Total capital commitments</b>	<b>13,013</b>	<b>9,172</b>
Other commitments		
Operating leases <sup>2</sup>	289,787	268,750
Other commitments (goods and services)	64,619	30,470
<b>Total other commitments</b>	<b>354,406</b>	<b>299,220</b>
Less: commitments receivable		
GST recoverable on commitments	33,402	28,036
<b>Total commitments receivable</b>	<b>33,402</b>	<b>28,036</b>
<b>Net commitments by type</b>	<b>334,017</b>	<b>280,356</b>
<b>By maturity</b>		
Commitments payable		
Capital commitments		
One year or less	13,013	9,172
<b>Total capital commitments</b>	<b>13,013</b>	<b>9,172</b>
Operating lease commitments		
One year or less	31,574	23,523
From one to five years	121,093	100,456
Over five years	137,120	144,771
<b>Total operating lease commitments</b>	<b>289,787</b>	<b>268,750</b>
Other commitments (goods and services)		
One year or less	20,122	30,470
From one to five years	44,497	–
<b>Total other commitments</b>	<b>64,619</b>	<b>30,470</b>
Less: commitments receivable		
GST recoverable on commitments		
One year or less	5,883	5,742
From one to five years	15,054	9,132
Over five years	12,465	13,162
<b>Total commitments receivable</b>	<b>33,402</b>	<b>28,036</b>
<b>Net commitments by maturity</b>	<b>334,017</b>	<b>280,356</b>

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

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

## Nature of lease

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 2010

	Note	2010 \$'000	2009 \$'000
<b>Contingent assets</b>			
Contingent receivables		735	1,168
<b>Total contingent assets</b>	10	735	1,168
<b>Contingent liabilities</b>			
Contingent payables		50	120
<b>Total contingent liabilities</b>	10	50	120

Details of all contingent liabilities and assets, including those not included above because they cannot be quantified, are disclosed in Note 10: Contingent liabilities and assets.

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

# Schedule of Asset Additions

FOR THE YEAR ENDED 30 JUNE 2010

## The following non-financial non-current assets were added in 2009–10

	Leasehold improvements \$'000	Plant & equipment \$'000	Intangibles \$'000	Total \$'000
Purchases:				
Funded by appropriation equity <sup>1</sup>	–	–	23,577	23,577
Funded by appropriation ordinary annual services <sup>2</sup>	48,076	18,784	17,060	83,920
<b>Total additions</b>	<b>48,076</b>	<b>18,784</b>	<b>40,637</b>	<b>107,497</b>

1 This includes equity appropriated in previous years.

2 This includes leasehold improvements funded by a lessor's contribution to office fit-out.

## The following non-financial non-current assets were added in 2008–09

	Leasehold improvements \$'000	Plant & equipment \$'000	Intangibles \$'000	Total \$'000
Purchases:				
Funded by appropriation equity	–	–	15,364	15,364
Funded by appropriation ordinary annual services	9,296	15,706	26,198	51,200
<b>Total additions</b>	<b>9,296</b>	<b>15,706</b>	<b>41,562</b>	<b>66,564</b>

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

# Schedule of Administered Items

FOR THE YEAR ENDED 30 JUNE 2010

	Notes	2010 \$'000	2009 \$'000
<b>Income administered on behalf of Government</b>			
<b>Revenue</b>			
<b>Non-taxation revenue</b>			
Corporations Act fees and fines <sup>1</sup>	16A	581,509	551,728
Banking Act unclaimed moneys <sup>2</sup>	16A	53,740	45,216
Life Insurance Act unclaimed moneys <sup>3</sup>	16A	4,629	6,972
<b>Total income administered on behalf of Government</b>	20	<b>639,878</b>	<b>603,916</b>
<b>Expenses administered on behalf of Government</b>			
Grants <sup>4</sup>	17A	3,130	3,076
Write-down and impairment of assets	17B	33,137	28,975
Other expenses <sup>5</sup>	17C	31,740	30,915
<b>Total expenses administered on behalf of Government <sup>5</sup></b>	20	<b>68,007</b>	<b>62,966</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) Act 2001* and *Corporations (Review Fees) Act 2003*. This revenue is not available to ASIC and is remitted to the Official Public Account (OPA).
- 2 ASIC has responsibility for the administration of unclaimed monies received from banking and deposit taking institutions. Moneys received from banking and deposit taking institution accounts that remain inactive for seven years are transferred to the Commonwealth, and are deposited into the OPA.
- 3 ASIC also administers monies received from life insurance institutions and friendly societies. Monies received in respect of matured life insurance policies that have not been claimed for more than seven years are transferred to the Commonwealth and are deposited into the OPA.
- 4 On behalf of the Government, ASIC administers payments to registered insolvency practitioners. These payments are used to fund preliminary investigations of suspected breaches of directors' duties and fraudulent misconduct. The outcomes of the findings made by insolvency practitioners are reported to ASIC.
- 5 Total income administered on behalf of Government for 2008–09 is \$28,516 lower than the amount reported in the 2008–09 financial statements. The decrease, which is offset by a decrease in 'Other expenses' relates to ANAO audit fees received free of charge. This cost is now disclosed in ASIC's Statement of Comprehensive Income.

Note: Intra-Government transactions have been omitted.

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

## Schedule of Administered Items (continued)

AS AT 30 JUNE 2010

	Notes	2010 \$'000	2009 \$'000
<b>Assets administered on behalf of Government</b>			
<b>Financial assets</b>			
Cash and cash equivalents	18A	3,017	3,072
Receivables	18B	86,946	86,321
<i>Total assets administered on behalf of Government</i>		<u>89,963</u>	<u>89,393</u>
<b>Liabilities administered on behalf of Government</b>			
<b>Payables</b>			
Suppliers	19	7,826	6,414
<i>Administered assets less administered liabilities</i>	20	<u>82,137</u>	<u>82,979</u>

Note: Intra-Government transactions have been omitted.

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

# Schedule of Administered Items (continued)

FOR THE YEAR ENDED 30 JUNE 2010

	Notes	2010 \$'000	2009 \$'000
<b>Administered cash flows</b>			
<b>Operating activities</b>			
<b>Cash received</b>			
Corporations Act fees and charges		549,181	520,595
Banking Act unclaimed moneys		53,740	45,216
Life Insurance Act unclaimed moneys		4,629	6,972
Net GST received		341	198
<b>Total cash received</b>		<b>607,891</b>	<b>572,981</b>
<b>Cash used</b>			
Refunds paid to:			
Deposit taking institution account holders		28,024	26,122
Life insurance policy holders		3,716	4,793
Grants		3,493	2,807
<b>Total cash (used)</b>		<b>(35,233)</b>	<b>(33,722)</b>
<b>Net cash from operating activities</b>	21	<b>572,658</b>	<b>539,259</b>
<b>Net increase in cash held</b>		<b>572,658</b>	<b>539,259</b>
Cash and cash equivalents at the beginning of the reporting period		3,072	3,064
Cash from Official Public Account for:			
– Appropriations	20	40,854	40,120
		<b>43,926</b>	<b>43,184</b>
Less: Cash to Official Public Account for:			
– Corporations Act fees and charges		554,478	526,709
– Banking Act unclaimed moneys		53,740	45,216
– Life Insurance Act unclaimed moneys		4,629	6,972
– Return of previous year unspent appropriation		347	474
– Section 30A GST refunded <sup>1</sup>		341	–
– Previous years' interest revenue		32	–
	20	<b>(613,567)</b>	<b>(579,371)</b>
<b>Cash and cash equivalents at end of the reporting period</b>	18A	<b>3,017</b>	<b>3,072</b>

1 From 1 July 2009 ASIC is required to remit GST refunded from the Australian Tax Office in respect of administered items, to the Official Public Account.

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

## Schedule of Administered Items (continued)

AS AT 30 JUNE 2010

### Administered commitments

As at 30 June 2010 ASIC has no administered commitments payable (2009: \$0.5m). The commitments payable at 30 June 2009 relate to services from registered insolvency practitioners to investigate suspected breaches of the directors' duties and fraudulent misconduct. The administered commitments payable at 30 June 2009 were due within 1 year.

As at 30 June 2010 ASIC has no administered commitments receivable (2009: \$0.05m). The administered commitments receivable at 30 June 2009 relate to GST refundable and were received during the year ended 30 June 2010.

### Administered contingent assets

There were no administered contingent assets as at 30 June 2010 (2009: nil).

	2010 \$'000	2009 \$'000
<b>Administered contingent liabilities</b>		
<b>Payables – Refunds to claimants</b>		
Banking Act administration <sup>1</sup>	37,242	35,709
Life Insurance Act unclaimed moneys <sup>2</sup>	5,216	6,387
	<b>42,458</b>	<b>42,096</b>

#### 1 Banking Act administration

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

The estimate of future claims for repayment at 30 June 2010 was determined using a methodology provided by an independent actuary (Russell Investment Group).

#### 2 Life Insurance Act administration

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

The estimate of future claims for repayment at 30 June 2010 was determined using a methodology provided by an independent actuary (Russell Investment Group).

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



# Notes to and forming part of the financial statements

FOR THE YEAR ENDED 30 JUNE 2010

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## Note 1: Summary of significant accounting policies

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

The Australian Securities and Investments Commission (ASIC) is an independent Commonwealth Government body operating under the *Australian Securities and Investments Commission Act 2001* (ASIC Act) to administer the *Corporations Act 2001*, and other legislation, throughout Australia. ASIC's objectives as outlined in section 1(2) of the ASIC Act include:

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

ASIC also collects and administers revenue under the *Corporations Act 2001* and prescribed fees set by the *Corporations (Fees) Act 2001* and *Corporations (Review Fees) Act 2003* (Note 1.6 refers).

ASIC's financial results are reported in the context of the Government's outcomes (Note 30 refers). Any intra-Government costs included in arriving at the amount shown as 'net cost/contribution of outcome' are eliminated in calculating the Federal budget outcome for the Government overall.

Government outcomes are the intended results, impacts or consequences of actions by the Australian Government on the Australian community. ASIC's outcomes are described below:

Outcome 1: Improved confidence in financial market integrity and protection of investors and consumers through research, policy, education, compliance and deterrence that mitigates emerging risks.

Outcome 2: Streamlined and cost-effective interaction and access to information for business and the public through registry, licensing and business facilitation services.

ASIC is an agency prescribed under Schedule 1, Part 1 of the *Financial Management and Accountability Regulations 1997* (FMA Regulations).

### 1.2 Basis of preparation of the financial statements

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

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

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

- Finance Minister's Orders (FMOs) for reporting periods ending on or after 1 July 2009; and
- Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) that apply for the reporting period.

The financial statements have been prepared on an accrual basis and in accordance with the historical cost convention, except for certain assets and liabilities at fair value. Except where stated, no allowance is made for the effect of changing prices on the results or the financial position.

The financial statements are presented in Australian dollars and values are rounded to the nearest thousand dollars unless otherwise specified.

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

### 1.2 Basis of preparation of the financial statements (continued)

Unless an alternative treatment is specifically required by an accounting standard or the FMOs, assets and liabilities are recognised in the Balance Sheet when and only when it is probable that future economic benefits will flow to ASIC or a future sacrifice of economic benefits will be required and the amounts of the assets or liabilities can be reliably measured. However, assets and liabilities arising under agreements equally proportionately unperformed are not recognised unless required by an accounting standard. Liabilities and assets that are not recognised are reported in the Schedule of Commitments or the Schedule of Contingencies (other than unquantifiable contingencies, which are reported at Note 10).

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

Refer to Note 1.6 for the basis of preparation of the Schedule of Administered Items.

### 1.3 Changes in accounting policy

There have been no changes in accounting policies during the year ended 30 June 2010.

### 1.4 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.

### 1.5 New Australian Accounting Standards

#### Adoption of new Australian Accounting Standard requirements

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

#### Future Australian Accounting Standard requirements

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

### 1.6 Reporting of administered activities

ASIC collects and administers revenue under the *Corporations Act 2001* and prescribed fees set by the *Corporations (Fees) Act 2001* and *Corporations (Review Fees) Act 2003*. This revenue is not available to ASIC and is remitted to the Official Public Account (OPA). Transactions and balances relating to these fees are reported as administered items.

Administered revenues, expenses, assets, liabilities and cash flows reported in the Schedule of Administered Items and related notes are accounted for on the same basis and using the same policies as for ASIC items, except where stated in Note 1.21.

Administered items are distinguished by shading in these financial statements.

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

### 1.7 Revenue

#### Revenues from Government

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

Appropriations receivable are recognised at their nominal amounts.

#### Other types of revenue

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

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

The stage of completion of projects 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 services rendered, which have 30 day terms, are recognised at the nominal amounts due less any impairment allowance. Collectability of debts is reviewed at the end of the reporting period. Allowances are made when collectability of the debt is no longer probable.

### 1.8 Gains

#### Resources received free of charge

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

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

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

#### Sale of assets

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

### 1.9 Transactions with the Government as owner

#### Equity injections

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

#### Other distributions to owners

The FMOs require that distributions to owners be debited to contributed equity unless they are of the nature of a dividend. On 25 June 2009, the Finance Minister issued a determination to reduce ASIC's departmental output appropriations by \$3.735m in respect of prior year appropriations and ASIC's 2008–09 equity injection. On 29 June 2010, the Finance Minister issued a determination to reduce ASIC's departmental equity appropriations by \$1.653m. These reductions are shown in the Statement of Changes in Equity.

### 1.10 Employee benefits

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

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

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

### 1.10 Employee benefits (continued)

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

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

#### Leave

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

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

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

#### Separation and redundancy

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

#### Superannuation

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

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

The liability for defined benefits is recognised in the financial statements of the Australian Government and is settled by the Australian Government in due course. This liability is reported by the Department of Finance and Deregulation as an administered item.

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

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

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

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

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

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

### 1.12 Finance costs

All finance costs are expensed as incurred.

### 1.13 Cash and cash equivalents

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

### 1.14 Financial assets

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

Financial assets are recognised and derecognised at transaction date.

#### Effective interest method

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

Income is recognised on an effective interest rate basis.

### Loans and receivables

Trade receivables and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Receivables are measured at amortised cost using the effective interest method less impairment. Interest is recognised by applying the effective interest rate.

### Impairment of financial assets

Financial assets are assessed for impairment at each balance date.

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

### 1.15 Financial liabilities

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

Financial liabilities are recognised and derecognised at transaction date.

#### Other financial liabilities

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

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

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

### 1.16 Contingent liabilities and contingent assets

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

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

### 1.17 Acquisition of assets

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

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

### 1.18 Leasehold improvements, plant and equipment

#### Asset recognition threshold

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

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

### Revaluations

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

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 in the surplus/(deficit). Revaluation decrements for a class of assets are recognised directly in the surplus/(deficit) except to the extent that they reverse a previous revaluation increment for that class.

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



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

### 1.18 Leasehold improvements, plant and equipment (continued)

#### Depreciation

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

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

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

	2010	2009
Leasehold improvements	<b>Lease term</b>	Lease term
Computer equipment	<b>1 to 5 years</b>	1 to 5 years
Plant and equipment (owned)	<b>2 to 95 years</b>	2 to 95 years
Plant and equipment (leased)	<b>n/a</b>	2 to 5 years

#### Impairment

Leasehold improvements, plant and equipment are assessed for impairment at the end of each financial year. Where indications of impairment exist, the asset's recoverable amount is estimated and an impairment adjustment made if the asset's recoverable amount is less than its carrying amount.

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

#### Derecognition

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

### 1.19 Intangibles

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

Software is amortised on a straight-line basis over its anticipated useful life. The useful life of ASIC's software is 2 to 5 years (2009: 2 to 5 years).

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

### 1.20 Taxation

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

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



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

### 1.21 Reporting of administered activities

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

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

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

Revenue collected by ASIC for use by the Government rather than ASIC is administered revenue. Collections are transferred to the OPA maintained by the Department of Finance and Deregulation (DoFD). Conversely, cash is drawn from the OPA to make payments under Parliamentary appropriation on behalf of Government. These transfers to and from the OPA are adjustments to the administered cash held by ASIC on behalf of the Government and reported as such in the Statement of Cash Flows in the Schedule of Administered Items and in the administered reconciliation table in Note 20. Accordingly the Schedule of Administered Items largely reflects the Government's transactions, through ASIC, with parties outside the Government.

#### Revenue

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

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

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

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

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

#### Receivables

Administered revenue is recognised at its nominal value less an impairment allowance. The Finance Minister has determined that statutory receivables are not financial instruments and accordingly ASIC has assessed administered receivables for impairment under AASB 136 *Impairment of Assets* (FMO 31.1).

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

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

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

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

### 1.21 Reporting of administered activities (continued) Unclaimed moneys – administered items

#### Banking Act administration

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

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

#### Life Insurance Act administration

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

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

### 1.23 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 (up to 30 June 2009) 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 Statement of Comprehensive Income of ASIC (Note 26 refers).

### 1.24 Comparative figures

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

### 1.25 Rounding

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

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

### 1.26 Insurance

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

## Note 2: Events after the balance sheet date

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

### Note 3: Expenses

	2010 \$'000	2009 \$'000
<b>Note 3A: Employee benefits</b>		
Wages and salaries	162,595	135,819
Superannuation <sup>1</sup>		
Defined benefit schemes	13,666	13,867
Defined contribution schemes	11,819	7,914
Leave and other entitlements	18,199	17,780
Separation and redundancies <sup>2</sup>	1,953	1,412
<b>Total employee benefits</b>	<b>208,232</b>	<b>176,792</b>

1 Contributions to superannuation schemes are at rates calculated to cover existing and emerging obligations. The employer contribution rate for the Commonwealth Superannuation Scheme was 18.5% (2009: 29.4%), the Public Sector Superannuation Scheme was 13.3% (2009: 13.8%), the PSS Accumulation Scheme was 15.4% (2009: 15.4%), and the superannuation productivity benefit was approximately 2.0% to 3.0% (2009: 2.0% to 3.0%).

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

### Note 3B: Suppliers

#### Goods and services

Legal and forensic costs	52,220	25,762
Office, computer and software expenses	18,154	12,757
Property-related outgoings	9,106	6,453
Consultants	8,577	4,812
Travel	7,035	6,015
Communications	6,049	5,214
Recruitment	4,878	3,033
Information costs	4,481	3,151
Learning and development	4,212	3,668
Security	2,977	2,051
Postage and freight	2,085	1,828
Other goods and services <sup>1</sup>	2,914	4,498
<b>Total goods and services <sup>1</sup></b>	<b>122,688</b>	<b>79,242</b>

Goods and services are made up of:

Provision of goods – related entities	26	7
Provision of goods – external parties	4,137	3,305
Rendering of services – related entities <sup>1</sup>	8,085	5,817
Rendering of services – external parties	110,440	70,113
<b>Total goods and services <sup>1</sup></b>	<b>122,688</b>	<b>79,242</b>

1 Supplier expenses for 2008–09 are \$28,516 higher than the amount reported in the 2008–09 financial statements. The increase, which is offset by an increase in 'Other gains' relates to ANAO audit fees received free of charge. Previously this cost was disclosed in the Schedule of Administered Items.

## Note 3: Expenses (continued)

	Notes	2010 \$'000	2009 \$'000
<b>Note 3B: Suppliers (continued)</b>			
<b>Other supplier expenses</b>			
Operating lease rentals from external entities:			
Minimum lease payments		21,520	16,457
Sublease payments		981	160
Workers compensation premiums		1,742	1,416
Fringe benefits tax		329	190
<b>Total other supplier expenses</b>		<b>24,572</b>	<b>18,223</b>
<b>Total supplier expenses</b>		<b>147,260</b>	<b>97,465</b>
<b>Note 3C: Depreciation and amortisation</b>			
Depreciation:			
Leasehold improvements		8,041	6,556
Plant and equipment		7,696	4,643
<b>Total depreciation</b>		<b>15,737</b>	<b>11,199</b>
Amortisation:			
Intangibles – Computer software		12,128	7,835
Assets held under finance leases		–	157
<b>Total amortisation</b>		<b>12,128</b>	<b>7,992</b>
<b>Total depreciation and amortisation</b>		<b>27,865</b>	<b>19,191</b>
<b>Note 3D: Finance costs</b>			
Finance leases		–	3
Unwinding of restoration provision discount	8B	488	465
<b>Total finance costs</b>		<b>488</b>	<b>468</b>
<b>Note 3E: Write-down and impairment of assets</b>			
Bad and doubtful debts expense		(26)	130
Write-off of leasehold improvements, plant and equipment and intangibles		2,738	766
<b>Total write-down and impairment of assets</b>		<b>2,712</b>	<b>896</b>
<b>Note 3F: Losses from asset sales</b>			
Plant and equipment			
Carrying value of assets sold	6E	13	11
Less: proceeds from sale		–	2
<b>Total losses from asset sales</b>		<b>13</b>	<b>9</b>

## Note 4: Income

Revenue	Note	2010 \$'000	2009 \$'000
<b>Note 4A: Rendering of services</b>			
Rendering of services – related entities		1,950	2,022
Rendering of services – external parties		1,784	1,348
<b>Total rendering of services</b>		<b>3,734</b>	<b>3,370</b>
<b>Note 4B: Royalties</b>			
ASIC publications		250	236
<b>Total royalties</b>		<b>250</b>	<b>236</b>
<b>Note 4C: Other revenues</b>			
Cost recoveries <sup>1</sup>		1,627	1,754
Receipt from the Companies and Unclaimed Moneys Special Account <sup>2</sup>		4,191	526
Professional and witness fees		275	335
Recovery of property rental and outgoings relating to prior year		9	18
AusAID revenue <sup>3</sup>		248	261
Receipt from the Department of Treasury <sup>4</sup>		588	–
Miscellaneous		270	142
<b>Total other revenue</b>		<b>7,208</b>	<b>3,036</b>

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

2 Project costs recovered from the Companies and Unclaimed Moneys Special Account on approval of the Minister.  
In 2009–10 ASIC received \$3.4m to create a financial literacy website.

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

4 Amount received by ASIC in respect of its participation in the Financial Services Working Group.

## Gains

### Note 4D: Other gains

Resources received free of charge <sup>1</sup>	14	172	158
<b>Total other gains</b>		<b>172</b>	<b>158</b>

As a prescribed agency ASIC receives audit services from the Australian National Audit Office free of charge. The fair value of that service is \$172,360 (2009: \$158,420) for the reporting period.

1 Resources received free of charge for 2008–09 are \$28,516 higher than the amount reported in the 2008–09 financial statements. The increase, which is offset by an increase in 'Supplier expenses' relates to ANAO audit fees received free of charge. Previously this cost was disclosed in the Schedule of Administered Items.

## Note 4: Income (continued)

	Notes	2010 \$'000	2009 \$'000
<b>Note 4E: Revenues from Government</b>			
Appropriations:			
Departmental outputs <sup>1</sup>		316,156	280,699
Departmental Special Account <sup>2</sup>	29A	54,073	27,097
<b>Total revenues from Government</b>		<b>370,229</b>	<b>307,796</b>

1 The increase in revenue for Departmental outputs primarily relates to additional funding provided to ASIC for the Global Financial Crisis, enhanced monitoring and surveillance capabilities and the increase in responsibilities for Credit Reform.

2 The revenue from Departmental Special Account relates to the Enforcement Special Account (Note 29A refers). The increase in revenue in 2009–10 relates to increased deterrence activities satisfying the criteria for funding from the Enforcement Special Account.

## Note 5: Financial assets

### Note 5A: Cash and cash equivalents

Cash on hand or on deposit		189	2,950
<b>Total cash and cash equivalents</b>	15A	<b>189</b>	<b>2,950</b>

### Note 5B: Trade and other receivables

#### Goods and Services:

Goods and services – related entities		179	475
Goods and services – external parties		2,141	1,787
<b>Total receivables for goods and services</b>		<b>2,320</b>	<b>2,262</b>

#### Appropriations receivable:

Appropriations receivable <sup>1</sup>		65,563	103,016
<b>Total appropriations receivable</b>		<b>65,563</b>	<b>103,016</b>

1 The decrease in appropriations receivable largely relates to expenditure of a major IT project and increased capital expenditure for leasehold improvements.

#### Other receivables:

GST receivable from the Australian Taxation Office		4,499	3,457
<b>Total other receivables</b>		<b>4,499</b>	<b>3,457</b>
<b>Total trade and other receivables (gross)</b>		<b>72,382</b>	<b>108,735</b>

#### Less impairment allowance account:

Goods and services		336	369
<b>Total impairment allowance account</b>		<b>336</b>	<b>369</b>
<b>Total trade and other receivables (net)</b>		<b>72,046</b>	<b>108,366</b>

Receivables are expected to be recovered in:

No more than 12 months		72,046	108,366
<b>Total trade and other receivables (net)</b>		<b>72,046</b>	<b>108,366</b>

**Note 5: Financial assets (continued)**

	2010 \$'000	2009 \$'000
<b>Note 5B: Trade and other receivables (continued)</b>		
Receivables are aged as follows:		
Not overdue	71,937	108,305
Overdue by:		
Less than 30 days	18	110
30 to 60 days	3	4
More than 90 days	424	316
<b>Total receivables (gross)</b>	<b>72,382</b>	<b>108,735</b>
The impairment allowance account is aged as follows:		
Overdue by:		
Less than 30 days	–	70
More than 90 days	336	299
<b>Total impairment allowance account</b>	<b>336</b>	<b>369</b>
<b>Reconciliation of the movement in the impairment allowance account</b>		
Opening balance 1 July	369	239
Amounts written off	(7)	–
Amounts recovered and reversed	(47)	(2)
Increase in allowance for doubtful debts recognised in net surplus	21	132
<b>Closing balance</b>	<b>336</b>	<b>369</b>

**Note 6: Non-financial assets****Note 6A: Leasehold improvements**

Leasehold improvements		
Work in progress	5,029	2,468
Fair value	81,444	39,292
Accumulated depreciation	(18,401)	(14,717)
<b>Total leasehold improvements</b>	<b>68,072</b>	<b>27,043</b>

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

The carrying value of leasehold improvements were reviewed at 30 June 2010. No indicators of impairment were found for leasehold improvements at 30 June 2010.

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

	2010 \$'000	2009 \$'000
<b>Note 6B: Plant and equipment</b>		
Plant and equipment:		
Fair value	44,769	32,131
Accumulated depreciation	(20,876)	(14,890)
<b>Total plant and equipment</b>	<b>23,893</b>	<b>17,241</b>

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

The carrying value of plant and equipment assets were reviewed at 30 June 2010. No indicators of impairment were found for plant and equipment at 30 June 2010.

### Note 6C: Intangibles – computer software

#### Internally developed

– work in progress	16,385	18,132
– in use	48,129	23,848
– accumulated amortisation	(20,304)	(14,222)
	<b>44,210</b>	<b>27,758</b>

#### Purchased

– work in progress	21,847	12,844
– in use	24,041	15,741
– accumulated amortisation	(7,487)	(4,194)
	<b>38,401</b>	<b>24,391</b>
<b>Total intangibles</b>	<b>82,611</b>	<b>52,149</b>

The carrying value of intangible assets were reviewed at 30 June 2010. No indicators of impairment were found for intangibles at 30 June 2010.

### Note 6D: Other non-financial assets

Prepayments	8,271	4,247
<b>Total other non-financial assets</b>	<b>8,271</b>	<b>4,247</b>

Total other non-financial assets are expected to be recovered in:

No more than 12 months	8,116	4,247
More than 12 months	155	–
	<b>8,271</b>	<b>4,247</b>

No indicators of impairment were found for other non-financial 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 (2009–10)**

	Leasehold improvements \$'000	Plant & equipment \$'000	Computer software internally developed \$'000	Computer software purchased \$'000	Total \$'000
<b>As at 1 July 2009</b>					
Gross book value	41,760	32,131	41,980	28,585	144,456
Accumulated depreciation/ amortisation and impairment	(14,717)	(14,890)	(14,222)	(4,194)	(48,023)
<b>Net book value 1 July 2009</b>	<b>27,043</b>	<b>17,241</b>	<b>27,758</b>	<b>24,391</b>	<b>96,433</b>
<b>Additions:</b>					
– by purchase	48,076	18,784	–	15,827	82,687
– internally developed	–	–	24,810	–	24,810
<b>Total additions</b>	<b>48,076</b>	<b>18,784</b>	<b>24,810</b>	<b>15,827</b>	<b>107,497</b>
Revaluations and impairments recognised in other comprehensive income	1,262	–	–	–	1,262
Reclassification	–	(4,143)	–	4,143	–
Depreciation expense	(8,041)	(7,696)	(6,168)	(5,960)	(27,865)
Write-offs	(268)	(280)	(2,190)	–	(2,738)
Disposals	–	(13)	–	–	(13)
<b>Net book value 30 June 2010</b>	<b>68,072</b>	<b>23,893</b>	<b>44,210</b>	<b>38,401</b>	<b>174,576</b>
<b>Net book value as of 30 June 2010 represented by:</b>					
Gross book value	86,473	44,769	64,514	45,888	241,644
Accumulated depreciation/ amortisation	(18,401)	(20,876)	(20,304)	(7,487)	(67,068)
	<b>68,072</b>	<b>23,893</b>	<b>44,210</b>	<b>38,401</b>	<b>174,576</b>

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

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

**TABLE B: Reconciliation of the opening and closing balances of leasehold improvements, plant and equipment and intangibles (2008–09)**

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

## Note 7: Payables

	Note	2010 \$'000	2009 \$'000
<b>Note 7A: Suppliers</b>			
Trade creditors and accruals	15A	22,436	16,183
<b>Total supplier payables</b>		<b>22,436</b>	<b>16,183</b>
Supplier payables expected to be settled within 12 months:			
Related entities		299	139
External parties		22,137	16,044
<b>Total supplier payables</b>		<b>22,436</b>	<b>16,183</b>
<b>Note 7B: Other payables</b>			
Unearned revenue – Government appropriations <sup>1</sup>		10,950	12,577
Operating lease rent payable		4,739	4,581
Other unearned revenue		367	715
Property lease incentives <sup>2</sup>		28,101	7,007
Salaries and bonuses <sup>3</sup>		10,022	7,998
Superannuation <sup>3</sup>		485	322
<b>Total other payables<sup>3</sup></b>		<b>54,664</b>	<b>33,200</b>
Total other payables are expected to be settled in:			
No more than 12 months		27,482	23,352
More than 12 months		27,182	9,848
<b>Total other payables</b>		<b>54,664</b>	<b>33,200</b>

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

2 Total property lease incentives are disclosed as deferred rental expenditure at 30 June 2010. The amortisation of these amounts will be made over the life of the lease.

3 Total other payables as at 30 June 2009 are \$8.32m higher than the amount disclosed in the 2008–09 financial statements. The increase relates to salaries, bonuses and superannuation which were previously included in the balance of employee provisions (Note 8A refers). The Finance Minister's Orders for 2009–10 require these amounts to be disclosed as 'Other payables'.

## Note 8: Provisions

	2010 \$'000	2009 \$'000
<b>Note 8A: Employee provisions</b>		
Annual leave entitlement	15,997	14,300
Long service leave entitlement <sup>1</sup>	31,182	27,630
Separations and redundancies	2,892	1,402
<b>Total employee provisions</b> <sup>2</sup>	<b>50,071</b>	<b>43,332</b>
Employee provisions are expected to be settled in:		
No more than 12 months	15,147	10,336
More than 12 months	34,924	32,996
<b>Total employee provisions</b>	<b>50,071</b>	<b>43,332</b>

1 The liability for long service leave has been determined in accordance with the methodology developed by an independent actuary as at 30 June 2008.

2 Total employee provisions as at 30 June 2009 are \$8.32m lower than the amount disclosed in the 2008–09 financial statements. The decrease relates to salaries, bonuses and superannuation which are now included in the balance of 'Other payables' (Note 7A refers).

### Note 8B: Other provisions

Provision for restoration obligations – leased premises	10,918	6,696
<b>Total other provisions</b>	<b>10,918</b>	<b>6,696</b>
Other provisions are expected to be settled in:		
No more than 12 months	2,261	2,853
More than 12 months	8,657	3,843
<b>Total other provisions</b>	<b>10,918</b>	<b>6,696</b>

### Reconciliation of the opening and closing balance of restoration provision

Carrying amount 1 July	6,696	6,946
Additional provisions made	3,562	20
Amounts revalued	289	–
Amounts used	(47)	(643)
Amounts reversed	(70)	(92)
Unwinding of discount or change in discount rate	488	465
<b>Closing balance 30 June</b>	<b>10,918</b>	<b>6,696</b>

ASIC currently has 17 agreements (2009: 18) 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 9: Cash flow reconciliation

	2010 \$'000	2009 \$'000
<b>Reconciliation of cash and cash equivalents as per Balance Sheet to Cash Flow Statement</b>		
Cash and cash equivalents as per:		
Cash Flow Statement	189	2,950
Balance Sheet	189	2,950
<b>Reconciliation of net cost of services to net cash from operating activities:</b>		
Net cost of services	375,206	288,021
Add revenue from Government	370,229	307,796
(Deficit) / surplus attributable to the Australian Government	(4,977)	19,775
<b>Adjustments for non-cash items</b>		
Depreciation / amortisation	27,865	19,191
Net write-down of non-financial assets	2,738	766
Loss on disposal of assets	13	9
<b>Changes in assets / liabilities</b>		
(Increase) / decrease in net receivables	36,320	8,509
(Increase) in prepayments	(4,024)	(1,561)
Increase in employee provisions	6,739	8,016
Increase / (decrease) in supplier payables	6,253	(4,495)
Increase / (decrease) in other provisions and payables	(3,259)	(7,873)
<b>Net cash from / (used by) operating activities</b>	<b>67,668</b>	<b>42,337</b>

## Note 10: Contingent liabilities and assets

	2010 \$'000	2009 \$'000
<b>Contingent receivables</b>		
Balance from previous period	1,168	3,711
<i>Adjustments to prior period contingent receivables:</i>		
Assets recognised	(202)	(988)
Estimates not realisable	(956)	(1,823)
Revisions to estimates	90	(263)
New contingent receivables	635	531
<b>Total contingent assets</b>	<b>735</b>	<b>1,168</b>
<b>Contingent payables</b>		
Balance from previous period	120	–
<i>Adjustments to prior period contingent payables:</i>		
Estimates not payable	(120)	–
New contingent payables	50	120
<b>Total contingent liabilities</b>	<b>50</b>	<b>120</b>

### Quantifiable contingencies (ASIC departmental)

As at the date of this report, there are eight matters (2009: 12 matters) for which ASIC has received an award of costs in its favour, and agreement with respect to the quantum payable to ASIC has not been reached. ASIC has estimated these matters represent a combined receivable of \$0.735m (2009: \$1.168m), which is disclosed as a contingent asset because realisation of this debt is not virtually certain.

As at the date of this report, there is one matter (2009: two matters) in respect of which ASIC reasonably expects to have an award of costs against it. ASIC has estimated the potential liability for costs in relation to this matter is \$0.05m (2009: \$0.12m).

### Quantifiable contingencies (assets held in trust)

#### Companies Unclaimed Moneys

Unclaimed moneys held by ASIC, pursuant to Part 9.7 of the *Corporations Act 2001*, that have not been claimed within six years are transferred to the Commonwealth and deposited into the Official Public Account. A contingent liability estimated to be \$0.912m (2009: \$0.92m) represents an estimate of future claims for repayment from the Official Public Account. The estimate of future claims for repayment at 30 June 2010 was determined using a methodology provided by an independent actuary (Russell Investment Group).

## Note 10: Contingent liabilities and assets (continued)

### Unquantifiable contingent liabilities

ASIC is party to many civil litigation matters arising out of its statutory duty to administer and enforce laws for which it is responsible. As at the date of this report there is one matter (2009: two matters) where costs have been awarded against ASIC but where it is not possible to reliably estimate the liability at this time. The quantum of costs payable has not been negotiated with the other party and the case concerned has been appealed by ASIC. The outcome of the appeal is likely to have a material impact on the quantum of costs payable.

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

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

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

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

### Future compensation claims

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

### Unquantifiable contingent assets

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

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

## Note 11: Related party disclosures

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

- A. M. D'Aloisio (Chairman)
- J. R. Cooper (Deputy Chairman to 10 July 2009)
- B. G. Gibson (Commissioner to 6 May 2010, Deputy Chairman from 7 May 2010)
- P. J. Boxall (Commissioner)
- M. J. Dwyer (Commissioner)
- G. J. Medcraft (Commissioner)
- S. F. Tregillis (Commissioner from 17 May 2010)

### Loans to Commissioners and Commissioner-related entities

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

### Other transactions with Commissioner-related entities

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

## Note 12: Remuneration of Commissioners

The Finance Minister's Orders for 2009–10 require separate disclosure of actual remuneration paid to Commissioners during the year (refer to Note 12A) and salary packages for Commissioners as at the reporting date (refer to Note 12B).

### Note 12A: Total remuneration expense recognised in relation to Commissioners

	2010	2009
The number of Commissioners who received or were due to receive total remuneration of:		
\$145,000 to \$159,999	–	1
\$160,000 to \$174,999	–	1
\$235,000 to \$249,999 <sup>1</sup>	–	1
\$400,000 to \$414,999	2	1
\$415,000 to \$429,999	1	–
\$460,000 to \$474,999	–	1
\$490,000 to \$504,999	1	–
\$550,000 to \$564,999	–	1
\$595,000 to \$609,999	1	–
<b>Total</b> <sup>2</sup>	<b>5</b>	<b>6</b>

	2010	2009
	\$	\$
Short-term employee benefits:		
Salary and bonuses (including leave taken)	1,981,007	1,690,435
Car parking <sup>1</sup>	63,586	49,093
Changes in leave provisions	61,503	88,766
Total short-term employee benefits	2,106,096	1,828,294
Superannuation (post-employment benefits)	231,799	183,387
<b>Total remuneration expense for Commissioners shown above</b> <sup>1</sup>	<b>2,337,895</b>	<b>2,011,681</b>

<sup>1</sup> Total remuneration for Commissioners for the year ended 30 June 2009 is \$49,093 higher than the amount disclosed in the 2008–09 financial statements. The increase relates to car parking benefits provided to Commissioners which were previously omitted from the calculation of remuneration.

<sup>2</sup> The total excludes Commissioners not employed for the full year where their remuneration for the period was less than \$145,000.



**Note 12: Remuneration of Commissioners (continued)****Note 12B: Average annualised remuneration packages for Commissioners at 30 June**

	2010			2009		
	Commiss- ioners	Base Salary (including annual leave)	Total Remuner- ation Package	Commiss- ioners	Base Salary (including annual leave)	Total Remuner- ation Package
Total remuneration package:						
\$385,000 to \$399,999	–	–	–	3	343,538	395,967
\$400,000 to \$414,999	3	353,851	407,523	–	–	–
\$445,000 to \$459,999	–	–	–	1	416,369	454,793
\$460,000 to \$474,999	1	407,861	466,152	–	–	–
\$505,000 to \$519,999	1	412,796	506,604	–	–	–
\$520,000 to \$534,999	–	–	–	1	400,767	528,712
\$535,000 to \$549,999	–	–	–	1	497,043	542,691
\$550,000 to \$564,999	1	511,959	561,198	–	–	–
<b>Total</b>	<b>6</b>			<b>6</b>		

**Note 13: Remuneration of senior executives**

Note 13 discloses the remuneration of those senior executives who perform functions controlling operational activities that directly impact the economic function and viability of ASIC and whose employment conditions are equivalent to SES employment conditions of service.

The Finance Minister's Orders for 2009–10 require separate disclosure of actual remuneration paid to senior executives during the year (refer to Note 13A) and salary packages for senior executives as at the reporting date (refer to Note 13B).

Note 13A includes executives acting in a higher capacity where their remuneration during the period exceeds \$145,000. Note 13B discloses only those senior executives permanently appointed to a senior executive role as at reporting date.

## Note 13: Remuneration of senior executives (continued)

### Note 13A: Total expense recognised in relation to employment of senior executives

	2010	2009
The number of senior executives who received or were due to receive total remuneration of:		
less than \$145,000 <sup>1</sup>	–	1
\$145,000 to \$159,999	1	2
\$160,000 to \$174,999	6	–
\$175,000 to \$189,999	1	2
\$190,000 to \$204,999	1	2
\$205,000 to \$219,999	2	3
\$220,000 to \$234,999	2	4
\$235,000 to \$249,999	7	12
\$250,000 to \$264,999	2	1
\$265,000 to \$279,999	3	2
\$280,000 to \$294,999	2	2
\$295,000 to \$309,999	2	1
\$310,000 to \$324,999	2	3
\$325,000 to \$339,999	3	–
\$340,000 to \$354,999	1	–
\$355,000 to \$369,999	1	–
\$385,000 to \$399,999	3	–
\$400,000 to \$414,999	–	2
\$550,000 to \$564,999	–	1
<b>Total</b> <sup>2</sup>	<b>39</b>	<b>38</b>
	<b>2010</b>	<b>2009</b>
	<b>\$</b>	<b>\$</b>
Short-term employee benefits:		
Salary and bonuses (including leave taken)	8,233,322	7,561,592
Changes in leave provisions	(122,113)	36,644
Motor vehicle allowances and other short-term benefits <sup>2</sup>	1,004,346	842,042
Separation/termination benefits	64,800	275,000
Total Short-term employee benefits	9,180,355	8,715,278
Superannuation (post-employment benefits)	949,788	940,859
<b>Total remuneration expense for senior executives</b> <sup>2</sup>	<b>10,130,143</b>	<b>9,656,137</b>

1 In accordance with the Finance Minister's Orders, this band excludes acting arrangements and part-year service. Senior executives in this bracket were not required to be disclosed in 2009–10 published financial statements.

2 Total remuneration for senior executives for the year ended 30 June 2009 is \$313,441 higher than the amount disclosed in the 2008–09 financial statements. The increase relates to car parking benefits provided to senior executives which were previously omitted from the calculation of remuneration.

**Note 13: Remuneration of senior executives (continued)****Note 13B: Average annualised remuneration packages for substantive<sup>1</sup> senior executives at 30 June**

	2010			2009		
	Executives	Base Salary (including annual leave)	Total Remuner- ation Package <sup>2</sup>	Executives	Base Salary (including annual leave)	Total Remuner- ation Package <sup>2</sup>
Total remuneration package:						
\$190,000 to \$204,999	1	165,900	199,993	–	–	–
\$220,000 to \$234,999	2	178,000	228,659	5	182,646	231,624
\$235,000 to \$249,999	7	190,494	238,356	2	184,865	238,867
\$250,000 to \$264,999	1	200,575	250,093	2	198,623	258,345
\$265,000 to \$279,999	4	218,860	267,601	1	223,125	275,773
\$280,000 to \$294,999	2	238,607	285,041	2	222,813	284,487
\$295,000 to \$309,999	2	244,800	302,802	5	244,800	305,878
\$310,000 to \$324,999	6	248,100	313,484	6	252,300	314,773
\$340,000 to \$354,999	1	296,966	350,741	1	296,966	350,185
\$355,000 to \$369,999	1	272,763	359,789	–	–	–
\$370,000 to \$384,999	–	–	–	1	272,763	376,946
<b>Total <sup>1</sup></b>	<b>27</b>			<b>25</b>		

1 'Substantive' capacity refers to the permanent role that the employee performs at 30 June.

2 The total remuneration package disclosed in this table excludes a potential performance bonus of up to 15% of base salary.

**Note 14: Remuneration of auditors**

	2010 \$	2009 \$
Financial statement audit services were provided free of charge to ASIC.		
The fair value <sup>1</sup> of that service during the reporting period is:	172,360	158,420

No other services were provided by the Auditor-General.

1 Remuneration of auditors for 2008–09 is \$28,516 higher than the amount reported in the 2008–09 financial statements. Previously this cost was disclosed in the Schedule of Administered Items.

## Note 15: Financial instruments

	2010 \$'000	2009 \$'000
<b>Note 15A: Categories of financial instruments</b>		
<b>Financial assets</b>		
Loans and receivables:		
Cash and cash equivalents	189	2,950
Receivables for goods and services (net of allowance for doubtful debts)	1,984	1,893
<b>Carrying amount of financial assets</b>	<b>2,173</b>	<b>4,843</b>
<b>Financial liabilities</b>		
At amortised cost:		
Trade creditors	22,436	16,183
<b>Carrying amount of financial liabilities</b>	<b>22,436</b>	<b>16,183</b>
<b>Note 15B: Net income and (expense) from financial assets</b>		
Loans and receivables		
Impairment	26	(130)
<b>Net gain / (expense) from financial assets</b>	<b>26</b>	<b>(130)</b>
<b>Note 15C: Net income and (expense) from financial liabilities</b>		
Financial liabilities – at amortised cost		
Interest expense	–	(3)

### Note 15D: Fair values of financial instruments

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

### Note 15E: Credit risk

ASIC is exposed to minimal credit risk as loans and receivables are cash and trade receivables. The maximum exposure to credit risk is the risk that arises from potential default of a debtor. This amount is equal to the total amount of trade receivables, 2010: \$2,319,998 (2009: \$2,262,411). ASIC has assessed the risk of the default on payment for each receivable and has allocated \$335,502 in 2010 (2009: \$369,068) to an allowance for doubtful debts account.

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

ASIC holds no collateral to mitigate against credit risk.

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

**Note 15: Financial instruments (continued)****Note 15E: Credit risk (continued)**

	Not past due nor impaired 2010 \$'000	Not past due nor impaired 2009 \$'000	Past due or impaired 2010 \$'000	Past due or impaired 2009 \$'000
<b>Loans and receivables</b>				
Cash and cash equivalents	189	2,950	–	–
Receivables for goods and services (gross)	1,875	1,832	445	430
<b>Total</b>	<b>2,064</b>	<b>4,782</b>	<b>445</b>	<b>430</b>

Ageing of financial assets that are past due but not impaired for 2010:

	Overdue by				
	0 to 30 days \$'000	31 to 60 days \$'000	61 to 90 days \$'000	More than 90 days \$'000	Total \$'000
<b>Loans and receivables</b>					
Receivables for goods and services	18	3	–	88	109
<b>Total</b>	<b>18</b>	<b>3</b>	<b>–</b>	<b>88</b>	<b>109</b>

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

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

**Note 15F: Liquidity risk**

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

All ASIC's financial liabilities as at 30 June 2010 and 30 June 2009 are payable within one year.

As at 30 June 2010 ASIC has no financial liabilities payable on demand (2009: nil).

**Note 15G: Market risk****Currency risk**

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

**Interest rate risk**

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

## Note 16: Income administered on behalf of Government

Revenue	2010 \$'000	2009 \$'000
<b>Note 16A: Non-taxation revenue</b>		
Corporations Act fees <sup>1</sup>	505,553	479,002
Corporations Act fines	75,956	72,726
<i>Corporations Act fees and fines</i>	<b>581,509</b>	<b>551,728</b>
Moneys received from banks and deposit taking institutions in respect of accounts inactive for seven or more years	53,740	45,216
Moneys received from life insurance institutions and friendly societies for policies not claimed within seven years	4,629	6,972
<b>Total non-taxation revenue</b>	<b>639,878</b>	<b>603,916</b>

### Corporations Act fees and fines

	2010 \$'000	2010 \$'000	2010 \$'000	2009 \$'000	2009 \$'000	2009 \$'000
	Fees	Fines	Total	Fees	Fines	Total
Mandatory collections <sup>1</sup>	454,078	74,616	528,694	429,482	72,250	501,732
Information broker fees <sup>2</sup>	50,827	–	50,827	48,878	–	48,878
Other fees <sup>2</sup>	648	–	648	642	–	642
Court receivables <sup>3</sup>	–	1,340	1,340	–	476	476
	<b>505,553</b>	<b>75,956</b>	<b>581,509</b>	<b>479,002</b>	<b>72,726</b>	<b>551,728</b>

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

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

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

**Note 17: Expenses administered on behalf of Government**

Expenses	Notes	2010 \$'000	2009 \$'000
<b>Note 17A: Grants</b>			
Private sector:			
Insolvency practitioners <sup>1</sup>		3,130	3,076
<b>Total grants</b>		<b>3,130</b>	<b>3,076</b>
 <sup>1</sup> 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.			
<b>Note 17B: Write-down and impairment of assets</b>			
Bad and doubtful debts expense		30,065	26,963
Waiver of fees and charges owing		3,072	2,012
<b>Total write-down and impairment of assets</b>	18B	<b>33,137</b>	<b>28,975</b>
<b>Note 17C: Other expenses</b>			
Refunds paid to bank and deposit taking institution account holders	25C	28,024	26,122
Refunds paid to life insurance policy holders	25C	3,716	4,793
<b>Total other expenses</b>		<b>31,740</b>	<b>30,915</b>

## Note 18: Assets administered on behalf of Government

Financial assets	Notes	2010 \$'000	2009 \$'000
<b>Note 18A: Cash and cash equivalents</b>			
Cash at bank and on hand – Corporations Act		1,430	2,535
Cash at bank – Banking Act		456	456
Cash at bank – Life Insurance Act		5	5
Cash at bank – Insolvency law reform		1,126	76
<b>Total cash and cash equivalents</b>	24A	<b>3,017</b>	<b>3,072</b>
<b>Note 18B: Receivables</b>			
<b>Corporations Act:</b>			
Corporations Act fees and charges		114,344	110,741
Information brokers fees		5,209	5,661
<b>Other receivables:</b>			
GST receivable from ATO		152	76
<b>Total receivables (gross)</b>		<b>119,705</b>	<b>116,478</b>
Less: impairment allowance account:			
Corporations Act		32,759	30,157
<b>Total receivables (net)</b>		<b>86,946</b>	<b>86,321</b>
Receivables were aged as follows:			
Not overdue		59,812	58,762
Overdue by:			
Less than 30 days		14,348	14,977
30 to 60 days		8,089	6,962
61 to 90 days		3,607	3,442
More than 90 days		33,849	32,335
<b>Total receivables (gross)</b>		<b>119,705</b>	<b>116,478</b>
The impairment allowance account is aged as follows:			
Not overdue		384	388
Overdue by:			
Less than 30 days		810	719
30 to 60 days		1,198	965
61 to 90 days		983	773
More than 90 days		29,384	27,312
<b>Total impairment allowance account</b>		<b>32,759</b>	<b>30,157</b>
Receivables are due from entities that are not part of the Australian Government.			
<b>Reconciliation of the movement in the impairment allowance account</b>			
Opening balance 1 July		30,157	25,203
Amounts written off	31	(27,463)	(22,009)
Amounts waived	31	(3,072)	(2,012)
Increase in allowance for doubtful debts recognised as an expense		33,137	28,975
<b>Closing balance</b>		<b>32,759</b>	<b>30,157</b>



**Note 19: Liabilities administered on behalf of Government**

Payables	Note	2010 \$'000	2009 \$'000
<b>Note 19: Suppliers</b>			
Corporations Act refunds <sup>1</sup>		4,410	3,111
Unallocated moneys – Corporations Act <sup>1</sup>		2,431	2,373
Grants payable <sup>2</sup>	24A	985	930
<b>Total suppliers</b>		<b>7,826</b>	<b>6,414</b>

All supplier payables are entities that are not part of the Australian Government.

1 All supplier payables are expected to be settled within 12 months. Settlement is usually made within 30 days.

2 Settlement is usually made according to the terms and conditions of each grant. This is usually within 30 days of performance and eligibility.

**Note 20: Administered reconciliation table**

<i>Opening administered assets less administered liabilities as at 1 July</i>	82,979	81,280
Plus: Administered revenues	639,878	603,916
Less: Administered expenses	(68,007)	(62,966)
Administered transfers (to) / from Australian Government:	–	–
Appropriation transfers from OPA:		
Special appropriations (unlimited)	40,854	40,120
Transfers to OPA	(613,567)	(579,371)
<i>Closing administered assets less administered liabilities as at 30 June</i>	<b>82,137</b>	<b>82,979</b>

**Note 21: Administered cash flow reconciliation****Reconciliation of net contribution to budget outcome to net cash provided by operating activities**

Net contribution to budget outcome	571,871	540,950
Increase / (decrease) in allowance for doubtful debts	2,602	4,954
Increase in payables and provisions	1,412	1,571
(Increase) in receivables	(3,227)	(8,216)
	787	(1,691)
<b>Net cash provided by operating activities</b>	<b>572,658</b>	<b>539,259</b>

**Note 22: Administered contingent liabilities****Quantifiable administered contingencies**

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

**Unquantifiable administered contingencies**

There are no unquantifiable administered contingent liabilities.

## Note 23: Administered contingent assets

There are no administered contingent assets.

## Note 24: Administered financial instruments

	2010 \$'000	2009 \$'000
<b>Note 24A: Categories of financial instruments</b>		
<b>Financial assets</b>		
Cash and cash equivalents	3,017	3,072
<b>Financial liabilities</b>		
At amortised cost:		
Grants payable	985	930

### Note 24B: Fair values of financial instruments

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

### Note 24C: Credit risk

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

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

### Note 24D: Liquidity risk

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

All administered financial liabilities as at 30 June 2010 and 30 June 2009 are payable within one year.

## Note 25: Appropriations

Table A1: Acquittal of authority to draw cash from the Consolidated Revenue Fund (CRF) for ordinary annual services appropriations

Particulars	Administered expenses <i>Outcome 1</i>		Departmental outputs		Total	
	2010 \$'000	2009 \$'000	2010 \$'000	2009 \$'000	2010 \$'000	2009 \$'000
Balance brought forward from previous period (Appropriation Acts)	1,234	419	68,024	88,861	69,258	89,280
<i>Appropriation Act:</i>						
Appropriation Act (No. 1) 2009–2010 as passed	3,441	3,424	344,776	298,963	348,217	302,387
Appropriation Act (No. 3) 2009–2010 as passed	–	–	–	11,163	–	11,163
Appropriations reduced (Appropriation Act sections 10, 11 & 12) <sup>1</sup>	(347)	–	(247)	(156)	(594)	(156)
FMA Act:						
Appropriations to take account of recoverable GST (FMA Act section 30A) <sup>2</sup>	340	198	16,666	13,856	17,006	14,054
Relevant agency receipts (FMA Act section 31)			10,119	8,104	10,119	8,104
Total appropriation available for payments	4,668	4,041	439,338	420,791	444,006	424,832
Cash payments made during the year (GST inclusive)	(3,525)	(2,807)	(353,595)	(322,767)	(357,120)	(325,574)
Appropriations credited to special accounts (GST exclusive)	–	–	(30,000)	(30,000)	(30,000)	(30,000)
<b>Balance of authority to draw cash from the Consolidated Revenue Fund for ordinary annual services appropriations and as represented by:</b>						
Cash at bank and on hand	1,143	1,234	55,743	68,024	56,886	69,258
Departmental appropriations receivable for ordinary annual services	1,126	76	189	2,950	1,315	3,026
Undrawn, unapplied administered appropriations	–	1,158	55,554	65,074	55,554	65,074
Adjustments under section 101.13 of the Finance Minister's Orders not reflected above <sup>3</sup>	17	–	–	–	–	1,158
<b>Balance as at 30 June</b>	<b>1,143</b>	<b>1,234</b>	<b>55,743</b>	<b>68,024</b>	<b>56,886</b>	<b>69,258</b>

1 The amount in this line for administered expenses relates to 2008–09 funding not required. The amount in this line for departmental outputs relates to the Finance Minister's 'Determination to Reduce Appropriations Upon Request (No. 11 of 2009–2010)'.

2 The amounts in this line item are calculated on an accrual basis to the extent that an expense may have been incurred that includes GST but has not been paid by year end.

3 The amount in this line item for administered expenses relates to the Whole-of-Government savings initiative implemented in the 2009–10 'Portfolio Additional Estimates' budget round.

## Note 25: Appropriations (continued)

Table A2: Acquittal of authority to draw cash from the Consolidated Revenue Fund for ordinary annual services appropriations (Reduction in Administered Items)

Particulars	Administered expenses <i>Outcome 1</i>		Total	
	2010	2009	2010	2009
<b>Reduction in administered items</b>				
Total administered items appropriated 2009–10 (2008–09)	3,441,000.00	3,424,000.00	3,441,000.00	3,424,000.00
Less administered items required by the agency as per <i>Appropriation Act</i> section 11 <sup>1</sup> :				
<i>Appropriation Act (No. 1) 2009–10 (2008–09)</i>	3,131,080.08	3,076,850.05	3,131,080.08	3,076,850.05
To administered items required by ASIC as represented by:				
Spent	2,235,397.12	2,231,225.32	2,235,397.12	2,231,225.32
Retention	895,682.96	845,624.73	895,682.96	845,624.73
<b>Total reduction in administered items – effective 2010–11 (2009–10)</b>	<b>309,919.92</b>	<b>347,149.95</b>	<b>309,919.92</b>	<b>347,149.95</b>

<sup>1</sup> Administered items for 2009–10 will be reduced to these amounts when these financial statements are tabled in the Parliament as part of ASIC's 2009–10 annual report. This reduction is effective in 2010–11 (i.e. the year the report is tabled) and the amounts in the Total Reduction row will be reflected in Table A1 in the 2010–11 financial statements in the row 'Appropriations reduced (Appropriation Act sections 10, 11 & 12)'.

**Note 25: Appropriations (continued)****Table B: Acquittal of authority to draw cash from the Consolidated Revenue Fund (CRF) for other than ordinary annual services appropriations**

Particulars	Non-operating Equity		Total	
	2010 \$'000	2009 \$'000	2010 \$'000	2009 \$'000
Balance brought forward from previous period (Appropriation Acts)	29,103	25,368	29,103	25,368
<i>Appropriation Act:</i>				
<i>Appropriation Act (No. 2) 2009–2010 as passed</i>	9,015	17,117	9,015	17,117
<i>Appropriation Act (No. 4) 2009–2010 as passed</i>	1,050	3,478	1,050	3,478
Appropriations reduced ( <i>Appropriation Act</i> sections 12, 13 & 14) <sup>1</sup>	(1,653)	(3,735)	(1,653)	(3,735)
<i>FMA Act:</i>				
Repayments to the Commonwealth ( <i>FMA Act</i> section 30) <sup>2</sup>	3,401	1,313	3,401	1,313
Total appropriations available for payments	40,916	43,541	40,916	43,541
Cash payments made during the year (GST inclusive)	(37,415)	(14,438)	(37,415)	(14,438)
<b>Balance of authority to draw cash from the consolidated revenue fund for other than ordinary annual services appropriations and as represented by:</b>	<b>3,501</b>	<b>29,103</b>	<b>3,501</b>	<b>29,103</b>
Departmental appropriations receivable for other than ordinary annual services	3,501	29,103	3,501	29,103
<b>Balance as at 30 June</b>	<b>3,501</b>	<b>29,103</b>	<b>3,501</b>	<b>29,103</b>

1 This balance relates to a determination of the Finance Minister to formally reduce ASIC's equity appropriation in respect of the Standard Business Reporting cross-agency project.

2 The amounts in this line item are calculated on an accrual basis to the extent that an expense may have been incurred that includes GST but has not been paid by year end.

## Note 25: Appropriations (continued)

### Note 25C: Acquittal of authority to draw cash from the Consolidated Revenue Fund for special appropriations (unlimited amounts)

ASIC receives special appropriations for refunds of collected moneys 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.

	2010 \$'000	2009 \$'000
<b>Banking Act 1959</b>		
Legal authority – <i>Banking Act 1959</i>		
Purpose – ASIC has responsibility for the administration of unclaimed moneys from banking and deposit taking institutions. Moneys from banking and deposit taking institution accounts that remain inactive for seven or more years are transferred to the Commonwealth, and are deposited into the OPA.		
ASIC receives special appropriations from the OPA (section 69 <i>Banking Act 1959</i> ) to refund amounts to banking and deposit taking institution account holders.		
All transactions under this Act are recognised as administered items.		
Cash payments made during the year	28,024	26,122
Total charged to appropriation	28,024	26,122
Estimated actual	28,882	21,780
<b>Life Insurance Act 1995</b>		
Legal authority – <i>Life Insurance Act 1995</i>		
Purpose – ASIC has responsibility for the administration of unclaimed moneys from life insurance institutions and friendly societies. Moneys in respect of matured life insurance policies that have not been claimed within seven years are transferred to the Commonwealth and are deposited into the OPA.		
ASIC receives special appropriations from the OPA (section 216 <i>Life Insurance Act 1995</i> ) to refund amounts to life insurance policy holders.		
All transactions under this Act are recognised as administered items.		
Cash payments made during the year	3,716	4,793
Total charged to appropriation	3,716	4,793
Estimated actual	4,974	2,760

**Note 25: Appropriations (continued)****Note 25C: Acquittal of authority to draw cash from the Consolidated Revenue Fund for special appropriations (unlimited amounts) (continued)**

	Note	2010 \$'000	2009 \$'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.			
Cash payments made during the year		5,756	5,824
Total charged to appropriation		5,756	5,824
Estimated actual		6,000	6,000

**Corporations Act 2001 (Companies and Unclaimed Moneys Special Account)**Legal authority – *Corporations Act 2001*

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

All transactions of this type under Part 9.7 of this Act are recognised in Note 31: Special Accounts.

Cash payments made during the year	29B	881	767
Total charged to appropriation		881	767
Estimated actual		–	–

**Note 26: 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 Statement of Comprehensive Income of ASIC:

	2010 \$'000	2009 \$'000
Companies Auditors and Liquidators Disciplinary Board	645	1,074
Australian Accounting Standards Board <sup>1</sup>	n/a	1,602
Superannuation Complaints Tribunal	5,015	4,612

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.

<sup>1</sup> The Australian Accounting Standards Board became an FMA agency on 1 July 2009. From that date the AASB has received departmental appropriations directly from the Department of Finance and Deregulation, therefore ASIC has incurred no expenditure in support of the AASB during the year ended 30 June 2010.

## Note 27: 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 28: Security deposits from dealers, investment advisers and liquidators

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

	2010 \$'000	2009 \$'000
<b>Security deposits under Corporations Regulations 2001 regulation 7.6.02AA (dealers and investment advisers)</b>		
Cash (at bank) <sup>1</sup>	63	63
Interest bearing deposits (at bank) <sup>1</sup>	320	320
Inscribed stock	20	20
Insurance bonds	20	20
Bank guarantees	22,550	25,820
<b>Closing balance</b>	<b>22,973</b>	<b>26,243</b>

1 Included in the balance of Security Deposits Special Account in Note 30D.

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

Insurance bonds	1,800	1,800
<b>Closing balance</b>	<b>1,800</b>	<b>1,800</b>



## Note 29: Special Accounts

	2010 \$'000	2009 \$'000
<b>Note 29A: Enforcement Special Account (Departmental)</b>		
Legal authority – section 20(1) <i>Financial Management and Accountability Act 1997</i> and <i>Financial Management and Accountability Determination 2006/31 – Enforcement Special Account Establishment 2006</i>		
Appropriation – section 20 <i>Financial Management and Accountability Act 1997</i>		
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 matters of significant public interest.		
Balance carried forward from previous year	32,912	26,806
Appropriation for the reporting period	30,000	30,000
Available for payments	62,912	56,806
Costs recovered	815	–
Cash payments from the Special Account <sup>1</sup>	(57,219)	(23,894)
Balance available to draw down next year <sup>2</sup>	6,508	32,912
Represented by:		
Cash – held in the OPA	6,508	32,912

<sup>1</sup> For the year ended 30 June 2010 ASIC recognised ESA revenue of \$54.073m (2009: \$27.097m), of which \$57.219m (2009: \$23.894m) was drawn down in cash during the year.

### Note 29B: Companies and Unclaimed Moneys Special Account (Administered) – established 1 July 2007

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

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

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

## Note 29: Special Accounts (continued)

	2010 \$'000	2009 \$'000
<b>Note 29B: Companies and Unclaimed Moneys Special Account (Administered) – established 1 July 2007 (continued)</b>		
<b>Table A – Special Account</b>		
Balance carried forward from previous year	8,902	9,378
Appropriation for the reporting period	881	767
Receipts during the year	43,599	72,588
Interest amounts credited	611	514
Investments realised	18,000	11,000
Available for payments	71,993	94,247
Cash transferred to Consolidated Revenue	(9,974)	(9,053)
Investments made from the Special Account	(12,000)	(46,000)
Disbursements	(30,212)	(26,760)
Administration costs	(880)	(584)
Special purpose disbursement	(11,712)	(2,948)
Balance carried to next period (excluding investment balances) and represented by:	7,215	8,902
Cash – held by ASIC	7,215	8,902

### Table B – Special Account investment of Public Money

Special Appropriations under section 39 of the FMA Act		
Balance carried forward from previous year	261,692	214,262
Investments made from the Special Account	12,000	46,000
Investment income	8,929	12,430
Investments realised	(18,000)	(11,000)
Balance carried to next period	264,621	261,692

### Note 29C: Deregistered Companies Trust Moneys Special Account (Trust)

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

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

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

Balance carried forward from previous year	698	4,636
Receipts during the year	68	358
Interest received	32	79
Disbursements	(58)	(4,375)
<b>Closing balance</b>	<b>740</b>	<b>698</b>

**Note 29: Special Accounts (continued)**

	2010 \$'000	2009 \$'000
<b>Note 29D: ASIC Security Deposits Special Account (Trust)</b>		
Legal authority – section 20(1) <i>Financial Management and Accountability Act 1997</i> and <i>Financial Management and Accountability Determination 2008/03 – ASIC Security Deposits Special Account Establishment 2008</i>		
Appropriation – section 20 <i>Financial Management and Accountability Act 1997</i>		
Purpose – The ASIC Security Deposits Special Account was established by a determination of the Finance Minister on 18 February 2008 to manage security deposits lodged with ASIC by registered liquidators, licensed securities dealers, licensed investment advisers and financial services licensees.		
Balance carried forward from previous year	383	423
Disbursements	–	(40)
<b>Closing balance</b>	<b>383</b>	<b>383</b>

**Note 29E: ASIC Investigations, Legal Proceedings, Settlements and Court Orders Special Account (Trust)**

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

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

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

Balance carried forward from previous year	87	124
Receipts during the year	22,005	14
Interest received	152	4
Disbursements	(8,523)	(55)
<b>Closing balance</b>	<b>13,721</b>	<b>87</b>

**Note 29F: Other Trust Moneys Special Account (Administered)**

Balance carried forward from previous year	1	–
Transfer from Security deposits – dealers and investment advisers	–	–
Receipts during the year	17	53
Disbursements	(18)	(52)
Balance carried to next period	–	1

**Note 29G: Services for Other Governments and Non-Agency Bodies Special Account (Administered)**

This Special Account was established on 31 December 1997 by the Department of Finance and Deregulation in accordance with the terms of section 20 of the FMA Act (Services for Other Governments and Non-Agency Bodies Account). This account was closed on 11 September 2009.

## Note 30: Reporting of outcomes

From 2009–10 ASIC's outcome structure was redefined as a result of a whole-of-Government review conducted by the Department of Finance and Deregulation. The 2008–09 comparatives have been prepared on the same basis. ASIC's revised outcomes are:

Outcome 1: Improved confidence in financial market integrity and protection of investors and consumers through research, policy, education, compliance and deterrence that mitigates emerging risks

Outcome 2: Streamlined and cost effective interaction and access to information for business and the public, through registry, licensing and business facilitation services.

### Note 30A: Net (cost) / contribution of outcome delivery

	Outcome 1		Outcome 2		Total	
	2010	2009	2010	2009	2010	2009
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Expenses</b>						
Administered	3,130	3,076	64,877	59,890	68,007	62,966
Departmental	301,525	240,116	85,045	54,705	386,570	294,821
<b>Total expenses</b>	<b>304,655</b>	<b>243,192</b>	<b>149,922</b>	<b>114,595</b>	<b>454,577</b>	<b>357,787</b>
<b>Income from the non-Government sector</b>						
Administered						
Non-taxation revenue	–	–	639,878	603,916	639,878	603,916
Total administered	–	–	639,878	603,916	639,878	603,916
Departmental						
Activities subject to cost recovery	1,627	1,754	–	–	1,627	1,754
Other	2,019	–	569	2,079	2,588	2,079
Total departmental	3,646	1,754	569	2,079	4,215	3,833
<b>Total income from the non-Government sector</b>	<b>3,646</b>	<b>1,754</b>	<b>640,447</b>	<b>605,995</b>	<b>644,093</b>	<b>607,749</b>
<b>Net (cost) / contribution of outcome delivery</b>	<b>(301,009)</b>	<b>(241,438)</b>	<b>490,525</b>	<b>491,400</b>	<b>189,516</b>	<b>249,962</b>

The above table excludes intra-Government transactions.

The 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 \$189.516m (2009: \$249.962m). 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 Statement of Comprehensive Income.

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 16 and 17 respectively.

**Note 30: Reporting of outcomes (continued)****Note 30B: Major classes of departmental expenses, income, assets and liabilities by outcomes**

	Outcome 1		Outcome 2		Not attributed		Total	
	2010	2009	2010	2009	2010	2009	2010	2009
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Departmental expenses</b>								
Employee benefits	162,421	144,137	45,811	32,655	–	–	208,232	176,792
Supplier expenses	114,863	79,302	32,397	18,163	–	–	147,260	97,465
Depreciation and amortisation	21,735	15,588	6,130	3,603	–	–	27,865	19,191
Finance costs	381	383	107	85	–	–	488	468
Write-down and impairment of assets	2,115	699	597	197	–	–	2,712	896
Losses from asset sales	10	7	3	2	–	–	13	9
<b>Total departmental expenses</b>	<b>301,525</b>	<b>240,116</b>	<b>85,045</b>	<b>54,705</b>	<b>–</b>	<b>–</b>	<b>386,570</b>	<b>294,821</b>
<b>Departmental income</b>								
Rendering of services	2,913	2,739	821	631	–	–	3,734	3,370
Royalties	195	190	55	46	–	–	250	236
Other revenues	5,622	2,697	1,586	339	–	–	7,208	3,036
Other gains	134	128	38	30	–	–	172	158
Revenues from Government	288,779	250,285	81,450	57,511	–	–	370,229	307,796
<b>Total departmental income</b>	<b>297,643</b>	<b>256,039</b>	<b>83,950</b>	<b>58,557</b>	<b>–</b>	<b>–</b>	<b>381,593</b>	<b>314,596</b>
<b>Departmental assets</b>								
Cash and cash equivalents	–	–	–	–	189	2,950	189	2,950
Trade and other receivables	56,196	87,776	15,850	20,590	–	–	72,046	108,366
Leasehold improvements	53,096	21,905	14,976	5,138	–	–	68,072	27,043
Plant and equipment	18,637	13,965	5,256	3,276	–	–	23,893	17,241
Intangibles	64,437	42,241	18,174	9,908	–	–	82,611	52,149
Other non-financial assets	6,451	3,440	1,820	807	–	–	8,271	4,247
<b>Total departmental assets</b>	<b>198,817</b>	<b>169,327</b>	<b>56,076</b>	<b>39,719</b>	<b>189</b>	<b>2,950</b>	<b>255,082</b>	<b>211,996</b>
<b>Departmental liabilities</b>								
Suppliers	17,500	13,108	4,936	3,075	–	–	22,436	16,183
Other payables	45,047	29,282	9,617	3,918	–	–	54,664	33,200
Employee provisions	39,055	35,099	11,016	8,233	–	–	50,071	43,332
Other provisions	8,516	5,424	2,402	1,272	–	–	10,918	6,696
<b>Total departmental liabilities</b>	<b>110,118</b>	<b>82,913</b>	<b>27,971</b>	<b>16,498</b>	<b>–</b>	<b>–</b>	<b>138,089</b>	<b>99,411</b>

The income and expenses disclosed in this table include intra-Government transactions that are eliminated in calculating the 'Net (cost) / contribution of outcome delivery' in Note 30A.

## Note 30: Reporting of outcomes (continued)

### Note 30C: Major classes of administered expenses, income, assets and liabilities by outcomes

	Outcome 1		Outcome 2		Not attributed		Total	
	2010	2009	2010	2009	2010	2009	2010	2009
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Administered expenses</b>								
Grants	3,130	3,076	–	–	–	–	3,130	3,076
Write-down and impairment of assets	–	–	33,137	28,975	–	–	33,137	28,975
Other expenses	–	–	31,740	30,915	–	–	31,740	30,915
<b>Total administered expenses</b>	<b>3,130</b>	<b>3,076</b>	<b>64,877</b>	<b>59,890</b>	<b>–</b>	<b>–</b>	<b>68,007</b>	<b>62,966</b>
<b>Administered income</b>								
Non-taxation revenue	–	–	639,878	603,916	–	–	639,878	603,916
<b>Total administered income</b>	<b>–</b>	<b>–</b>	<b>639,878</b>	<b>603,916</b>	<b>–</b>	<b>–</b>	<b>639,878</b>	<b>603,916</b>
<b>Administered assets</b>								
Cash and cash equivalents	1,126	76	1,891	2,996	–	–	3,017	3,072
Receivables	–	–	86,946	86,321	–	–	86,946	86,321
<b>Total administered assets</b>	<b>1,126</b>	<b>76</b>	<b>88,837</b>	<b>89,317</b>	<b>–</b>	<b>–</b>	<b>89,963</b>	<b>89,393</b>
<b>Administered liabilities</b>								
Suppliers	985	152	6,841	6,414	–	–	7,826	6,414
<b>Total administered liabilities</b>	<b>985</b>	<b>152</b>	<b>6,841</b>	<b>6,414</b>	<b>–</b>	<b>–</b>	<b>7,826</b>	<b>6,414</b>

The income and expenses disclosed in this table include intra-Government transactions that are eliminated in calculating the 'Net (cost) / contribution of outcome delivery' in Note 30A.

**Note 31: Compensation and debt relief**

	2010 \$'000	2009 \$'000
<b>Departmental</b>		
Expenses incurred in relation to one (2009: four) matter dealt with under the Compensation for Detriment caused by Defective Administration scheme during the reporting period	2	43

**Administered**

Included in the bad and doubtful debts expense in the Schedule of Administered Items are amounts written off under section 47 of the FMA Act. The number and aggregate amount of Commonwealth moneys written off during the financial year under this section is 160,948 items totalling \$27,463,323 (2009: 122,441 items totalling \$22,008,675).

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 147,099 items totalling \$3,071,808 (2009: 14,241 items totalling \$2,011,653).

End of financial statements

# Glossary

<b>ABA</b>	Australian Bankers' Association	<b>G20</b>	The Group of Twenty Finance Ministers and Central Bank Governors
<b>ACC</b>	Australian Crime Commission	<b>GDP</b>	gross domestic product
<b>ACCC</b>	Australian Competition and Consumer Commission	<b>GFC</b>	global financial crisis
<b>ACT</b>	Australian Capital Territory	<b>HOCOLEA</b>	Heads of Commonwealth Operational Law Enforcement Agencies
<b>AFCRCRA</b>	Australian Financial Counselling and Credit Reform Association	<b>IAIR</b>	International Association of Insolvency Regulators
<b>AFMA</b>	Australian Financial Markets Association	<b>ICA</b>	Insurance Council of Australia
<b>AFS licence</b>	Australian financial services licence	<b>ICAA</b>	Institute of Chartered Accountants in Australia
<b>AIA</b>	Australian Investors' Association	<b>IFIAR</b>	International Forum of Independent Audit Regulators
<b>AICD</b>	Australian Institute of Company Directors	<b>IFSA</b>	Investment and Financial Services Association (now called the Financial Services Council)
<b>AIMA</b>	Alternative Investment Management Association	<b>IMF</b>	International Monetary Fund
<b>APRA</b>	Australian Prudential Regulation Authority	<b>IOSCO</b>	International Organization of Securities Commissions
<b>APS</b>	Australian Public Service	<b>IPO</b>	initial public offering
<b>ASA</b>	Australian Shareholders Association	<b>JORC</b>	Joint Ore Reserves Committee
<b>ASFA</b>	Association of Superannuation Funds of Australia Limited	<b>MIS</b>	managed investment scheme
<b>ASIC</b>	Australian Securities and Investments Commission	<b>NSW</b>	New South Wales
<b>ASIC Act</b>	Australian Securities and Investments Commission Act 2001	<b>NT</b>	Northern Territory
<b>ASX</b>	Australian Securities Exchange	<b>NZ</b>	New Zealand
<b>ASX 24</b>	the market formerly known as SFE	<b>OECD</b>	Organisation for Economic Cooperation and Development
<b>ATO</b>	Australian Taxation Office	<b>OTC</b>	over the counter
<b>AWA</b>	Australian Workplace Agreement	<b>PDS</b>	product disclosure statement
<b>BCA</b>	Business Council of Australia	<b>Public Service Act</b>	Public Service Act 1999
<b>CAMAC</b>	Corporations and Markets Advisory Committee	<b>Qld</b>	Queensland
<b>CAP</b>	Consumer Advisory Panel	<b>RBA</b>	Reserve Bank of Australia
<b>CDPP</b>	Commonwealth Director of Public Prosecutions	<b>RPG</b>	Regulatory Policy Group
<b>CDS</b>	credit default swap	<b>SA</b>	South Australia
<b>CEO</b>	Chief Executive Officer	<b>SAA</b>	Stockbrokers Association of Australia (formerly known as SDIA)
<b>CFA</b>	Consumers' Federation of Australia	<b>SBR</b>	Standard Business Reporting
<b>CFD</b>	contract for difference	<b>SEL</b>	Senior Executive Leader
<b>COFR</b>	Council of Financial Regulators	<b>SES</b>	Senior Executive Service
<b>Corporations Act</b>	Corporations Act 2001	<b>SFE</b>	Sydney Futures Exchange (now known as ASX 24)
<b>CPSS</b>	Committee on Payment and Settlement Systems	<b>SME</b>	small to medium enterprise
<b>EDGE</b>	ASIC's electronic document lodgement system	<b>Tas.</b>	Tasmania
<b>FIDO</b>	ASIC's website for consumers and investors	<b>UK</b>	United Kingdom
<b>FMA Act</b>	Financial Management and Accountability Act 1997	<b>US</b>	United States
<b>FPA</b>	Financial Planning Association	<b>Vic.</b>	Victoria
<b>FRC</b>	Financial Reporting Council	<b>WA</b>	Western Australia
<b>FTE</b>	full-time equivalent		



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