

Part five
Financial statements





INDEPENDENT AUDITOR'S REPORT

To the Treasurer

Scope

I have audited the accompanying financial statements of the Australian Competition and Consumer Commission (the Commission) for the year ended 30 June 2010, which comprise: a Statement by the Chairman, Chief Executive Officer and Chief Finance 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 Chief Executive for the Financial Statements

The Commission's Chief Executive 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 statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Commission's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of

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expressing an opinion on the effectiveness of the Commission's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Commission's Chief Executive, 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 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 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



John Jones
Executive Director

Delegate of the Auditor-General

Canberra
26 August 2010

AUSTRALIAN COMPETITION & CONSUMER COMMISSION

STATEMENT BY THE CHAIRMAN, CHIEF EXECUTIVE OFFICER AND CHIEF FINANCE 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.



Graeme Samuel
Chairman

25 August 2010



Brian Cassidy
Chief Executive Officer

26 August 2010



Adrian Brocklehurst
Chief Finance Officer

26 August 2010

AUSTRALIAN COMPETITION & CONSUMER COMMISSION
STATEMENT OF COMPREHENSIVE INCOME
for the period ended 30 June 2010

	Notes	2010 \$'000	2009 \$'000
EXPENSES			
Employee benefits	3A	79,009	72,338
Supplier expenses	3B	62,372	58,635
Depreciation and amortisation	3C	4,145	2,986
Finance costs	3D	92	-
Write-down and impairment of assets	3E	46	82
Losses from asset sales	3F	-	-
Other expenses	3G	-	572
Total Expenses		145,664	134,613
LESS:			
OWN-SOURCE INCOME			
Own-source revenue			
Sale of goods and rendering of services	4A	565	508
Other revenue	4B	293	802
Total own-source revenue		858	1,310
Gains			
Sale of assets	4C	-	6
Other gains	4D	3,346	755
Total Gains		3,346	761
Total own-source income		4,204	2,071
Net cost of services		141,460	132,542
Revenue from Government	4E	142,892	132,555
Surplus (Deficit) on continuing operations		1,432	13
OTHER COMPREHENSIVE INCOME			
Changes in asset revaluation reserves		-	2,217
Total other comprehensive income		-	2,217
Total comprehensive income attributable to the Australian Government		1,432	2,230

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

AUSTRALIAN COMPETITION & CONSUMER COMMISSION
BALANCE SHEET
as at 30 June 2010

	Notes	2010 \$'000	2009 \$'000
ASSETS			
Financial assets			
Cash and cash equivalents	5A	1,403	1,783
Trade and other receivables	5B	53,908	57,028
Total financial assets		<u>55,311</u>	<u>58,811</u>
Non-financial assets			
Leasehold improvements	6A,C	12,631	9,561
Property, plant and equipment	6B,C	7,722	6,075
Intangibles	6D	2,927	1,145
Inventories	6E	36	28
Other non-financial assets	6F	1,364	1,304
Total non-financial assets		<u>24,680</u>	<u>18,113</u>
Total Assets		<u><u>79,991</u></u>	<u><u>76,924</u></u>
LIABILITIES			
Payables			
Suppliers	7A	5,606	5,472
Other payables	7B	6,505	4,283
Total payables		<u>12,111</u>	<u>9,755</u>
Provisions			
Employee provisions	8A	21,464	18,526
Other provisions	8B	1,361	5,081
Total provisions		<u>22,825</u>	<u>23,607</u>
Total Liabilities		<u><u>34,936</u></u>	<u><u>33,362</u></u>
Net Assets		<u><u>45,055</u></u>	<u><u>43,562</u></u>
EQUITY			
Parent Entity Interest			
Contributed equity		40,102	40,041
Reserves		3,538	3,538
Retained Surplus (Accumulated deficit)		1,415	(17)
Total Parent Equity Interest		<u>45,055</u>	<u>43,562</u>
Total Equity		<u><u>45,055</u></u>	<u><u>43,562</u></u>

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

AUSTRALIAN COMPETITION & CONSUMER COMMISSION
STATEMENT OF CHANGES IN EQUITY
for the period ended 30 June 2010

	Retained Earnings		Asset Revaluation Reserves		Contributed Equity/Capital		Total Equity	
	2010 \$'000	2009 \$'000	2010 \$'000	2009 \$'000	2010 \$'000	2009 \$'000	2010 \$'000	2009 \$'000
Opening Balance	(17)	919	3,538	1,321	40,041	34,098	43,562	36,338
Balance carried forward from previous period	-	-	-	-	-	-	-	-
Adjustment for errors	-	-	-	-	-	-	-	-
Adjustment for changes in accounting policies	-	-	-	-	-	-	-	-
Adjusted Opening Balance	(17)	919	3,538	1,321	40,041	34,098	43,562	36,338
Comprehensive income								
Other comprehensive income ¹	-	-	-	2,217	-	-	-	2,217
Surplus/(Deficit) for the period	1,432	13	-	-	-	-	1,432	13
Total comprehensive income	1,432	13	-	2,217	-	-	1,432	2,230
of which:								
Attributable to the Australian Government	1,432	13	-	2,217	-	-	1,432	2,230
Transactions with Owners								
Distributions to owners								
Appropriation return (FMA Act s32 transfer of appropriation)	-	(949)	-	-	-	-	-	(949)
Contributions by Owners								
Appropriation (equity injection)	-	-	-	-	61	5,943	61	5,943
Sub-total Transactions with Owners	-	(949)	-	-	61	5,943	61	4,994
Closing Balance as at 30 June	1,415	(17)	3,538	3,538	40,102	40,041	45,055	43,562
Closing balance attributable to the Australian Government	1,415	(17)	3,538	3,538	40,102	40,041	45,055	43,562

¹ 2008-09 figure includes increment of \$713,231 relating to the revaluation of Leasehold Improvement and Plant an Equipment assets and \$1,504,015 relating to the revaluation of Provision for Makegood Liabilities.

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

AUSTRALIAN COMPETITION & CONSUMER COMMISSION
CASH FLOW STATEMENT
for the period ended 30 June 2010

	Notes	2010 \$'000	2009 \$'000
OPERATING ACTIVITIES			
Cash received			
Goods and services		637	476
Appropriations		146,287	131,252
Net GST received		5,709	5,755
Other cash received		336	882
Total cash received		<u>152,969</u>	<u>138,365</u>
Cash used			
Employees		75,503	68,850
Suppliers		67,281	63,181
Other cash used		730	2,455
Total cash used		<u>143,514</u>	<u>134,486</u>
Net cash from or (used by) operating activities	9	<u>9,455</u>	<u>3,879</u>
INVESTING ACTIVITIES			
Cash received			
Proceeds from sales of property, plant and equipment		-	7
Total cash received		<u>-</u>	<u>7</u>
Cash used			
Purchase of property, plant and equipment		3,503	1,996
Purchase of leasehold improvements		5,486	1,609
Purchase of intangibles		2,923	357
Total cash used		<u>11,912</u>	<u>3,962</u>
Net cash from or (used by) investing activities		<u>(11,912)</u>	<u>(3,955)</u>
FINANCING ACTIVITIES			
Cash received			
Appropriations - contributed equity		2,077	691
Total cash received		<u>2,077</u>	<u>691</u>
Cash used			
Repayment of borrowings		-	-
Other		-	-
Total cash used		<u>-</u>	<u>-</u>
Net cash from or (used by) financing activities		<u>2,077</u>	<u>691</u>
Net increase / (decrease) in cash held		<u>(380)</u>	<u>615</u>
Cash and cash equivalents at the beginning of the reporting period		1,783	1,168
Cash and cash equivalents at the end of the reporting period	5A	<u>1,403</u>	<u>1,783</u>

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

AUSTRALIAN COMPETITION & CONSUMER COMMISSION
 SCHEDULE OF COMMITMENTS
 as at 30 June 2010

	2010 \$'000	2009 \$'000
BY TYPE		
Commitments receivable		
GST recoverable on commitments	8,390	8,275
Total commitments receivable	8,390	8,275
Commitments payable		
Other Commitments		
Operating leases ¹	84,651	80,021
Contract for IT services ²	3,872	5,040
Other commitments ³	3,766	5,957
Total other commitments	92,289	91,018
Net commitments by type	83,899	82,743
BY MATURITY		
Commitments receivable		
One year or less	1,332	1,476
From one to five years	3,926	3,411
Over five years	3,132	3,388
Total commitments receivable	8,390	8,275
Commitments payable		
Operating lease commitments		
One year or less	8,789	8,279
From one to five years	41,412	34,475
Over five years	34,450	37,267
Total Operating lease commitments	84,651	80,021
Other commitments		
One year or less	5,858	7,956
From one to five years	1,780	3,041
Total other commitments by maturity	7,638	10,997
Net commitments by maturity	83,899	82,743

NB: All commitments are GST inclusive where relevant.

¹ Operating leases included are effectively non-cancellable and comprise:

Leases for office accommodation

Lease payments are subject to annual increases of between 3% and 5% per annum. Lease terms are between two and fifteen years with the majority of leases containing an option to renew for a further term of up to ten years.

Agreement for the provision of motor vehicles to senior executive officers

No contingent rentals exist. There are no renewal or purchase options available to the Commission.

² Various contracts for Information Technology services

³ Other commitments mainly include contracts for the provision of consultancy services

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

AUSTRALIAN COMPETITION & CONSUMER COMMISSION
SCHEDULE OF CONTINGENCIES
as at 30 June 2010

	2010 \$'000	2009 \$'000
Contingent liabilities		
Claims for damages or costs	<u>45</u>	<u>313</u>
Total contingent liabilities	<u>45</u>	<u>313</u>

Details of each class of contingent liabilities above are disclosed in Note 10: Contingent Liabilities, along with information on significant remote contingencies and contingencies that cannot be quantified. The Commission has no departmental contingent assets.

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

AUSTRALIAN COMPETITION & CONSUMER COMMISSION
SCHEDULE OF ASSET ADDITIONS
for the period ended 30 June 2010

The following non-financial assets were added in 2009-10:

	Leasehold improvements	Property plant and equipment	Intangibles	Total
	\$'000	\$'000	\$'000	\$'000
By purchase - appropriation equity	-	-	-	-
By purchase - appropriation ordinary annual services	4,957	3,116	2,615	10,688
By purchase - donated funds	-	-	-	-
By purchase - other	-	-	-	-
By finance lease	-	-	-	-
Assets received as gifts/donations	-	-	-	-
From acquisition of entities or operations (including restructuring)	-	-	-	-
Total additions	4,957	3,116	2,615	10,688

The following non-financial assets were added in 2008-09

	Leasehold improvements	Property plant and equipment	Intangibles	Total
	\$'000	\$'000	\$'000	\$'000
By purchase - appropriation equity	-	-	-	-
By purchase - appropriation ordinary annual services	282	1,665	370	2,317
By purchase - donated funds	-	-	-	-
By purchase - other	-	-	-	-
By finance lease	-	-	-	-
Assets received as gifts/donations	-	-	-	-
From acquisition of entities or operations (including restructuring)	-	-	-	-
Total additions	282	1,665	370	2,317

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

AUSTRALIAN COMPETITION & CONSUMER COMMISSION
SCHEDULE OF ADMINISTERED ITEMS

	Notes	2010 \$'000	2009 \$'000
Income Administered on Behalf of Government <i>for the period ended 30 June 2010</i>			
Revenue			
Non-taxation revenue			
Fees and fines	14A	41,564	44,520
Total revenues administered on behalf of Government		<u>41,564</u>	<u>44,520</u>
Gains			
Reversal of previous asset write-downs and impairments	14B	19	663
Total gains administered on behalf of Government		<u>19</u>	<u>663</u>
Total Income Administered on Behalf of Government		<u>41,583</u>	<u>45,183</u>
Expenses Administered on Behalf of Government <i>for the period ended 30 June 2010</i>			
Write-down and impairment of assets	15	1,745	229
Total Expenses Administered on Behalf of Government		<u>1,745</u>	<u>229</u>
Assets Administered on Behalf of Government <i>as at 30 June 2010</i>			
Financial Assets			
Cash and cash equivalents	16A	61	29
Receivables	16B	22,774	4,071
Total Assets Administered on Behalf of Government		<u>22,835</u>	<u>4,100</u>
Liabilities Administered on Behalf of Government <i>as at 30 June 2010</i>			
Payables			
Suppliers	17	-	-
Total Liabilities Administered on Behalf of Government		<u>-</u>	<u>-</u>

This schedule should be read in conjunction with the accompanying notes.

**AUSTRALIAN COMPETITION & CONSUMER COMMISSION
SCHEDULE OF ADMINISTERED ITEMS (continued)**

	Notes	2010 \$'000	2009 \$'000
Administered Cash Flows			
<i>for the year ended 30 June 2010</i>			
OPERATING ACTIVITIES			
Cash received			
Fines and costs		21,120	46,546
Other fees		<u>15</u>	<u>323</u>
Total cash received		<u>21,135</u>	<u>46,869</u>
Net cash from or (used by) operating activities		<u>21,135</u>	<u>46,869</u>
Net increase (decrease) in cash held			
Cash and cash equivalents at the beginning of the reporting period		<u>29</u>	151
Cash to Official Public Account for:			
- Appropriations		<u>(21,103)</u>	<u>(46,991)</u>
Cash and cash equivalents at the end of the reporting period	16A	<u><u>61</u></u>	<u><u>29</u></u>

This schedule should be read in conjunction with the accompanying notes.

AUSTRALIAN COMPETITION & CONSUMER COMMISSION
SCHEDULE OF ADMINISTERED ITEMS (continued)

	2010	2009
	\$'000	\$'000
Administered Contingencies		
<i>as at 30 June 2010</i>		
Administered contingent assets		
Claims for damages or costs ¹	<u>1,224</u>	<u>16,711</u>
Total administered contingent assets	<u>1,224</u>	<u>16,711</u>

¹ Administered activities conducted by the Commission are limited to the collection of fines, costs and fees levied under the *Trade Practices Act*.

Details of each class of administered contingent liabilities and contingent assets above are disclosed in Note 19: Administered Contingent Assets, along with information on significant remote contingencies and contingencies that cannot be quantified. The Commission has no administered contingent liabilities.

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

AUSTRALIAN COMPETITION & CONSUMER COMMISSION
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for the year ended 30 June 2010

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Note 1: Summary of Significant Accounting Policies

1.1 Objectives of the Australian Competition and Consumer Commission (the Commission)

The Commission is an Australian Government controlled entity. The objectives of the Commission are to:

- promote vigorous, lawful competition and informed markets;
- encourage fair trading, protection of consumers and product safety; and
- regulate national infrastructure services (such as communications, bulk water, energy, rail, airports, post and wheat exports) and other markets where there is limited competition.

The Commission's outcome is lawful competition, consumer protection, and regulated national infrastructure markets and services through regulation, including enforcement, education, price monitoring and determining the terms of access to infrastructure services.

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

The Commission's activities contributing towards this outcome are classified as either Departmental or Administered. Departmental activities involve the use of assets, liabilities, revenues and expenses controlled or incurred by the Commission in its own right. Administered activities involve the management or oversight by the Commission, on behalf of the Government, of items controlled or incurred by the Government.

Departmental activities are identified under one program:

- Program 1: Australian Competition and Consumer Commission.

The Commission does not conduct administered activities however fines and penalties collected are returned to the Commonwealth as administered items. Contingent gains are recognised as Administered items, and contingent losses are recognised as Departmental items.

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* and are General Purpose Financial Statements

The Financial Statements and notes have been prepared in accordance with:

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

Unless an alternative treatment is specifically required by an Australian 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 the Commission 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 unrealised are reported in the Schedule of Commitments and the Schedule of Contingencies (other than unquantifiable or remote contingencies, which are reported at Note 10).

Unless an alternative treatment is specifically required by an Accounting Standard, revenues 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.

AUSTRALIAN COMPETITION & CONSUMER COMMISSION
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2010

Administered revenues, expenses, assets and 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 Commission items, except where otherwise stated at Note 1.20.

1.3 Significant Accounting Judgements and Estimates

In the process of applying the accounting policies listed in this note, the Commission has made the following judgements that have the most significant impact on the amounts recorded in the financial statements:

- The fair value of Leasehold Improvements has been taken to be the market value of similar properties as determined by an independent valuer.
- The Australian Government shorthand method has been used to estimate the present value of long service leave liabilities.

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

1.4 Changes in Australian Accounting Standards

Adoption of new Australian Accounting Standard requirements

No accounting standard has been adopted earlier than the application date as stated in the standard. The following new standards were issued prior to the signing of the statement by the chairman, chief executive officer, and chief finance officer, were applicable to the current reporting period and had a financial impact on the entity:

- AASB 1 - First-time Adoption of Australian Accounting Standards - May 2009 (Principal)
- AASB 7 - Financial Instruments: Disclosures - June 2009 (Compilation)
- AASB 101 - Presentation of Financial Statements - June 2009 (Compilation)
- AASB 102 - Inventories - June 2009 (Compilation)
- AASB 107 - Statement of Cash Flows - June 2009 (Compilation)
- AASB 108 - Accounting Policies, Changes in Accounting Estimates and Errors - July 2008 (Compilation)
- AASB 110 - Events after the Reporting Period - June 2009 (Compilation)
- AASB 116 - Property, Plant and Equipment - June 2009 (Compilation)
- AASB 117 - Leases - June 2009 (Compilation)
- AASB 118 - Revenue - August 2008 (Compilation)
- AASB 119 - Employee Benefits - June 2009 (Compilation)
- AASB 120 - Accounting for Government Grants and Disclosure of Government Assistance - July 2008 (Compilation)
- AASB 123 - Borrowing Costs - June 2009 (Compilation)
- AASB 132 - Financial Instruments: Presentation - June 2009 (Compilation)
- AASB 136 - Impairment of Assets - June 2009 (Compilation)
- AASB 137 - Provisions, Contingent Liabilities and Contingent Assets - June 2009 (Compilation)
- AASB 138 - Intangible Assets - June 2009 (Compilation)
- AASB 139 - Financial Instruments: Recognition and Measurement - October 2009 (Compilation)
- AASB 1031 - Materiality - December 2007 (Compilation)
- AASB 1048 - Interpretation of Standards - June 2010 (Principal)
- AASB 1049 - Whole of Government and General Government Sector Financial Reporting - September 2008 (Compilation)
- Interp. 1 - Changes in Existing Decommissioning, Restoration and Similar Liabilities - June 2009 (Compilation)
- Interp. 5 - Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds - September 2007 (Compilation)
- Interp. 115 - Operating Leases – Incentives - June 2009 (Compilation)
- Interp. 121 - Income Taxes – Recovery of Revalued Non-Depreciable Assets - September 2007 (Compilation)
- Interp. 125 - Income Taxes – Changes in the Tax Status of an Entity or its Shareholders - June 2009 (Compilation)
- Interp. 127 - Evaluating the Substance of Transactions Involving the Legal Form of a Lease - June 2009 (Compilation)
- Interp. 129 - Service Concession Arrangements: Disclosures - June 2009 (Compilation)

AUSTRALIAN COMPETITION & CONSUMER COMMISSION
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2010

Interp. 131 - Revenue – Barter Transactions Involving Advertising Services - September 2007 (Compilation)
Interp. 132 - Intangible Assets – Web Site Costs - September 2007 (Compilation)
Interp. 1019 - The Superannuation Contributions Surcharge - December 2007 (Compilation)
Interp. 1031 - Accounting for the Goods and Services Tax (GST) - December 2007 (Compilation)
(These changes have no material impact but will effect the disclosure presented in future financial reports).

Other new standards that were issued prior to the signing of the statement by the chairman, chief executive officer and chief finance officer, and are applicable to the future reporting period are not expected to have a future material impact on the entity.

Future Australian Accounting Standard Requirements

The following new standards were issued prior to the signing of the statement by the chairman, chief executive officer and chief finance officer, were applicable to the current reporting period and had a financial impact on the entity for future reporting periods.

AASB 2009-5 - Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project (AASB 5, AASB 8, AASB 101, AASB 107, AASB 117, AASB 118, AASB 136 & AASB 139)
AASB 2009-9 - Amendments to Australian Accounting Standards - Additional Exemptions for First-time Adopters (AASB 1)
AASB 2009-13 - Amendments to Australian Accounting Standards arising from Interpretation 19 (AASB 1)
AASB 2010-1 - Amendments to Australian Accounting Standards - Limited Exemption from Comparative AASB 7 Disclosures for First-time Adopters
AASB 2010-3 - Amendment to Australian Accounting Standards arising from the Annual Improvements Project
AASB 2009-12 - Amendments to Australian Accounting Standards
AASB 124 - Related Party Disclosures
2010-4 - Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project
AASB 2009-11 - Amendments to Australian Accounting Standards arising from AASB 9
AASB 9 - Financial Instruments
AASB 2010-2 - Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements

Other new standards that were issued prior to the signing of the statement by the chairman, chief executive officer and chief finance officer, and are applicable to the future reporting period are not expected to have a future material impact on the entity.

AUSTRALIAN COMPETITION & CONSUMER COMMISSION
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2010

1.5 Revenue

Revenue from Government

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

\$3,962,000 has been recognised as appropriation revenue in 2009-10 that was advanced in the 2010-11 Portfolio Budget Statements to cover expenses incurred for previous years' outputs.

Appropriations receivable are recognised at their nominal amounts.

Resources Received Free of Charge

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

Contributions of assets at no cost of acquisition or for nominal consideration are recognised as gains at their fair value when the asset qualifies for recognition, unless received from another Government Agency or Authority as a consequence of restructuring of administrative arrangements (refer to Note 1.6).

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

Other types of Revenue

Revenue from the sale of goods is recognised when:

- The risks and rewards of ownership have been transferred to the buyer;
- The seller retains no managerial involvement nor effective control over the goods;
- The revenue and transaction costs incurred can be reliably measured; and
- It is probable that the economic benefits associated with the transaction will flow to the Commission.

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

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

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

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

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1.6 Gains

Other Resources Received Free of Charge

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

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

Contributions of assets at no cost of acquisition or for nominal consideration are recognised as gains at their fair value when the asset qualifies for recognition, unless received from another Government Agency or Authority as a consequence of a restructuring of administrative arrangements. (Refer to Note 1.7).

Sale of assets

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

1.7 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.

Restructuring of Administrative Arrangements

Net assets received from or relinquished to another Australian Government Agency or Authority under a restructuring of administrative arrangements are adjusted at their book value directly against contributed equity.

Other Distributions to Owners

The FMOs require that distributions to owners be debited to contributed equity unless in the nature of a dividend. In 2009-10, the Commission made no such distributions.

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1.8 Employee benefits

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

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

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

Other long-term employee benefits are measured as net total of the present value of the defined benefit obligation at the end of the reporting period minus the fair value at the end of the reporting period of plan assets (if any) out of which the obligations are to be settled directly.

Leave

The liability for employee benefits includes provision for annual leave and long service leave. 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 the Commission is estimated to be less than the annual entitlement for sick leave.

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

The Liability for Long Service Leave has been calculated using the Australian Government short hand method. The estimate of 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. The Commission recognises a provision for termination when it has developed a detailed formal plan for the termination and has informed those employees affected that it will carry out the terminations.

Superannuation

Staff of the Commission 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 for 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.

The Commission makes employer contributions to the Employee Superannuation Scheme at rates determined by an actuary to be sufficient to meet the cost to the Government of the superannuation entitlements of the Commission's employees.

The Commission accounts for the contributions as if they were contributions to defined contribution plans.

The liability for superannuation recognised as at 30 June 2010 represents outstanding contributions for the final fortnight of the year.

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1.9 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 benefits incidental to ownership of leased non-current assets. An operating lease is a lease that is not a finance lease. In operating leases, the lessor effectively retains substantially all such risks and benefits.

Where an asset is acquired by means of a finance lease, the asset is capitalised at either the fair value of the lease property or, if lower, the present value of minimum lease payments at the inception of the contract and a liability 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 amortised 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.

There are currently no finance leases within the Commission.

1.10 Borrowing costs

All borrowing costs are expensed as incurred.

1.11 Cash

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

No interest is earned on the Commission's bank balances.

1.12 Financial assets

The Commission classifies its financial assets in the following categories:

- financial assets as 'at fair value through profit or loss'
- 'held-to-maturity investments',
- 'available-for-sale' financial assets, and
- 'loans and receivables'.

The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

Financial assets are recognised and derecognised upon 'trade 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 except for financial assets 'at fair value through profit or loss'.

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Loans and receivables

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

Impairment of financial assets

Financial assets are assessed for impairment at the end of each reporting periods.

· *Financial assets held at amortised cost* - if there is objective evidence that an impairment loss has been incurred for loans and receivables or held to maturity investments held at amortised cost, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the asset's original effective interest rate. The carrying amount is reduced by way of an allowance account. The loss is recognised in the statement of comprehensive income.

· *Available for sale financial assets* - if there is objective evidence that an impairment loss on an available-for-sale financial asset has been incurred, the amount of the difference between its cost, less principal repayments and amortisation, and its current fair value, less any impairment loss previously recognised in expenses, is transferred from equity to the statement of comprehensive income.

· *Financial assets (held at cost)* - If there is objective evidence that an impairment loss has been incurred the amount of the impairment loss is the difference between the carrying amount of the asset and the present value of the estimated future cash flows discounted at the current market rate for similar assets.

1.13 Financial Liabilities

Financial liabilities are classified as either financial liabilities 'at fair value through profit or loss' or other financial liabilities. Financial liabilities are recognised and derecognised upon 'trade date'.

Financial Liabilities at Fair Value Through Profit or Loss

Financial liabilities at fair value through profit or loss are initially measured at fair value. Subsequent fair value adjustments are recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liability.

Other Financial Liabilities

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

Other financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

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).

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1.14 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 asset or liability in respect of which the amount cannot be reliably measured. Contingent assets are disclosed when settlement is probable but not virtually certain, and contingent liabilities are disclosed when settlement is greater than remote.

1.15 Acquisition of Assets

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

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

1.16 Property, Plant and Equipment

Asset Recognition Threshold

Purchases of property, 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. This is particularly relevant to 'makegood' provisions in property leases taken up by the Commission where there exists an obligation to restore the property to its original condition. These costs are included in the value of the Commission's leasehold improvements with a corresponding provision for the 'makegood' recognised.

Revaluations

Fair value of 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, property plant and equipment are carried at fair value less subsequent accumulated depreciation and accumulated impairment losses. Valuations are conducted with sufficient frequency to ensure that the carrying amounts of assets do not differ materially from the assets' fair values as at the reporting date. The regularity of independent valuations depends upon the volatility of movements in market values for the relevant assets.

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

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Depreciation and Amortisation

Depreciable property, plant and equipment assets are written-off to their estimated residual values over their estimated useful lives to the Commission using, in all cases, the straight line method of depreciation. Leasehold improvements are amortised on a straight-line basis over the lesser of the estimated useful life of the improvements or the unexpired period of the lease.

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

Depreciation and amortisation rates applying to each class of depreciable asset are based on the useful lives in the table below.

Asset Class	2010	2009
Leasehold Improvements	Lesser of the term of the lease or 15 years	Lesser of the term of the lease or 15 years
Furniture and fittings	10 years	10 years
Office Equipment	5 years	5 years
Computer hardware	3 to 5 years	3 to 5 years
Computer software	3 to 7 years	3 to 7 years

The aggregate amount of depreciation allocated for each class of asset during the reporting period is disclosed in Note 3C.

Impairment

All assets were assessed for impairment at 30 June 2010. 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 the Commission 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

1.17 Intangibles

The Commission's intangibles comprise software that has been externally acquired for internal use. These assets are carried at cost above the capitalisation threshold of \$10,000, below this amount they are expensed in the year of purchase.

Software is amortised on a straight-line basis over its anticipated useful life. The useful lives of the Commission's software are 3 years to 7 years. (2008-09: 3 to 7 years).

All software assets were assessed for impairment as at 30 June 2010. There were no indicators of impairment.

1.18 Inventories

Inventories (publications) held for sale are valued at the lower of cost or net realisable value. Costs incurred in bringing inventory to its present location and condition relate solely to printing and delivery. These costs are assigned to inventory at purchase cost and recognised on a first-in-first-out basis.

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1.19 Taxation/ Competitive Neutrality

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

Revenues, expenses and assets are recognised net of GST except:

- where the amount of GST incurred is not recoverable from the Australian Taxation Office; and
- for receivables and payables.

Competitive Neutrality

The Commission provides services on a not-for-profit basis which are not subject to Competitive Neutrality arrangements.

1.20 Reporting of Administered Activities

Administered revenues, expenses, assets, liabilities and cash flows are disclosed in the schedule of administered items and related notes. There are no administered commitments in 2010, nor were there any in 2009.

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

Administered Cash Transfers to and from Official Public Account

Revenue collected by the Commission for use by the Government rather than the Commission is administered revenue. Collections are transferred to the Official Public Account (OPA) maintained by the Department of Finance and Deregulation. Conversely, cash is drawn from the OPA to make payments under Parliamentary appropriation on behalf of Government. These transfers to and from the OPA are adjustments to the administered cash held by the Commission 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 18.

Revenue

All administered revenues are revenues relating to the core operating activities performed by the Commission on behalf of the Australian Government.

Revenue is generated from fines and costs applied by the courts, or by agreement between the Commission and the Defendant. It is recognised when awarded by the courts, or when agreement has been executed.

The court costs awarded against the Commission are recorded as a departmental expense.

Authorisation and notification fees and other revenue are applied when required under the relevant legislation, and are recognised upon payment.

Administered fee revenue is recognised at its nominal amount due less any allowance for bad or doubtful debts. Collectability of debts is reviewed at balance date. Allowances are made when collection of the debt is judged to be less rather than more likely.

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Note 2: Events after Reporting Date

On 28th July 2010, Justice Middleton in the Federal Court, Melbourne, penalised Telstra \$18.55 million for denying competitors access to infrastructure in contravention of its carrier licence. The event occurred after the end of the reporting period, and together with costs, has been brought to account in this financial report. The financial effect on the Commission's result is an addition to administered revenues and administered receivables of \$19.1 million.

Note 3: Expenses

	2010 \$'000	2009 \$'000
Note 3A: Employee Benefits		
Wages and salaries	59,889	55,010
Superannuation		
Defined contribution plans	3,749	3,103
Defined benefit plans	6,466	6,307
Leave and other entitlements	8,272	7,400
Separation and redundancies	253	133
Other employee expenses	380	385
Total employee benefits	79,009	72,338
Note 3B: Supplier Expenses		
Goods and Services		
Legal expenses	20,890	19,792
Consultants and contracted services	13,257	11,699
Information technology and communications	6,402	6,447
Property operating expenses	3,922	3,846
Travel expenses	3,313	3,780
Information management expenses	2,535	2,401
Employee related expenses	1,477	1,515
Other administration expenses	1,301	1,193
Total goods and services	53,097	50,673
Goods and services are made up of:		
Provision of goods - related entities	7	10
Provision of goods - external parties	2,332	2,355
Rendering of services - related entities	11,639	11,767
Rendering of services - external parties	39,119	36,541
Total goods and services	53,097	50,673
Other supplier expenses		
Operating lease rentals - minimum lease payments	9,053	7,705
Workers' compensation premiums	222	257
Total other supplier expenses	9,275	7,962
Total supplier expenses	62,372	58,635

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	2010 \$'000	2009 \$'000
Note 3C: Depreciation and Amortisation		
Depreciation		
Property, plant and equipment	1,467	1,345
Total Depreciation	<u>1,467</u>	<u>1,345</u>
Amortisation		
Leasehold improvements	1,844	1,074
Intangibles		
Computer software	834	567
Total Amortisation	<u>2,678</u>	<u>1,641</u>
Total depreciation and amortisation	<u><u>4,145</u></u>	<u><u>2,986</u></u>
Note 3D: Finance Costs		
Unwinding of discount on makegood provision		
	92	-
Total finance costs expense	<u>92</u>	<u>-</u>
Note 3E: Write down and impairment of assets		
Asset Write-Downs from:		
Property, Plant & Equipment	3	4
Leasehold Improvements	43	64
Inventory	-	14
Total write-down and impairment of assets	<u>46</u>	<u>82</u>
Note 3F: Losses from asset sales		
Property, plant and equipment:		
Proceeds from sale	-	-
Carrying value of assets sold	-	-
Leasehold Improvements		
Proceeds from sale	-	-
Carrying value of assets sold	-	-
Intangibles		
Proceeds from sale	-	-
Carrying value of assets sold	-	-
Total losses from asset sales	<u>-</u>	<u>-</u>
Note 3G: Other Expenses		
Settlement of litigation		
	-	572
Total other expense	<u>-</u>	<u>572</u>

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Note 4: Income

	2010	2009
	\$'000	\$'000
Note 4A: Sale of goods and rendering of services		
Provision of goods - related entities	-	-
Provision of goods - external parties	11	8
Rendering of services - related entities	210	184
Rendering of services - external parties	344	316
Total sale of goods and rendering of services	565	508
Note: 4B Other Revenue		
Rebates and expense refunds	293	722
Other miscellaneous revenues	-	80
Total other revenue	293	802
Note: 4C Sale of Assets		
Property, plant and equipment:		
Proceeds from sale	-	10
Carrying value of assets sold	-	(1)
Selling expense	-	(3)
Net Gains from sale of assets	-	6
Note: 4D Other Gains		
Resources received free of charge	71	69
Other Gains ¹	3,275	686
Total Other Gains	3,346	755
¹ Includes \$3,182,564 relating to the write back of the Litigation Provision (refer note 8B)		
Note 4E: Revenues from Government		
Appropriations		
Departmental outputs	142,892	132,555
Total revenues from government	142,892	132,555

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Note 5: Financial Assets

	2010 \$'000	2009 \$'000
Note 5A: Cash and cash equivalents		
Cash on hand or on deposit	1,403	1,783
Total cash and cash equivalents	1,403	1,783
Note 5B: Trade and other receivables		
Goods and services - related entities	307	-
Goods and services - external parties	1,372	371
Total receivables for goods and services	1,679	371
Appropriations receivable:		
for existing outputs	50,197	55,607
for additional outputs	-	-
Total appropriations receivable	50,197	55,607
GST receivable from the Australian Taxation Office	2,032	1,050
Total trade and other receivables (gross)	53,908	57,028
Less impairment allowance account:		
Goods and services	-	-
Other	-	-
Total trade and other receivables (net)	53,908	57,028
Receivables are expected to be recovered in:		
No more than 12 months	53,908	57,028
More than 12 months	-	-
Total trade and other receivables (net)	53,908	57,028
Receivables are aged as follows:		
Not overdue	53,837	57,021
Overdue by:		
Less than 30 days	58	7
31 to 60 days	13	-
61 to 90 days	-	-
More than 90 days	-	-
Total receivables (gross)	53,908	57,028

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	2010 \$'000	2009 \$'000
The impairment allowance account is aged as follows:		
Not overdue	-	-
Overdue by:		
Less than 30 days	-	-
31 to 60 days	-	-
61 to 90 days	-	-
More than 90 days	-	-
Total impairment allowance account	-	-

Reconciliation of the impairment allowance account:

Movements in relation to 2010

	Goods and services 2010 \$'000	Other receivables 2010 \$'000	Total 2010 \$'000
Opening balance	-	-	-
Amounts written off	-	-	-
Amounts recovered and reversed	-	-	-
Increase/Decrease recognised in net surplus	-	-	-
Closing balance	-	-	-

Movements in relation to 2009

	Goods and services 2009 \$'000	Other receivables 2009 \$'000	Total 2009 \$'000
Opening balance	-	-	-
Amounts written off	-	-	-
Amounts recovered and reversed	-	-	-
Increase/Decrease recognised in net surplus	-	-	-
Closing balance	-	-	-

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Note 6: Non-Financial Assets

	2010	2009
	\$'000	\$'000
Note 6A: Leasehold Improvements		
<i>Leasehold improvements</i>		
- Fair Value	14,234	9,561
- Work in progress	-	-
- Less: Accumulated amortisation	(1,603)	-
- Less: Accumulated impairment losses	-	-
Total Leasehold Improvements (non-current)	12,631	9,561

\$0 (2009: \$0) of total leasehold improvements refers to special purpose buildings, which may not be disposed of without prior Ministerial approval.

Note 6B: Property, Plant and Equipment

Property, plant and equipment

- Fair Value	9,200	6,091
- Less: Accumulated depreciation	(1,478)	(16)
- Less: Accumulated impairment losses	-	-
Total property, plant and equipment (non-current)	7,722	6,075

All revaluations are independent and in accordance with the revaluation policy stated at Note 1.

No indicators of impairment were found for infrastructure, plant and equipment.

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Note 6: Non-Financial Assets

Note 6C: Analysis of Property, Plant, and Equipment

Table A – Reconciliation of the opening and closing balances of property, plant and equipment (2009-10)

Item	Leasehold improvements	Infrastructure plant and equipment	Total
	\$'000	\$'000	\$'000
As at 1 July 2009			
Gross book value	9,561	6,091	15,652
Accumulated depreciation/amortisation	-	(16)	(16)
Net book value 1 July 2009	9,561	6,075	15,636
Additions			
by purchase	4,957	3,116	8,073
Reclassifications	-	-	-
Revaluations and impairment through comprehensive income	-	-	-
Depreciation/amortisation expense	(1,844)	(1,467)	(3,311)
Disposals:			
Other disposals			
Other disposals (gross book value)	(284)	(7)	(291)
Other disposals (accumulated depreciation)	241	5	246
Net book value 30 June 2010	12,631	7,722	20,353
Net book value as at 30 June 2010 represented by:			
Gross book value	14,234	9,200	23,434
Accumulated depreciation/amortisation	(1,603)	(1,478)	(3,081)
Accumulated impairment losses	-	-	-
	12,631	7,722	20,353

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Table B – Reconciliation of the opening and closing balances of property, plant and equipment (2008-09)

Item	Leasehold improvements \$'000	Infrastructure plant and equipment \$'000	Total \$'000
As at 1 July 2008			
Gross book value	11,482	8,106	19,588
Accumulated depreciation/amortisation	(1,400)	(2,725)	(4,125)
Net book value 1 July 2008	10,082	5,381	15,463
Additions			
by purchase	282	1,665	1,947
Reclassifications	-	-	-
Revaluations and impairment through equity	334	379	713
Depreciation/amortisation expense	(1,074)	(1,345)	(2,419)
Disposals:			
Other disposals	(247)	(350)	(597)
Other disposals (gross book value)	184	345	529
Other disposals (accumulated depreciation)	-	-	-
Net book value 30 June 2009	9,561	6,075	15,636
Net book value as at 30 June 2009 represented by:			
Gross book value	9,561	6,091	15,652
Accumulated depreciation/amortisation	-	(16)	(16)
Accumulated impairment losses	-	-	-
	9,561	6,075	15,636

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	2010	2009
	\$'000	\$'000
Note 6D: Intangibles		
Computer Software at cost:		
Purchased software	5,397	3,092
Internally developed in use	723	413
Internally developed - in progress	-	-
Total Computer Software	6,120	3,505
Accumulated impairment write-down	-	-
Accumulated amortisation	(3,193)	(2,360)
Total intangibles (non-current)	2,927	1,145

No indicators of impairment were found for intangible assets.

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Note 6D: Intangibles (cont.)

Table A – Reconciliation of the opening and closing balances of intangibles (2009-10)

Item	Computer software internally developed \$'000	Computer Software Purchased \$'000	Total \$'000
As at 1 July 2009			
Gross book value	502	3,003	3,505
Accumulated depreciation/amortisation	(89)	(2,271)	(2,360)
Net book value 1 July 2009	413	732	1,145
Additions			
by purchase	221	2,394	2,615
Depreciation/amortisation expense	(167)	(666)	(833)
Disposals:			
Other disposals	-	-	-
Other disposals (accumulated depreciation)	-	-	-
Net book value 30 June 2010	467	2,460	2,927
Net book value as at 30 June 2010 represented by:			
Gross book value	723	5,397	6,120
Accumulated depreciation/amortisation	(256)	(2,937)	(3,193)
Accumulated impairment losses	-	-	-
	467	2,460	2,927

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Table B – Reconciliation of the opening and closing balances of intangibles (2008-09)

Item	Computer software internally developed \$'000	Computer Software Purchased \$'000	Total \$'000
As at 1 July 2008			
Gross book value	408	2,727	3,135
Accumulated depreciation/amortisation	-	(1,793)	(1,793)
Net book value 1 July 2008	408	934	1,342
Additions			
by purchase	94	276	370
Depreciation/amortisation expense	(89)	(478)	(567)
Disposals:			
Other disposals	-	-	-
Other disposals (accumulated depreciation)	-	-	-
Net book value 30 June 2009	413	732	1,145
Net book value as at 30 June 2009 represented by:			
Gross book value	502	3,003	3,505
Accumulated depreciation/amortisation	(89)	(2,271)	(2,360)
Accumulated impairment losses	-	-	-
	413	732	1,145

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	2010 \$'000	2009 \$'000
Note 6E: Inventories		
Publications held for sale	<u>36</u>	<u>28</u>
Total inventories	<u><u>36</u></u>	<u><u>28</u></u>
No items of inventory were recognised at fair value less costs to sell.		
Note 6F: Other Non-Financial Assets		
Prepayments	<u>1,364</u>	<u>1,304</u>
Total other non-financial assets	<u><u>1,364</u></u>	<u><u>1,304</u></u>
Total other non-financial assets - are expected to be recovered in:		
No more than 12 months	<u>1,362</u>	<u>1,304</u>
More than 12 months	<u>2</u>	<u>-</u>
Total other non-financial assets	<u><u>1,364</u></u>	<u><u>1,304</u></u>

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Note 7: Payables

	2010 \$'000	2009 \$'000
Note: 7A Supplier Payables		
Trade creditors and accruals	5,606	5,472
Total supplier payables	5,606	5,472
Supplier payables expected to be settled within 12 months:		
Related entities	1,111	970
External parties	4,495	4,502
Supplier payables expected to be settled in greater than 12 months:		
Related entities	-	-
External parties	-	-
Total supplier payables	5,606	5,472
Settlement is usually made net 30 days.		
Note 7B: Other Payables		
Lease incentives	2,510	1,311
Operating lease payment increases	2,190	1,561
Salaries and wages	1,214	927
Unearned revenue	333	333
Superannuation	205	151
Salary sacrifice payable	53	-
Total other payables	6,505	4,283
Total other payables are expected to be settled in:		
No more than 12 months	2,115	1,581
More than 12 months	4,390	2,702
Total other payables	6,505	4,283

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Note 8 Provisions

	2010 \$'000	2009 \$'000
Note 8A: Employee Provisions		
Leave	21,464	18,526
Separation and redundancies	-	-
Other	-	-
Total Employee Provisions	<u>21,464</u>	<u>18,526</u>

Employee provisions are expected to be settled in:

No more than 12 months	7,466	5,938
More than 12 months	13,998	12,588
Total Employee Provisions	<u>21,464</u>	<u>18,526</u>

The classification of current includes amounts for which there is not an unconditional right to defer settlement by one year, hence in the case of employee provisions the above classification does not represent the amount expected to be settled within one year of reporting date. Employee provisions expected to be settled in twelve months from the reporting date \$7,466,000 (2009: \$12,588,000), in excess of one year \$13,998,000 (2009: \$12,588,000).

Note 8B: Other Provisions

Provision for 'Makegood' on leasehold improvements ¹	1,361	1,168
Provision for Litigation Settlement ²	-	3,913
	<u>1,361</u>	<u>5,081</u>

Other provisions are expected to be settled in:

No more than 12 months	196	3,922
More than 12 months	1,165	1,159
Total Other Provisions	<u>1,361</u>	<u>5,081</u>

	Provision for restoration \$'000	Provision for Litigation Settlement \$'000	Total \$'000
Carrying amount 1 July 2009	1,168	3,913	5,081
Additional provisions made	209	(730)	(521)
Amounts used	(16)	-	(16)
Amounts reversed	(93)	(3,183)	(3,276)
Unwinding of discount or change in discount rate	93	-	93
Closing balance 30 June 2010	<u>1,361</u>	<u>-</u>	<u>1,361</u>

¹ The Commission has 12 agreements for the leasing of premises which have provisions requiring it to restate the premises to their original condition at the conclusion of the lease. The Commission has made a provision to reflect the present value of this obligation.

² The Commission had provided \$3,913,000 for the future settlement of Litigation settlements, all of which have been settled or released in the 2009-10 period.

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Note 9: Cash Flow Reconciliation

	2010	2009
	\$'000	\$'000
Reconciliation of cash and cash equivalents as per Balance Sheet to cash Flow Statement		
Report cash and cash equivalents as per:		
Cash flow statement	1,403	1,783
Balance Sheet	<u>1,403</u>	<u>1,783</u>
Difference	<u>-</u>	<u>-</u>
Reconciliation of operating result to net cash from operating activities:		
Net cost of services	(141,460)	(132,542)
Add revenue from Government	142,892	132,555
Adjustments for non-cash items		
Depreciation and amortisation	4,145	2,986
Net write down of non-financial assets	46	67
Gain on disposal of assets	-	(6)
Changes in assets/liabilities		
(Increase) / decrease in appropriation receivable	3,394	(1,303)
(Increase) / decrease in GST receivable	101	447
(Increase) / decrease in other receivables	(1,309)	98
(Increase) / decrease in inventories	(9)	14
(Increase) / decrease in prepayments	(59)	(338)
(Increase) / decrease in other assets	-	41
Increase / (decrease) in employee provisions	2,938	3,116
Increase / (decrease) in supplier payables	328	434
Increase / (decrease) in prepayments received	(1)	13
Increase / (decrease) in other provisions	(3,719)	(2,566)
Increase / (decrease) in other payables	<u>2,168</u>	<u>863</u>
Net cash from / (used by) operating activities	<u><u>9,455</u></u>	<u><u>3,879</u></u>

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Note 10: Contingent Liabilities and Assets

	Claims for damages or costs		Total	
	2,010 \$'000	2,009 \$'000	2,010 \$'000	2,009 \$'000
Contingent liabilities				
Balance from previous period	313	396	313	396
New	-	313	-	313
Re-measurement	25	-	25	-
Liabilities recognised	(144)	(314)	(144)	(314)
Obligations expired	(149)	(82)	(149)	(82)
Total contingent liabilities	45	313	45	313

Quantifiable Contingencies

The Schedule of Contingencies reports contingent liabilities in respect of claims for damages/costs of \$44,545 (2009: \$312,719). The Commission is expecting to be unsuccessful in 1 matter (2009: 3 matters) before the Courts alleging breaches of the Trade Practices Act, although the cases are continuing. The amount represents an estimate of the Commission's liability based on legal advice and the precedents in such cases. The Commission is defending the claims.

Unquantifiable Contingencies

As at 30 June 2010, the Commission has 1 matter (2009: 1 matter) before the Courts alleging breaches of the Trade Practices Act. In the event of an unfavourable judgment by the court in the other matter, the Commission stands to lose by way of penalties or costs awarded. It is not possible to determine the amount in relation to these matters.

Remote Contingencies

As at 30 June 2010, the Commission has 0 matters (2009: 0 matters) before the Courts alleging breaches of the Trade Practices Act in respect of which it has received legal advice that there is a remote chance of unfavourable judgments by the court.

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Note 11: Senior Executive Remuneration

Note 11A: Actual Remuneration Paid to Senior Executives

Executive Remuneration

	2010	2009
The number of senior executives who received:		
less than \$145,000*	-	1
\$145,000 to \$159,999	2	1
\$160,000 to \$174,999	-	1
\$175,000 to \$189,999	1	5
\$190,000 to \$204,999	4	8
\$205,000 to \$219,999	11	5
\$220,000 to \$234,999	5	2
\$235,000 to \$249,999	4	2
\$250,000 to \$264,999	2	4
\$265,000 to \$279,999	4	2
\$280,000 to \$294,999	1	-
\$295,000 to \$309,999	-	2
\$310,000 to \$324,999	2	2
\$325,000 to \$339,999	2	1
\$340,000 to \$354,999	1	-
\$355,000 to \$369,999	2	1
\$370,000 to \$384,999	1	2
\$400,000 to \$414,999	1	-
\$415,000 to \$429,999	-	2
\$535,000 to \$549,999	-	1
\$580,000 to \$594,999	1	-
Total	44	42

* Senior Executive with acting arrangements or part year service are excluded where remuneration is less than \$145,000.

For the purpose of this note disclosure remuneration includes:

- (a) Salary (including payment for leave taken)
- (b) Movement in annual leave and long service leave provisions
- (c) Superannuation (post-employment benefits)
- (d) Motor vehicle and other allowances
- (e) Reportable fringe benefits

	\$	\$
Total expenses recognised in relation to Senior Executive employment		
Short-term employee benefits:		
Salary (including payment for annual leave taken)	8,522,155	7,973,894
Movement in annual leave provisions	91,218	(49,142)
Performance bonus	453,099	381,994
Other ¹	474,960	553,670
Total Short-term employee benefits	<u>9,541,432</u>	<u>8,860,416</u>
Superannuation (post-employment benefits)	1,283,270	1,258,981
Long service leave paid	182,183	214,198
Movement in long service provisions	348,079	277,175
Total	<u>11,354,964</u>	<u>10,610,770</u>

During the year the Commission did not pay any termination benefits to senior executives (2009: \$132,659)

Notes

1. "Other" includes motor vehicle allowances and other allowances

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Note 11B: Salary Packages for Senior Executives

Average annualised remuneration packages for substantive Senior Executives

Total Remuneration	As at 30 June 2010			As at 30 June 2009		
	No. SES	Base Salary (including annual leave)	Total Remuneration package ¹	No. SES	Base Salary (including annual leave)	Total Remuneration package ¹
\$175,000 to \$189,999	1	130,087	181,048	3	134,664	184,785
\$190,000 to \$204,999	14	145,560	198,987	12	139,461	195,880
\$205,000 to \$219,999	12	151,289	212,379	8	148,353	211,066
\$220,000 to \$234,999	2	164,431	227,566	1	147,217	220,657
\$235,000 to \$249,999	1	167,520	235,766	4	172,007	243,361
\$250,000 to \$264,999	3	186,043	258,052	-	-	-
\$265,000 to \$279,999	2	205,392	273,120	1	198,930	269,856
\$280,000 to \$294,999	2	202,692	285,855	3	201,098	285,701
\$295,000 to \$309,999	1	213,761	295,324	-	-	-
\$310,000 to \$324,999	-	-	-	6	242,752	318,833
\$325,000 to \$339,999	5	250,030	328,594	-	-	-
\$340,000 to \$354,999	2	263,180	354,730	2	255,510	344,390
\$400,000 to \$414,999	1	282,192	413,328	-	-	-
\$415,000 to \$429,999	-	-	-	1	273,973	422,421
\$520,000 to \$534,999	-	-	-	1	364,300	529,830
\$535,000 to \$549,999	-	-	-	-	-	-
Total	47	375,230	545,730	42	-	-

Notes:

1. The total remuneration package includes:
 - (a) Agreed base salary (including annual leave)
 - (b) Motor vehicle allowances
 - (c) Superannuation (post-employment benefits)
 Long service leave is excluded as entitlement to this is not certain until 10 years of service is reached.

Major differences between Note 11A and 11B

- Note 11A discloses senior executive remuneration based upon:
- (a) Actual Salary paid during the year
 - (b) Movement in annual leave and long service leave provisions (including revaluations of provisions)
 - (c) Superannuation (post-employment benefit)
 - (d) Motor Vehicle and other allowances
 - (e) Reportable fringe benefits

These amounts may differ to the remuneration package disclosed in Note 11B depending upon: the amount of leave taken during the year; part year service; periods of leave without pay; acting arrangements; changes in base salary; salary for superannuation p

Note 11A includes acting arrangements and part year service where the \$145,000 threshold was reached during the year. Note 11B reflects only substantive senior executive packages in existence as at 30 June.

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Note 12: Remuneration of Auditors

Financial statement audit services are provided free of charge to the Commission by the Australian National Audit Office (ANAO).

	2010	2009
	\$	\$
The fair value of the services provided was:		
	<u>70,740</u>	<u>68,680</u>

No other services were provided by the Auditor-General during the reporting period.

Note 13: Financial Instruments

2010	2009
\$'000	\$'000

Note 13A: Categories of financial instruments

Financial Assets

Loans and receivables		
Cash and cash equivalents	1,403	1,783
Goods and Services Receivables	1,679	371
Carrying amount of financial assets	<u>3,082</u>	<u>2,154</u>

Financial Liabilities

Other Liabilities		
Payables - suppliers	5,606	5,472
Carrying amount of financial liabilities	<u>5,606</u>	<u>5,472</u>

Note 13B: Net income and expense from financial assets and financial liabilities

The Commission received/incurred \$0 (2009: \$0) in income and expenses from financial assets and financial liabilities.

Note 13C: Fair value of financial instruments

	Carrying amount 2010 \$'000	Fair value 2010 \$'000	Carrying amount 2009 \$'000	Fair value 2009 \$'000
Financial Assets				
Cash and cash equivalents	1,403	1,403	1,783	1,783
Goods and Services Receivables	1,679	1,679	371	371
Total Financial Assets	3,082	3,082	2,154	2,154
Financial Liabilities				
Payables - Suppliers	5,606	5,606	5,472	5,472
Total Financial Liabilities	5,606	5,606	5,472	5,472

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Note 13D: Credit risk

The Commission 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: \$1,679,000 and 2009: \$371,000). The Commission has assessed the risk of the default on payment and has allocated \$nil in 2010 (2009: \$0) to an impairment allowance account.

The Commission manages its credit risk by undertaking background and credit checks prior to allowing a debtor relationship. In addition, the Commission has policies and procedures that guide employees debt recovery techniques that are to be applied.

The Commission holds no collateral to mitigate against credit risk.

Credit quality of financial instruments not past due or individually determined as impaired

	Not Past Due Nor Impaired	Not Past Due Nor Impaired	Past due or impaired	Past due or impaired
	2010	2009	2010	2009
	\$'000	\$'000	\$'000	\$'000
Loans and receivables				
Cash and cash equivalents	1,403	1,783	-	-
Goods and Services Receivables	1,608	364	71	7
Total	3,011	2,147	71	7

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

	0 to 30 days	31 to 60 days	61 to 90 days	90+ days	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Loans and receivables					
Goods and Services Receivables	58	13	-	-	71
Total	58	13	-	-	71

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

	0 to 30 days	31 to 60 days	61 to 90 days	90+ days	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Loans and receivables					
Goods and Services Receivables	7	-	-	-	7
Total	7	-	-	-	7

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Note 13E: Liquidity risk

The Commission's financial liabilities are payables. The exposure to liquidity risk is based on the notion that the Commission will encounter difficulty in meeting its obligations associated with financial liabilities. This is highly unlikely due to appropriation funding and mechanisms available to the Entity (e.g. Advance to the Finance Minister) and internal policies and procedures put in place to ensure there are appropriate resources to meet its financial obligations.

The following tables illustrates the maturities for financial liabilities

	On demand 2010 \$'000	within 1 year 2010 \$'000	1 to 5 years 2010 \$'000	> 5 years 2010 \$'000	Total 2010 \$'000
Other Liabilities					
Payables - Suppliers	5,606	-	-	-	5,606
Total	5,606	-	-	-	5,606

	On demand 2009 \$'000	within 1 year 2009 \$'000	1 to 5 years 2009 \$'000	> 5 years 2009 \$'000	Total 2009 \$'000
Other Liabilities					
Payables - Suppliers	5,472	-	-	-	5,472
Total	5,472	-	-	-	5,472

The Commission is appropriated funding from the Australian Government. The Commission manages its budgeted funds to ensure it has adequate funds to meet payments as they fall due. In addition, the Commission has policies in place to ensure timely payment are made when due and has no past experience of default.

Note 13F: Market risk

The Commission holds basic financial instruments that do not expose the Commission to certain market risks. The Commission is not exposed to 'Currency risk' or 'Other price risk'.

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Note 14: Income Administered on Behalf of Government

	2010	2009
	\$'000	\$'000
REVENUE		
Non-taxation revenue		
<u>Note 14A: Other Fees and Fines</u>		
Fines and costs	41,274	44,197
Authorisation fees	168	224
Notifications	107	71
Arbitration fees	15	27
Other	-	1
Total Other fees and fines	<u>41,564</u>	<u>44,520</u>
GAINS		
<u>Note 14B: Other Gains</u>		
Financial gains	19	663
Total Other gains	<u>19</u>	<u>663</u>

Note 15: Expenses Administered on Behalf of Government

EXPENSES		
Write-Down and Impairment of Assets		
Bad and doubtful debt expense	1,745	229
Total write-down and impairment of assets	<u>1,745</u>	<u>229</u>

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Note 16: Assets Administered on Behalf of Government

	2010	2009
	\$'000	\$'000
Financial Assets		
Note 16A: Cash and cash equivalents		
Cash at bank	61	29
Total Cash and cash equivalents	61	29
Note 16B: Receivables		
Other Receivables:		
Fines and costs	30,361	20,411
Total other receivables	30,361	20,411
Total receivables (gross)	30,361	20,411
Less: impairment allowance account		
Other	(7,587)	(16,340)
Total impairment allowance account	(7,587)	(16,340)
Total receivables (net)	22,774	4,071
Receivables are expected to be recovered in:		
No more than 12 months	22,774	4,071
More than 12 months	-	-
Total receivables (net)	22,774	4,071
Receivables (gross) are aged as follows:		
Current	21,790	113
Overdue by:		
Less than 30 days	-	101
31 to 60 days	21	-
61 to 90 days	1,970	-
More than 90 days	6,580	20,197
Total receivables (gross)	30,361	20,411

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	2010 \$'000	2009 \$'000
The impairment allowance account is aged as follows:		
Current	-	-
Overdue by:		
Less than 30 days	-	-
31 to 60 days	-	-
61 to 90 days	1,007	-
More than 90 days	6,580	16,340
Total impairment allowance account	7,587	16,340
Total Assets Administered on Behalf of Government	22,835	4,100

Reconciliation of the impairment allowance account:

Movements in relation to 2010

	Goods and services 2010 \$'000	Other receivables 2010 \$'000	Total 2010 \$'000
Opening balance	-	16,340	16,340
Amounts written off	-	(9,806)	(9,806)
Amounts recovered and reversed	-	(19)	(19)
Increase/Decrease recognised in net surplus	-	1,072	1,072
Closing balance	-	7,587	7,587

Movements in relation to 2009

	Goods and services 2009 \$'000	Other receivables 2009 \$'000	Total 2009 \$'000
Opening balance	-	16,788	16,788
Amounts written off	-	(10)	(10)
Amounts recovered and reversed	-	(663)	(663)
Increase/Decrease recognised in net surplus	-	225	225
Closing balance	-	16,340	16,340

Note 17: Liabilities Administered on Behalf of Government

	2010 \$'000	2009 \$'000
Payables		
Suppliers		
Trade creditors and accruals	-	-
Total Liabilities Administered on Behalf of Government	-	-

All liabilities are expected to be settled within 12 months of balance date.

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Note 18: Administered Reconciliation Table

	2010	2009
	\$'000	\$'000
Opening administered assets less administered liabilities as at 1 July	4,100	6,137
Add: Administered revenues	41,583	45,183
Less: Administered expenses	(1,745)	(229)
Administered transfers to Australian Government	-	-
Transfers to OPA	(21,103)	(46,991)
Closing administered assets less administered liabilities as at 30 June	22,835	4,100

Note 19: Administered Contingent Assets and Liabilities

	Claims for damages or costs		Total	
	2010	2009	2010	2009
	\$'000	\$'000	\$'000	\$'000
Contingent assets				
Balance from previous period	16,711	7,942	16,711	7,942
New	224	9,561	224	9,561
Re-measurement	(8,150)	-	(8,150)	-
Assets recognised	(7,095)	(530)	(7,095)	(530)
Expired	(466)	(262)	(466)	(262)
Total contingent assets	1,224	16,711	1,224	16,711

Quantifiable Administered Contingencies

The Schedule of Administered Items reports contingent assets in respect of claims for damages/costs of \$1,224,153 (2009: \$16,711,390). The Commission is expecting to succeed in 7 alleged breaches (2009: 11 alleged breaches) of the Trade Practices Act, although the cases are continuing. The estimate is based on legal advice and the precedents in such cases.

Unquantifiable Administered Contingencies

As at 30 June 2010, the Commission has 40 matters (2009: 15 matters) considered unquantifiable. In the event of favourable judgment by the court, the Commission stands to gain by way of penalties or costs awarded. It is not possible to determine the amounts in relation to these matters.

Remote Administered Contingencies

As at 30 June 2010, the Commission has 0 matters (2009: 0 matters) before the Courts alleging breaches of the Trade Practices Act for which it has received legal advice that there is a remote chance of favourable judgment by the court.

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Note 20: Administered Financial Instruments

	2010 \$'000	2009 \$'000
Note 20A: Categories of financial instruments		
Loans and receivables		
Loans and receivables		
Cash and cash equivalents	61	29
Fines and Costs Receivable	22,774	4,071
Carrying amount of financial assets	22,835	4,100
Financial Liabilities		
Financial Liabilities	-	-
Carrying amount of financial liabilities	-	-

Note 20B: Net income and expense from financial assets

Loans and receivables		
Interest revenue	-	-
Exchange gains/(loss)	-	-
Impairment	(1,745)	(229)
Gain/loss on disposal	-	-
Net gain/(loss) loans and receivables	(1,745)	(229)

Note 20C: Net income and expense from financial liabilities

Other Liabilities	-	-
Net gain/(loss) financial liabilities - at amortised cost	-	-
Net gain/(loss) from financial liabilities	-	-

Note 20D: Fair value of financial instruments

	Carrying amount 2010 \$'000	Fair value 2010 \$'000	Carrying amount 2009 \$'000	Fair value 2009 \$'000
Financial Assets				
Cash & cash equivalents	61	61	29	29
Fines and Costs Receivable	22,774	22,774	4,071	4,071
Total Financial Assets	22,835	22,835	4,100	4,100
Financial Liabilities	-	-	-	-

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Note 20E: Credit risk

The Commission 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: \$11,261,000 and 2009: \$20,411,000). The Commission has assessed the risk of the default on payment and has allocated \$7,587,000 in 2010 (2009: \$16,340,000) to an allowance for doubtful debts account.

The Commission holds no collateral to mitigate against credit risk.

Credit quality of financial instruments not past due or individually determined as impaired

	Not Past Due Nor Impaired	Not Past Due Nor Impaired	Past due or impaired	Past due or impaired
	2010	2009	2010	2009
	\$'000	\$'000	\$'000	\$'000
Loans and receivables				
Cash and cash equivalents	61	29	-	-
Trade and other receivables	21,790	113	984	3,958
Total	21,851	142	984	3,958

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

	0 to 30 days	31 to 60 days	61 to 90 days	90+ days	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Loans and receivables					
Trade and other receivables	-	21	963	-	984
Total	-	21	963	-	984

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

	0 to 30 days	31 to 60 days	61 to 90 days	90+ days	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Loans and receivables					
Trade and other receivables	101	-	-	3,857	3,958
Total	101	-	-	3,857	3,958

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Note 20F: Liquidity risk

The Commission's financial liabilities are payables. The exposure to liquidity risk is based on the notion that the Commission will encounter difficulty in meeting its obligations associated with financial liabilities. This is highly unlikely due to appropriation funding and mechanisms available to the Entity (e.g. Advance to the Finance Minister) and internal policies and procedures put in place to ensure there are appropriate resources to meet its financial obligations.

The following tables illustrates the maturities for financial liabilities

	On demand 2010 \$'000	within 1 year 2010 \$'000	1 to 5 years 2010 \$'000	> 5 years 2010 \$'000	Total 2010 \$'000
Other Liabilities					
Payables - Suppliers	-	-	-	-	-
Total	-	-	-	-	-

	On demand 2009 \$'000	within 1 year 2009 \$'000	1 to 5 years 2009 \$'000	> 5 years 2009 \$'000	Total 2009 \$'000
Other Liabilities					
Payables - Suppliers	-	-	-	-	-
Total	-	-	-	-	-

The Commission's administered activities relate to fines and costs awarded by courts or through agreements. The Commission manages its budgeted funds to ensure it has adequate funds to meet payments as they fall due. In addition, the Commission has policies in place to ensure timely payment are made when due and has no past experience of default.

Note 20G: Market risk

The Commission holds basic financial instruments that do not expose the Commission to certain market risks. The Commission is not exposed to 'Currency risk' or 'Other price risk'.

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Note 21: Appropriations

Table A: Acquittal of Authority to Draw Cash from the Consolidated Revenue Fund for Ordinary Annual Services Appropriations

Particulars	Departmental Outputs			Total	
	2010	2009	2010	2010	2009
	\$'000	\$'000	\$'000	\$'000	\$'000
Balance carried from previous period (Appropriation Acts)	29,222	27,815	29,222	27,815	
<i>Appropriation Act:</i>					
Appropriation Act (No. 1, 3&5) 2009-2010 as passed	138,930	139,227	138,930	139,227	
Other annual appropriation acts	-	-	-	-	-
Departmental appropriations reduced (<i>Appropriation Act</i> sections 10, 11&12)	-	(7,936)	-	(7,936)	
Advance to the Finance Minister (Appropriations Act section 13)	-	-	-	-	-
FMA Act:					
Repayments to the Commonwealth (<i>FMA Act</i> section 30)	1,153	1,214	1,153	1,214	
Appropriations to take account of recoverable GST (<i>FMA Act</i> section 30A) ⁷	6,483	5,478	6,483	5,478	
Relevant Agency receipts (<i>FMA Act</i> section 31)	974	875	974	875	
Adjustments of appropriations on change of entity function (<i>FMA Act</i> section 32)	-	(1,060)	-	(1,060)	
Total appropriations available for payments	176,762	165,613	176,762	165,613	
Cash payments made during the year (GST inclusive)	(151,872)	(136,391)	(151,872)	(136,391)	
Appropriations credited to Special Accounts (excluding GST)	-	-	-	-	-
Balance of Authority to Draw Cash from the Consolidated Revenue Fund for Ordinary Annual	24,890	29,222	24,890	29,222	
Cash at bank and on hand	1,403	1,783	1,403	1,783	
Departmental appropriations receivable	21,455	26,389	21,455	26,389	
Undrawn, unexpired administered appropriations	-	-	-	-	-
Net GST payable from ATO	2,032	1,050	2,032	1,050	
Adjustments under s101.13 of the Finance Minister's Orders not reflected above	-	-	-	-	-
Total as at 30 June	24,890	29,222	24,890	29,222	

⁷ 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.

Departmental and non-operating appropriations do not lapse at financial year end. However, the responsible Minister may decide that part or all of a departmental or non-operating appropriation is not required and request the Finance Minister to reduce that appropriation. The reduction in the appropriation is effected by the Finance Minister's determination and is disallowable by Parliament.

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Table B: Acquittal of Authority to Draw Cash from the Consolidated Revenue Fund for Other than Ordinary Annual Services Appropriations

Particulars	Non-operating				Total	
	Equity		Previous Years' Outputs		2010	2009
	2010 \$'000	2009 \$'000	2010 \$'000	2009 \$'000	\$'000	\$'000
Balance brought forward from previous period (<i>Appropriation Acts</i>)	26,795	21,543	99	-	26,894	21,543
<i>Appropriation Act:</i>						
<i>Appropriation Act (No. 2-4&6) 2009-2010 as passed</i>	61	6,299	2,324	2,948	2,385	9,247
<i>Other annual appropriation acts</i>	-	-	-	-	-	-
<i>Appropriations reduced (Appropriation Act section 12, 13&14)</i>	-	(356)	-	-	-	(356)
<i>Advance to the Finance Minister (Appropriations Act section 15)</i>	-	-	-	-	-	-
<i>FMA Act:</i>						
<i>Repayments to the Commonwealth (FMA Act section 30)</i>	-	-	-	-	-	-
<i>Appropriations to take account of recoverable GST (FMA Act section 30A)¹</i>	208	190	-	190	208	190
<i>Transfer of agency functions (FMA Act section 32)</i>	-	-	-	(949)	-	(949)
Total appropriations available for payments	27,064	27,486	2,423	2,189	29,487	29,675
Cash payments made during the year (GST inclusive)	(2,285)	(691)	(2,423)	(2,090)	(4,708)	(2,781)
Appropriations credited to Special Accounts (excluding GST)	-	-	-	-	-	-
Balance of Authority to Draw Cash from the Consolidated Revenue Fund for Ordinary Annual Services Appropriations and as represented by:	24,779	26,795	-	99	24,779	26,894
Cash at bank and on hand	-	-	-	-	-	-
Departmental appropriation receivable ²	24,779	26,795	3,962	2,423	28,741	29,218
Undrawn, unexpired appropriations	-	-	-	-	-	-
Adjustments under s101.13 of the Finance Minister's Orders not reflected above	-	-	(3,962)	(2,324)	(3,962)	(2,324)
Total as at 30 June	24,779	26,795	-	99	24,779	26,894

¹ 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.

² Previous year's outputs for 2009-10 includes \$3,962,272 allocated in *Appropriation Act (No. 1) 2010-11*. This funding relates to outputs delivered in 2009-10 for the NBN program.

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Note 22: Special Accounts

Other Trust Monies Special Account	2010	2009
	\$	\$
Legal authority: <i>Financial Management and Accountability Act 1997; s20</i>		
<i>Purpose</i> : for the receipt of monies temporarily held on trust or otherwise for the benefit of another person other than the Australian Government.		
Balance carried forward from previous period	51,918	51,918
Other receipts	3,726,995	-
Total credits	3,778,913	51,918
Payments made	3,029,965	-
Total debits	3,029,965	-
Balance carried to the next period and represented by:		
Cash at bank	748,948	51,918
Total balance to be carried to the next period	748,948	51,918

Note 23: Compensation and Debt Relief

Administered

No Acts of Grace payments were made during the reporting period (2009: No payments made).

No waivers of amounts owing to the Australian Government were made pursuant to subsection 34(1) of the *Financial Management Accountability Act 1997* (2009: No waivers made).

No ex-gratia payments were made during the reporting period (2009: No payments made).

Departmental

No Acts of Grace payments were made during the reporting period (2009: No payments made).

No waivers of amounts owing to the Australian Government were made pursuant to subsection 34(1) of the *Financial Management Accountability Act 1997* (2009: No waivers made).

No payments were made under the 'Compensation for Detriment caused by Defective Administration (CDDA) Scheme' during the reporting period (2009: No payments made).

No payments were made under s73 of the *Public Service Act 1999* during the reporting period (2009: No payments made).

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Note 24: Reporting of Outcomes

The Commission attributes its outcome between its two output groups on the basis of identifiable actual costs. Shared costs incurred with respect to these output groups are apportioned according to these resulting actual costs. This basis of attribution is consistent with that used for the 2008-09 budget.

Note 24A: Net Cost of Outcome Delivery

	Outcome 1		Total	
	2010	2009	2010	2009
	\$'000	\$'000	\$'000	\$'000
Expenses				
Administered	1,745	229	1,745	229
Departmental	145,664	134,613	145,664	134,613
Total expenses	147,409	134,842	147,409	134,842
Costs recovered from provision of goods and services to the non government sector				
Administered	-	-	-	-
Departmental	355	324	355	324
Total costs recovered	355	324	355	324
Other external income				
Administered	41,583	45,183	41,583	45,183
Departmental	3,849	1,747	3,849	1,747
Total other external income	45,432	46,930	45,432	46,930
Net cost/(contribution) of outcome	101,622	87,588	101,622	87,588

Outcome 1 is described in Note 1.1. Net costs shown include intra-government costs that are eliminated in calculating the actual Budget outcome.

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Note 24B: Major Classes of Departmental Expenses, Income, Assets and Liabilities by Outcomes

	Outcome 1		Total	
	2010 \$'000	2009 \$'000	2010 \$'000	2009 \$'000
Departmental expenses				
Employees	79,009	72,338	79,009	72,338
Suppliers	62,372	58,635	62,372	58,635
Depreciation & amortisation	4,145	2,986	4,145	2,986
Finance costs	92	-	92	-
Losses from asset sales	-	-	-	-
Write-down and impairment of assets	46	82	46	82
Other expenses	-	572	-	572
Total	145,664	134,613	145,664	134,613
Departmental income				
Revenue from government	142,892	132,555	142,892	132,555
Sale of goods and services	565	508	565	508
Other income	293	802	293	802
Gains	3,346	761	3,346	761
Total	147,096	134,626	147,096	134,626
Departmental assets				
Cash and cash equivalents	1,403	1,783	1,403	1,783
Trade and other receivables	53,908	57,028	53,908	57,028
Leasehold improvements	12,631	9,561	12,631	9,561
Property, plant and equipment	7,722	6,075	7,722	6,075
Intangibles	2,927	1,145	2,927	1,145
Inventories	36	28	36	28
Other non-financial assets	1,364	1,304	1,364	1,304
Total	79,991	76,924	79,991	76,924
Departmental liabilities				
Suppliers	5,606	5,472	5,606	5,472
Other payables	6,505	4,283	6,505	4,283
Employee provisions	21,464	18,526	21,464	18,526
Other provisions	1,361	5,081	1,361	5,081
Total	34,936	33,362	34,936	33,362

Outcome 1 is described in Note 1.1. Net costs shown include intra-government costs that are eliminated in calculating the actual Budget outcome.

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Note 24C: Major Classes of Administered Expenses, Income, Assets and Liabilities by Outcomes

	Outcome 1			Total	
	2010 \$'000	2009 \$'000	2010 \$'000	2009 \$'000	
Administered expenses					
Write-down of assets	1,745	229	1,745	229	
Total	1,745	229	1,745	229	
Administered Income					
Fines and costs	41,274	44,197	41,274	44,197	
Authorisation fees	168	224	168	224	
Other	141	762	141	762	
Total	41,583	45,183	41,583	45,183	
Administered Assets					
Cash and cash equivalents	61	29	61	29	
Receivables	22,774	4,071	22,774	4,071	
Total	22,835	4,100	22,835	4,100	
Administered Liabilities					
Supplier payables	-	-	-	-	
Total	-	-	-	-	

Outcome 1 is described in Note 1.1. Net costs shown include intra-government costs that are eliminated in calculating the actual Budget outcome.