Section
6 Financial performance

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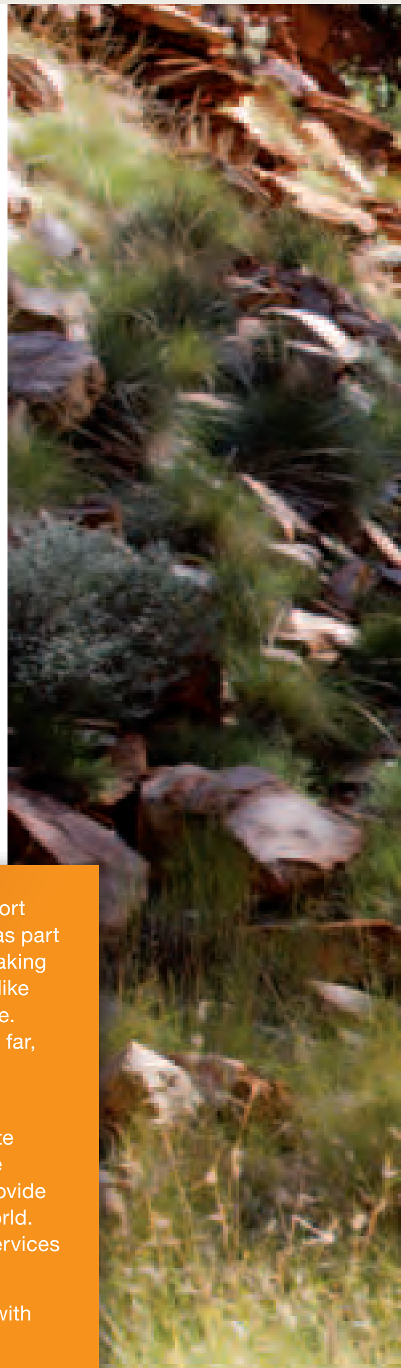
Notes to the financial statements



“ ”

DION TEASDALE joined the conversation with a short film about frogs in the Kimberley which he posted as part of ABC Open project, *One Small Window*. Dion is taking advantage of everything ABC Open has to offer. “I like creating a range of media as I move about the place. I take photos, I write and I make short films, and so far, ABC Open has allowed me to contribute pictures, words and video”.

Dion is an arts project consultant, working in remote Aboriginal art centres. “As I live and work in remote communities for most of the year, ABC services provide a vital link to what's happening in the rest of the world. Often services provided by the ABC are the only services you can get in certain remote parts of Australia.”

Find out more about how Dion's conversation with ABC Open started on page 150.

The ABC has a duty to to use its funding efficiently and effectively. Good financial management is essential for the ABC to deliver its Charter obligations and provide maximum benefit to all Australians.

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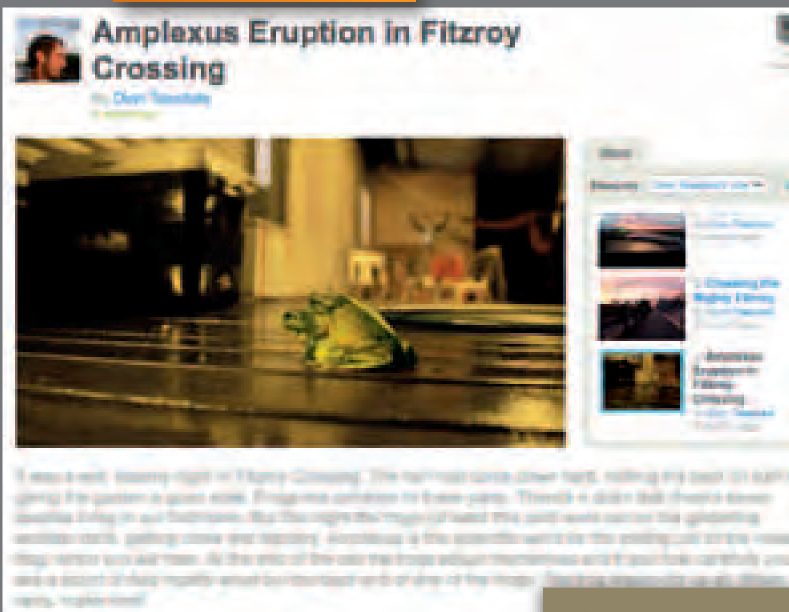
Dion Teasdale

Fitzroy Crossing, Western Australia

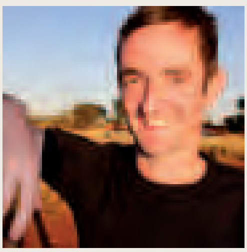
Photographed by Edwina Circuitt, the manager of Warakurna Artists

Where the conversation started

ABC OPEN

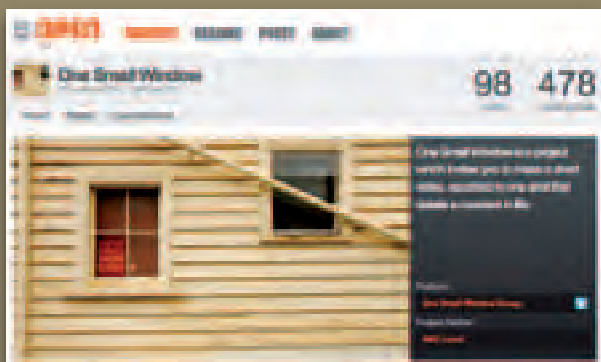


Amplexus is the scientific word for the mating embrace of the male frog. Frogs are common in Fitzroy Crossing, and this video provides one small window on their nocturnal activities.



Dion's conversation

For Dion Teasdale, One Small Window *was a great opportunity. "[I] was interested in how I could learn new skills, connect to other media makers and how ABC Open could become a place for me to post or publish my writing, photography and short films."* The One Small Window *project collects the contributions in a vimeo group from around Australia.*



One small window

One Small Window *is a project which invites contributors to submit a raw video between 30 and 60 seconds that captures a moment in life. What's the story behind these recorded moments? It could be watching a swarm of locusts approach, witnessing a mass of shoppers waiting to enter a store, admiring a bird in a tree, or looking at light reflecting from a pond.*

Discover more about the One Small Window *project stories at open.abc.net.au/projects/one-small-window.*

Financial summary

Completion of Annual Financial Statements

On 28 July 2011, the Audit and Risk Committee endorsed the signing of the 2010–11 Financial Statements and the Australian National Audit Office (ANAO) issued an unqualified audit opinion.

Financial Outcome 2010–11

As in previous years, the ABC operated within its total sources of funds and revenue from Government for the 2010–11 financial year.

Sources of Funds 2010–11

The ABC was allocated $972.6m in the May 2010 Federal Budget.

The ABC also received $183.1m from other sources, including ABC Commercial.

The chart "ABC Source of Funds" (page 152) depicts the ABC's budgeted funds for the various categories against actual sources for 2010–11 and its budgeted sources for 2011–12.

Application of Funds

The chart "ABC Split of Actual Expenditure 2010–11" (page 153) broadly represents the ABC's application of funds by function for the 2010–11 financial year.

The Year Ahead

Revenue from Government

The May 2011 Federal Budget maintained the ABC's funding base and provided additional funding, as previously announced in the May 2009 Federal Budget, for a dedicated digital children's television channel, more Australian television drama, and establishment of regional broadband hubs throughout Australia (implemented as ABC Open). The Budget also provided additional digital television transmission funds for the digital conversion of analog self-help services, as part of the digital television switchover.

The ABC's funding for the 2011–12 financial year is:

	$m
Total revenue from Government per Outcomes 1, 2, 3 and 4, including equity injection	990.7
Less Analog Transmission funds	–92.5
Less Digital Television Transmission funds	–94.9
Less Digital Radio Transmission funds	–3.6
Total Revenue from Government	799.7

The chart "ABC Revenue from Government by Output 2011–12" (page 153) broadly represents the ABC's budgeted appropriation of funds by output for the 2011–12 financial year.

Budget Strategy

Although additional funding was provided in the Federal Budget, this funding is tied to specific initiatives and is not available to address the continual cost pressure arising from the ABC's existing cost base. The migration of consumers to digital platforms and the continuing difficult retail environment has had a detrimental impact on ABC Commercial, which has in turn placed additional pressure on tight financial conditions within the Corporation.

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In this challenging environment, the 2011–12 Budget Strategy seeks to provide a short term "holding pattern" solution to enable the Corporation to continue to meet its Charter obligations within available resources, while at the same time addressing some sustainability issues and providing modest enhancements to some existing services, including ABC News 24.

The Corporation is in the process of implementing recommendations of reviews of its television production and support activities. This process has already delivered operational savings, and is also expected to deliver some further operational efficiencies over the next few years. Savings to date have been applied to sustainability as well as new strategic initiatives, including the new ABC News 24 digital channel.

Funding to assist with the maintenance of the ABC's asset base announced in the May 2009 and May 2010 Federal Budgets was one-off funding for those years only, with no similar funding announced for 2011–12. This has placed the Corporation's capital budget under pressure. The Corporation will continue to liaise with Government in relation to its funding requirements for asset replacement, in the context of the findings of the second stage of the ABC's Integrated Capital Strategy.

Comparative Revenue from Government

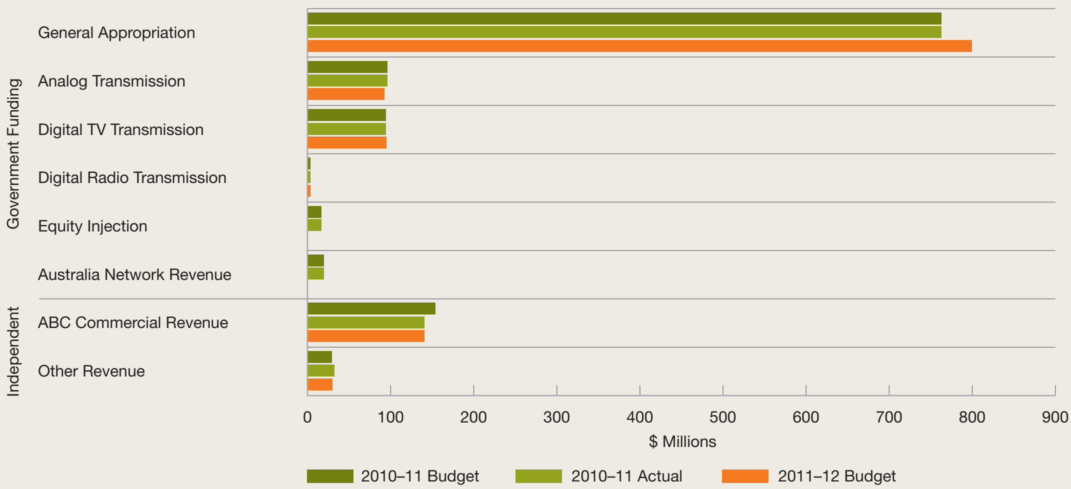
The 2011–12 operational revenue from Government of $800m represents a decrease in real funding of $258m or 24.4% since 1985–86 as depicted in the chart "ABC Operational Revenue from Government" (page 154).

The ABC was allocated **$972.6** million in the 2010 Federal Budget.

Source of funds

The ABC receives funding from different sources, the majority coming from the Federal Government.

ABC Source of Funds

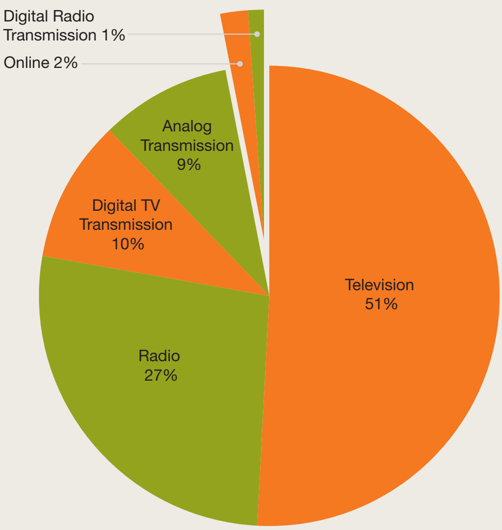


Revenue by output

This graph shows how funding is allocated to six specified Programs which relate to four Outcomes. Performance against these Outcomes is reported at page 118.

79% of Government funding was allocated to content-related activities.

ABC Revenue from Government by Output 2011–12

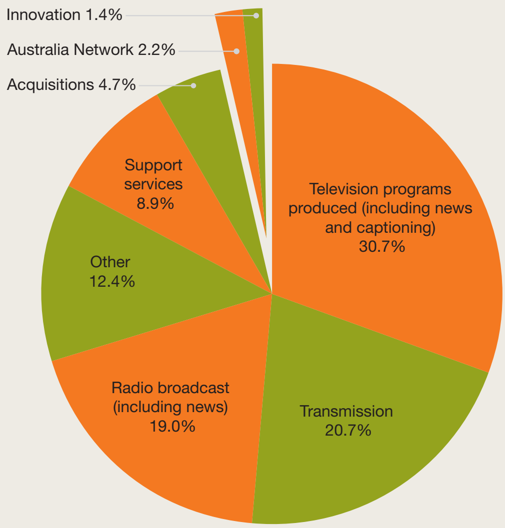


Split of expenditure

Split of actual expenditure broadly represents how the ABC allocates its funds by function.

Over **70%** of the ABC's expenditure is on making and distributing content.

ABC Split of Actual Expenditure 2010–11



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Five-year Analysis

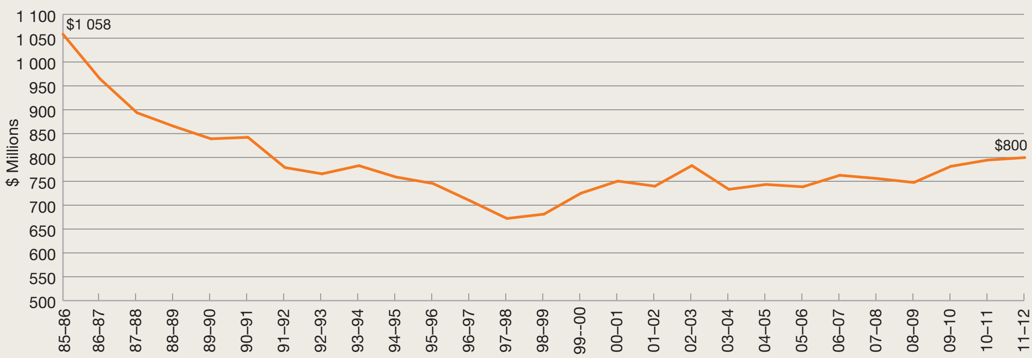
ABC Operating	**2011 $'000**	2010 $'000	2009 $'000	2008 $'000	2007 $'000
Cost of Services	**1 134 969**	1 097 284	1 078 755	1 041 391	976 459
Operating Revenue	**181 361**	180 002	234 222	219 641	185 206
Net Cost of Services (a)	**953 608**	917 282	844 533	821 750	791 253
Share of (deficit)/surplus from jointly controlled entities	**(1 732)**	468	-	-	-
Revenue from Government	**955 516**	915 058	858 411	833 963	809 532

Financial Position	**2011 $'000**	2010 $'000	2009 $'000	2008 $'000	2007 $'000
Current Assets	**234 548**	237 927	275 761	276 332	244 513
Non-Current Assets	**985 096**	1 004 396	948 920	978 828	801 727
Total Assets	**1 219 614**	1 242 343	1 224 681	1 255 160	1 046 240
Current Liabilities	**225 608**	241 388	230 403	174 080	150 428
Non-Current Liabilities	**20 590**	24 161	48 187	114 002	136 059
Total Liabilities	**246 198**	265 549	278 590	288 082	286 487
Total Equity	**973 446**	976 774	946 091	967 078	759 753
Ratios					
Current Ratio (b)	**1.04**	0.99	1.20	1.59	1.63
Equity (c)	**80%**	79%	77%	77%	73%

(a) Net cost of services is cost of services less operating revenue.
(b) Current assets divided by current liabilities.
(c) Equity as a percentage of total assets.

ABC Operational Revenue from Government

Including Capital indexed at 2010–11 levels (December 2010 6 mths CPI Index) 24.4% reduction from 1985–86 to 2011–12



Revenue from government

The ABC operational revenue from Government graph demonstrates the value of funding in real terms over time.

In real terms, the ABC's operational revenue has declined over time.

INDEPENDENT AUDITOR'S REPORT

To the Minister for Broadband, Communications and the Digital Economy

I have audited the accompanying financial statements of the Australian Broadcasting Corporation (the Corporation) for the year ended 30 June 2011, which comprise: a Statement by Directors and Chief Financial Officer; Statement of Comprehensive Income; Balance Sheet; Statement of Changes in Equity; Cash Flow Statement; Schedule of Commitments; Schedule of Asset Additions; Schedule of Contingencies and Notes comprising a Summary of Significant Accounting Policies and other explanatory information.

Directors' Responsibility for the Financial Statements

The directors of the Corporation are responsible for the preparation of the financial statements that give a true and fair view in accordance with the Finance Minister's Orders made under the *Commonwealth Authorities and Companies Act 1997*, including the Australian Accounting Standards, and for such internal control as the directors determine is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on the financial statements based on my audit. I conducted my audit in accordance with 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 about 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 Corporation's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Corporation's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, 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.

Opinion

In my opinion, the financial statements of the Australian Broadcasting Corporation:

(a) have been prepared in accordance with the Finance Minister's Orders made under the *Commonwealth Authorities and Companies Act 1997*, including the Australian Accounting Standards; and

(b) give a true and fair view of the matters required by the Finance Minister's Orders including the Australian Broadcasting Corporation's financial position as at 30 June 2011 and of its financial performance and cash flows for the year then ended.

Australian National Audit Office

Ian McPhee
Auditor-General

Sydney
28 July 2011

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Statement by DIrectors and Chief Financial Officer

In our opinion, the attached financial statements for the year ended 30 June 2011 are based on properly maintained financial records and give a true and fair view of the matters required by the Finance Minister's Orders made under the *Commonwealth Authorities and Companies Act 1997*, as amended.

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

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

Maurice Newman AC	Mark Scott AO	David Pendleton FCPA
Chairman	Managing Director	Chief Financial Officer
28 July 2011	28 July 2011	28 July 2011

ABC

Statement of Comprehensive Income

for the year ended 30 June 2011

	Notes	2011 $'000	2010 $'000
EXPENSES			
Employee benefits	3A	**443 547**	428 364
Suppliers	3B	**445 652**	427 966
Depreciation and amortisation	3C	**91 756**	88 634
Program amortisation	3D	**146 383**	140 121
Finance costs	3E	**1 658**	2 981
Write-down and impairment of assets	3F	**5 973**	9 218
Total expenses		**1 134 969**	1 097 284
OWN-SOURCE INCOME			
Own-source revenue			
Sale of goods and rendering of services	4A	**144 492**	147 549
Interest	4B	**10 288**	8 664
Other revenue	4C	**28 319**	24 958
Total own-source revenue		**183 099**	181 171
Gains			
Net foreign exchange loss	4D	**(789)**	(336)
Net loss from disposal of assets	4E	**(949)**	(833)
Net losses		**(1 738)**	(1 169)
Total own-source income		**181 361**	180 002
Net cost of services		**953 608**	917 282
Revenue from Government	5	**955 516**	915 058
Share of (deficit)/surplus of jointly controlled entities	7	**(1 732)**	468
Surplus/(deficit)		**176**	(1 756)
OTHER COMPREHENSIVE INCOME			
Net revaluation of land and buildings		**(7 152)**	26 598
Changes in fair value cash flow hedges		**(24)**	55
Total other comprehensive income		**(7 176)**	26 653
Total comprehensive income		**(7 000)**	24 897

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

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Balance Sheet

as at 30 June 2011

	Notes	2011 $'000	2010 $'000
ASSETS			
Financial assets			
Cash and cash equivalents	6A	**6 375**	5 677
Receivables	6B	**104 127**	131 773
Accrued revenue	6C	**4 739**	5 265
Investments accounted for using the equity method	7	**18 019**	17 062
Total financial assets		**133 260**	159 777
Non-financial assets			
Land and buildings	8A	**659 591**	661 869
Infrastructure, plant and equipment	8B	**256 930**	274 834
Intangibles	8C	**35 178**	28 332
Inventories	8D	**114 190**	99 906
Prepayments	8E	**20 495**	17 605
Total non-financial assets		**1 086 384**	1 082 546
Total assets		**1 219 644**	1 242 323
LIABILITIES			
Payables			
Suppliers	9A	**57 442**	59 108
Other	9B	**47 612**	39 674
Total payables		**105 054**	98 782
Interest-bearing liabilities			
Loans	10A	**5 000**	31 000
Total interest bearing liabilities		**5 000**	31 000
Provisions			
Employees	11A	**133 253**	134 617
Other	11B	**2 891**	1 150
Total provisions		**136 144**	135 767
Total liabilities		**246 198**	265 549
NET ASSETS		**973 446**	976 774
EQUITY			
Contributed equity		**113 121**	109 449
Reserves		**570 864**	578 040
Retained surplus		**289 461**	289 285
Total equity		**973 446**	976 774
Current assets		**234 548**	237 927
Non-current assets		**985 096**	1 004 396
Current liabilities		**225 608**	241 388
Non-current liabilities		**20 590**	24 161

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

Statement of Changes in Equity

for the year ended 30 June 2011

	Contributed equity		Retained surplus		Asset revaluation reserve		Hedging reserve		Total equity	
	2011 $'000	2010 $'000	**2011 $'000**	2010 $'000	**2011 $'000**	2010 $'000	**2011 $'000**	2010 $'000	**2011 $'000**	2010 $'000
Opening balance as at 1 July	**109 449**	103 663	**289 285**	291 041	**578 025**	551 427	**15**	(40)	**976 774**	946 091
Comprehensive income										
Net revaluation of land and buildings	**–**	–	**–**	–	**(7 152)**	26 598	**–**	–	**(7 152)**	26 598
Changes in fair value cash flow hedges	**–**	–	**–**	–	**–**	–	**(24)**	55	**(24)**	55
Surplus/(deficit)	**–**	–	**176**	(1 756)	**–**	–	**–**	–	**176**	(1 756)
Total comprehensive income	**–**	–	**176**	(1 756)	**(7 152)**	26 598	**(24)**	55	**(7 000)**	24 897
Transactions with owner										
Distributions to owner										
Return of capital	**(12 866)**	(11 770)	**–**	–	**–**	–	**–**	–	**(12 866)**	(11 770)
Contributions by owner										
Equity injection	**16 538**	17 556	**–**	–	**–**	–	**–**	–	**16 538**	17 556
Total transactions with owner	**3 672**	5 786	**–**	–	**–**	–	**–**	–	**3 672**	5 786
Closing balance as at 30 June	**113 121**	109 449	**289 461**	289 285	**570 873**	578 025	**(9)**	15	**973 446**	976 774

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

Cash Flow Statement

for the year ended 30 June 2011

	Notes	2011 $'000 Inflows (Outflows)	2010 $'000 Inflows (Outflows)
OPERATING ACTIVITIES			
Cash received			
Receipts from Government		**955 516**	914 503
Goods and services		**144 243**	155 877
Interest		**10 471**	8 712
Net GST received		**43 172**	39 848
Other		**28 625**	24 958
Realised foreign exchange (losses)/gains		**(24)**	75
Total cash received		**1 182 003**	1 143 973
Cash used			
Employees		**(442 127)**	(417 381)
Suppliers		**(661 811)**	(628 523)
Finance costs		**(1 668)**	(2 987)
Total cash used		**(1 105 606)**	(1 048 891)
Net cash from operating activities	12	**76 397**	95 082
INVESTING ACTIVITIES			
Cash received			
Proceeds from sale of property, plant and equipment		**502**	1 903
Proceeds from investments and bills of exchange		**167 160**	113 400
Total cash received		**167 662**	115 303
Cash used			
Purchase of property, plant and equipment		**(81 941)**	(88 285)
Purchase of investments and bills of exchange		**(139 849)**	(108 694)
Total cash used		**(221 790)**	(196 979)
Net cash used in investing activities		**(54 128)**	(81 676)
FINANCING ACTIVITIES			
Cash received			
Equity contributed by Government		**16 538**	17 556
Total cash received		**16 538**	17 556
Cash used			
Repayment of loans		**(26 000)**	(25 500)
Return of capital		**(12 109)**	(7 939)
Total cash used		**(38 109)**	(33 439)
Net cash used in financing activities		**(21 571)**	(15 883)
Net increase/(decrease) in cash and cash equivalents		**698**	(2 477)
Cash and cash equivalents at beginning of year		**5 677**	8 154
Cash and cash equivalents at end of year	6A	**6 375**	5 677

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

Schedule of Commitments

as at 30 June 2011

	2011 $'000	2010 $'000
BY TYPE		
Capital commitments		
Buildings	**31 661**	48 027
Infrastructure, plant and equipment (1)	**15 229**	20 469
Total capital commitments	**46 890**	68 496
Other commitments		
Operating leases (2)	**74 420**	96 605
Other payables (3)	**1 429 541**	1 657 417
Attributable to joint ventures (4)	**7 609**	6 996
Total other commitments	**1 511 570**	1 761 018
Commitments receivable		
Net GST receivable on commitments	**(135 896)**	(159 967)
Other receivables (5)	**(81 179)**	(97 363)
Total commitments receivable	**(217 075)**	(257 330)
Net commitments by type	**1 341 385**	1 572 184

6

	2011 $'000	2010 $'000
BY MATURITY		
Capital commitments		
One year or less	**42 697**	18 199
From one to five years	**4 193**	50 297
Total capital commitments	**46 890**	68 496
Operating lease commitments		
One year or less	**22 555**	22 381
From one to five years	**51 865**	66 316
More than five years	**–**	7 908
Total operating lease commitments	**74 420**	96 605
Other payables commitments		
One year or less	**288 688**	332 042
From one to five years	**764 209**	888 229
More than five years	**376 644**	437 146
Total other payables commitments	**1 429 541**	1 657 417
Commitments attributable to joint ventures		
One year or less	**7 609**	6 996
Total commitments attributable to joint ventures	**7 609**	6 996
Commitments receivable		
One year or less	**(64 682)**	(70 696)
From one to five years	**(112 244)**	(132 152)
More than five years	**(40 149)**	(54 482)
Total commitments receivable	**(217 075)**	(257 330)
Net commitments by maturity	**1 341 385**	1 572 184

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

1. Outstanding contractual commitments associated with the purchase of infrastructure, plant and equipment, including communications upgrades and technical equipment fit out.
2. Operating leases included are effectively non-cancellable and comprise:

Nature of Lease	**General description of leasing arrangement**
• Motor vehicles—business and senior executive	Fully maintained operating lease over 24/36 months and/or 40 000/60 000 km; no contingent rentals; no renewal or purchase options available.
• Property leases—office and business premises	Lease payments subject to increase in accordance with CPI or other agreed increment; initial period of lease ranges from 1 year to 6 years; options to extend in accordance with lease.

3. Other payables commitments are covered by agreements and are associated with the supply of transmission services, satellite services, purchase of programs and program rights.
4. Commitments arising from, in proportion, the Corporation's 16% interest in Freeview Australia Limited and 50% interest in MediaHub Australia Pty Limited.
5. Other receivables comprise transmission, royalties, co-production commitments, resource hire, content licensing, media development support initiatives, contract revenue and grants.

Schedule of Asset Additions

for the year ended 30 June 2011

	2011 $'000	2010 $'000
Land		
By purchase—Government Funding	**1 214**	13 026
Total land	**1 214**	13 026
Buildings on freeehold land		
By purchase—Government Funding	**13 046**	7 746
By purchase—other	**–**	15
Total buildings on freehold land	**13 046**	7 761
Leasehold buildings and improvements		
By purchase—Government Funding	**288**	734
By purchase—other	**6 803**	3 376
Total leasehold buildings and improvements	**7 091**	4 110
Infrastructure, plant and equipment		
By purchase—Government Funding	**34 385**	71 250
By purchase—other	**683**	548
Total infrastructure, plant and equipment	**35 068**	71 798
Intangibles		
By purchase—Government Funding	**17 959**	5 561
By purchase—other	**21**	–
Total intangibles	**17 980**	5 561
Asset additions		
By purchase—Government Funding	**66 892**	98 317
By purchase—other	**7 507**	3 939
Total asset additions	**74 399**	102 256

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

Schedule of Contingencies

as at 30 June 2011

	Notes	2011 $'000	2010 $'000
Contingent liabilities—guarantees			
Balance at beginning of year		**1 185**	1 185
Net change during the year		**17**	–
Total contingent liabilities—guarantees	14	**1 202**	1 185

The Corporation has no material contingent assets as at 30 June 2011 (2010 Nil).

Details of each class of contingent liabilities, including those not disclosed above because they cannot be quantified or are considered remote, are shown in Note 14: Contingent Assets and Liabilities.

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

1. Summary of Significant Accounting Policies

The principal accounting policies adopted in preparing the financial statements of the Australian Broadcasting Corporation (the "Corporation" or "ABC") are stated to assist in a general understanding of these financial statements.

The financial report of the Corporation for the year ended 30 June 2011 was authorised for issue by the Directors on 28 July 2011.

1.1 Objectives of the Corporation

The Corporation is an Australian Government controlled entity. The objectives of the Corporation are derived explicitly from the *Australian Broadcasting Corporation Act 1983* and are:

- Objective 1—Ensure the Corporation's independence, integrity and high standards;
- Objective 2—To be recognised as the leading Australian public media space where people engage with issues and ideas;
- Objective 3—Deliver maximum benefit to the people of Australia through the effective and efficient delivery of the Corporations' services; and
- Objective 4—Sustain and grow the Corporation through high quality leadership and an environment of responsibility and opportunity.

The Corporation is structured to meet four outcomes:

- Outcome 1—Audiences throughout Australia – and overseas – are informed, educated and entertained.
- Outcome 2—Australian and international communities have access to at least the scale and quality of satellite and analog terrestrial radio and television transmission services that existed at 30 June 2003.
- Outcome 3—The Australian community has access to ABC digital television services in accordance with approved digital implementation plans.
- Outcome 4—The Australian community has access to ABC digital radio services in accordance with approved digital implementation plans.

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

1.2 Basis of Preparation of Financial Statements

The financial statements and notes are required by clause 1(b) of Schedule 1 to the *Commonwealth Authorities and Companies Act 1997*, as amended and are a General Purpose Financial Report.

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

- Finance Minister's Orders (FMO) for reporting periods ending on or after 1 July 2010; and
- Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) that apply for the year ended 30 June 2011.

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

The financial statements are presented in Australian dollars and values are rounded to the nearest thousand dollars unless disclosure of the full amount is specifically required.

1. Summary of Significant Accounting Policies continued

1.2 Basis of Preparation of Financial Statements continued

Unless alternative treatment is specifically required by an accounting standard or the FMO, assets and liabilities are recognised in the Corporation's Balance Sheet when and only when it is probable that future economic benefits will flow to the Corporation 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 unrecognised are reported in the Schedule of Commitments and the Schedule of Contingencies (other than unquantifiable or remote contingencies, which are reported at Note 14: Contingent Assets and Liabilities).

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

1.3 Significant Accounting Judgements, Estimates and Assumptions

Significant Accounting Judgements

In the process of applying the accounting policies, the Corporation has taken the fair value of freehold land to be the market value of similar locations and the fair value of freehold buildings to be the depreciated replacement cost, as determined by an independent valuer.

Significant Accounting Estimates and Assumptions

The Corporation has applied the following estimates and assumptions:

- Long service leave, as detailed in Note 1.12: Employee Benefits;
- Provision for make good, as detailed in Note 1.13: Leases;
- Valuation of properties, plant and equipment, as detailed in Note 1.22: Property (Land and Buildings), Infrastructure, Plant and Equipment;
- Depreciation, as detailed in Note 1.22: Property (Land and Buildings), Infrastructure, Plant and Equipment;
- Impairment of non-financial assets, as detailed in Note 1.23: Impairment of Non-Current Assets; and
- Program amortisation, as detailed in Note 1.25: Inventories.

No other 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 year.

1.4 New Australian Accounting Standards

Adoption of New Australian Accounting Standard Requirements

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

The following adopted requirements have affected the amounts reported in the current or prior periods or are estimated to have a financial effect in future reporting periods.

AASB 2009-5 Further Amendments to Australian Accounting Standards arising from the Annual Improvements Process [AASB 5, 8, 101, 107, 117, 118, 136 and 139]. These amendments provide for changes to presentation, disclosure, recognition and measurement to a number of standards and are effective for reporting periods beginning on or after 1 January 2010. The main changes affecting the Corporation relate to changes to *AASB 117 Leases*, which requires leases that include both land and building elements to be assessed separately for classification and changes to *AASB 107 Statement of Cash Flows*, which requires only expenditure that results in a recognised asset in the Balance Sheet to be classified as investing activities. These are not expected to have a material impact on the Corporation's financial statements.

AASB 2010-3 Amendments to Australian Accounting Standards arising from the Annual Improvements Project [AASB 3, 7, 121, 128, 131, and 132]. This amendment provides for changes to presentation, disclosure, recognition and measurement to a number of standards and is effective for reporting periods beginning on or after 1 July 2010. The changes have been assessed and are not expected to have a material impact on the Corporation's financial statements.

1. Summary of Significant Accounting Policies continued

1.4 New Australian Accounting Standards continued

Adoption of New Australian Accounting Standard Requirements continued

Other new, revised or amending standards or interpretations that are applicable to the current reporting period are not expected to have a material financial impact on the Corporation.

Future Australian Accounting Standard Requirements

The following new standards, amendments to standards or interpretations have been issued by the AASB but are effective for future reporting periods. The impact of adopting these pronouncements, when effective, will not have a material financial impact on the Corporation's financial statements.

Interpretation 14 Prepayments of a Minimum Funding Requirement. The amendment is intended to remove unintended consequences arising from the treatment of prepayments when there is a minimum funding requirement and permits early payment of contributions to cover minimum funding requirements to be recognised as an asset. The amendment applies to reporting periods commencing on or after 1 January 2011. The Corporation has elected not to early adopt this standard to be consistent with the current FMO.

AASB 124 Related Party Disclosures and AASB 2009-12 Amendments to Australian Accounting Standards arising from AASB 124. These standards apply to reporting periods beginning on or after 1 January 2011 and have been modified to simplify and clarify the definition of a related party and partial exemptions have been included for government-related entities. The Corporation has chosen not to early adopt this standard to remain consistent with the current FMO.

AASB 2010-4 Further Amendments to the Australian Accounting Standards arising from the Annual Improvements Project [AASB 1, 7, 101, 134 and Interpretation 13]. The main amendments relate to the disclosure of other comprehensive income in the Statement of Changes in Equity and the disclosure of changes to the fair value measurement of award credits under customer loyalty programmes. The amendments are applicable for reporting periods beginning on or after 1 January 2011 but have not been adopted early by the Corporation in line with the FMO.

AASB 2010-6 Amendments to Australian Accounting Standards – Disclosures on Transfers of Financial Assets. These amendments introduce new disclosure requirements relating to transfers of financial assets, financial assets that are not derecognised in their entirety, and financial assets that are derecognised in their entirety. The amendments are applicable for reporting periods beginning on or after 1 July 2011 but have not been adopted early by the Corporation to remain consistent with the current FMO.

AASB 119 Employee Benefits. The main change arising from this amendment relates to the treatment of actuarial gains or losses of accrued benefits. This standard applies for reporting periods beginning on or after 1 July 2013. The Corporation has elected not to early adopt this standard to be consistent with the current FMO.

AASB 9 Financial Instruments and *AASB 2010-7 Amendments to Australian Accounting Standards arising from AASB 9* apply to reporting periods beginning on or after 1 January 2013 and include changes to classification and measurement, impairment methodology and hedge accounting measures as well as reducing the categories of financial assets to two: amortised cost and fair value. As a result, the Corporation will be required to classify it's held to maturity investments and loans and receivables at "amortised cost". The Corporation has elected not to early adopt this standard to be consistent with the current FMO.

AASB 2009-11 Amendments to the Australian Accounting Standards arising from AASB 9 [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 121, 127, 128, 131, 132, 136, 139, 1023, 1038 and Interpretations 10 and 12]. The amendments to these standards arise from the issue of *AASB 9 Financial Instruments* as discussed above that sets out requirements for the classification and measurement of financial assets. This standard applies to annual reporting periods beginning on or after 1 January 2013. As the Corporation has chosen not to early adopt *AASB 9* the amendments to these standards will also not be early adopted.

Other new, revised or amending standards or interpretations that were issued and are applicable to future reporting periods are not expected to have a material financial impact on the Corporation in future reporting periods.

1. Summary of Significant Accounting Policies continued

1.5 Taxation

Income tax

The Corporation is not subject to income tax pursuant to Section 71 of the *Australian Broadcasting Corporation Act 1983.*

The Corporation's controlled entities, Music Choice Australia Pty Ltd and The News Channel Pty Limited, while subject to income tax, have been inactive since the year ended 30 June 2000 up to and including 30 June 2011.

The Corporation's equity interests in MediaHub Australia Pty Limited, Freeview Australia Pty Limited and National DAB Licence Company Limited are subject to income tax.

Revenues, gains, expenses and assets are recognised net of the amount of GST except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO). In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of the revenue or expense.

Receivables and payables are stated with the amount of GST included.

The net amount of GST receivable from the ATO is included as a financial asset in the Balance Sheet while any net amount of GST payable to the ATO is included as a liability in the Balance Sheet.

Cash flows are included in the Cash Flow Statement on a net basis. The GST components arising from investing and financing activities which are recoverable from or payable to the ATO are classified as operating cash flows.

Commitments and contingencies are disclosed on a net basis. Net GST commitments recoverable from, or payable to, the ATO are disclosed.

1.6 Foreign Currency Transactions

The Corporation enters into foreign currency hedging arrangements to protect its purchasing power in relation to foreign currency exposures. Revenues and expenditures denominated in foreign currencies are converted to Australian dollars at the exchange rates prevailing at the date of the transaction, or at the hedged rate.

All gains and losses are taken to profit or loss with the exception of forward exchange contracts that are classified as cash flow hedges used to hedge highly probable transactions. Gains and losses on cash flow hedges held at balance date are taken to equity.

All monetary foreign currency balances are converted to Australian dollars at the exchange rate prevailing at balance date. Monetary assets and liabilities of overseas branches and amounts payable to or by the Corporation in foreign currencies are translated into Australian dollars at the applicable exchange rate at balance date.

1.7 Reporting by Outcomes and Segments

A comparison by outcomes relevant to the Corporation is presented in Note 21: Reporting by Outcomes. Any intra-government costs are eliminated in calculating the actual budget outcome for the Government overall.

The Corporation principally provides a national television and radio service within the broadcasting industry. It is therefore considered for segmental reporting to operate predominantly in one industry and in one geographical area, Australia.

1.8 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 benefit associated with the transaction will flow to the Corporation.

1. Summary of Significant Accounting Policies continued

1.8 Revenue continued

Revenue from the sale of goods is recognised at fair value of the consideration received net of the amount of GST upon delivery of the goods to customers.

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

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

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.

Credit sales are on normal commercial terms.

Receivables for goods and sales, which have 30 day terms, are recognised at the nominal amounts due less any provision for bad and doubtful debts. The ability to collect debt is reviewed at the balance date. Provisions are made when the recovery of debt is no longer probable.

Interest revenue is recognised using the effective interest method as set out in *AASB 139 Financial Instruments: Recognition and Measurement.*

Revenues from Government receivable are recognised at their nominal amounts.

Subsidies, grants, sponsorships and donations are recognised on receipt unless paid to the Corporation for a specific purpose where recognition of revenue will be recognised in accordance with the agreement.

1.9 Gains and losses

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

1.10 Grants

The Corporation receives grant monies from time to time.

Most grant agreements require the Corporation to perform services or provide facilities, or to meet eligibility criteria. A liability in respect of unearned revenues is recognised to the extent the services or facilities have not been provided or eligibility criteria have not been met.

1.11 Transactions by the Government as Owner

Revenue from Government
Parliament appropriates monies to the Department of Broadband, Communications and the Digital Economy, which is then distributed to the Corporation and recognised as revenue from Government. The full amount received in respect of departmental outputs for the year is disclosed in Note 5: Revenue from Government.

Equity Injections
Amounts appropriated by the Parliament as equity injections are recognised as contributed equity in accordance with the FMO.

Other Distributions to Owners
The FMO require that distributions to owners be debited to contributed equity unless in the nature of a dividend.

The Corporation also received monies from the Government by way of loans as detailed in Note 10: Interest Bearing Liabilities.

1. Summary of Significant Accounting Policies continued

1.11 Transactions by the Government as Owner continued

Contributions
Income is measured at the fair value of the contributions received or receivable. Income arising from the contribution of an asset to the Corporation is recognised when the entity obtains control of the contribution or the right to receive the contribution, it is probable that the economic benefits comprising the contribution will flow to the Corporation and the amount of the contribution can be measured reliably.

1.12 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 expected to be settled within twelve months are measured at their nominal amounts.

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

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

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

The leave liabilities are calculated on the basis of employees' remuneration at the estimated salary rates that will apply at the time the leave is taken, including the 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 for the Corporation has been determined by reference to the work of an actuary, Professional Financial Consulting Pty Ltd, as at 30 June 2011. The liability for long service leave represents the present value of the estimated future cash outflows to be made by the Corporation resulting from employees' services provided up to the balance date. The estimate of the present value of the liability takes into account attrition rates and pay increases through promotion and inflation.

Superannuation
Employees are members of the Commonwealth Superannuation Scheme (CSS), Public Sector Superannuation Scheme (PSS), the Public Sector Superannuation Accumulation Plan Scheme (PSSap) or another non-Commonwealth Superannuation fund.

The CSS and PSS are defined benefit schemes for the Australian Government. The PSSap and other non-Commonwealth funds are defined contribution schemes.

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 Corporation makes employer contributions to the employee superannuation schemes at rates determined by an actuary to be sufficient to meet the current cost to the Government of the superannuation entitlements of the Corporations' employees. The Corporation accounts for the contributions as if they were contributions to defined contribution plans.

The liability for superannuation recognised as at 30 June 2011 represents outstanding contributions for the last 9 days of the year.

1.13 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.

1. Summary of Significant Accounting Policies continued

1.13 Leases continued

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

Operating lease rentals are not segregated between minimum lease payments, contingent rents and sublease payments, as required by *AASB 117 Leases*, as these components are not individually material.

Lease incentives taking the form of 'free' leasehold improvements and rent holidays are recognised as liabilities. These liabilities are reduced by allocating lease payments between rental expense and reduction of the liability.

Provision for Make Good
A provision for make good exists when the Corporation has an obligation to 'make good' leased properties at the end of the lease term. As many of the leases are negotiable, the Corporation has determined the provision as set out below.

Retail leased premises
A provision has been recognised for retail leases where the Corporation is obligated per the lease agreement to make good the site or where the Corporation believes there is some probability that it will incur costs to make good the site. The provision is calculated based on the estimated average cost to make good each site, plus an allowance for inflation.

Other leased premises
A provision has been recognised for other leases where the Corporation is obligated per the lease agreement to make good the site or where the Corporation believes there is some likelihood that it will incur costs to make good the site. The provision is calculated based on the estimated cost to make good each site, plus an allowance for inflation.

1.14 Borrowing Costs

All borrowing costs are expensed as incurred.

1.15 Cash and Cash Equivalents

Cash and cash equivalents in the Balance Sheet comprise cash at bank and on hand and short-term deposits with an original maturity of three months or less that are readily convertible to known amounts of cash and subject to insignificant risk of changes in value. Cash and cash equivalents are recognised at their nominal amounts.

1.16 Financial Assets

The Corporation classifies its financial assets in the following categories:

- financial assets at fair value through profit or loss;
- held-to-maturity investments; 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.

1. Summary of Significant Accounting Policies continued

1.16 Financial Assets continued

Fair Value Through Profit or Loss

Financial assets are classified as financial assets at fair value through profit or loss where the financial assets:

- have been acquired principally for the purpose of being sold in the near future;
- are a part of an identified portfolio of financial instruments that the Corporation manages together and has a recent actual pattern of short-term profit-taking; or
- are derivatives that are not designated and effective as a hedging instrument.

Assets in this category are classified as current assets.

Financial assets at fair value through profit or loss are stated at fair value, with any resultant gain or loss recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any interest earned on the financial asset. The Corporation's financial assets in this category are forward exchange contracts which are derivative financial instruments. Gains and losses on these items are recognised through profit or loss except if they are classified as a cash flow hedge where they are recognised in the hedging reserve within equity.

Derivatives
Forward exchange contracts are initially recognised at fair value on the date on which the contract is entered into and are subsequently revalued to reflect changes in fair value. Forward exchange contracts are carried as assets when their net fair value is positive and as liabilities when their net fair value is negative.

For the purpose of hedge accounting, the Corporation's hedges are classified as cash flow hedges when they hedge exposure to variability in cash flows that is attributable either to a particular risk associated with a recognised asset, liability or to a highly probable forecast transaction.

At the inception of a hedge relationship, the Corporation formally designates and documents the hedge relationship to which the Corporation wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge. The documentation includes identification of the hedging instrument, the hedged item or transaction, the nature of the risk being hedged and how the Corporation will assess the hedging instrument's effectiveness in offsetting the exposure to changes in the hedged item's fair value or cash flow attributable to the hedged risk.

Such hedges are expected to be highly effective in achieving offsetting changes in fair value or cash flows and are assessed on an ongoing basis to determine that they actually have been highly effective throughout the financial reporting periods for which they were designated.

The effective portion of the gain or loss on the cash flow hedge is recognised directly in equity, while the ineffective portion is recognised in profit or loss.

Amounts taken to equity are transferred to profit or loss when the hedged transaction affects profit or loss, such as when hedged income or expenses are recognised or when a forecast sale or purchase occurs. When the hedged item is the cost of a non-financial asset or liability, the amounts taken to equity are transferred to the initial carrying amount of the non-financial asset or liability.

If the forecast transaction is no longer expected to occur, amounts previously recognised in equity are transferred to profit or loss. If the hedging instrument expires or is sold, terminated or exercised without replacement or rollover, or if its designation as a hedge is revoked, amounts previously recognised in equity remain until the forecast transaction occurs. If the related transaction is not expected to occur, the amount is taken to profit or loss.

Held-to-Maturity Investments

Non-derivative financial assets with fixed or determinable payments and fixed maturity dates that the Corporation has the positive intent and ability to hold to maturity are classified as held-to-maturity investments in accordance with *AASB 139 Financial Instruments: Recognition and Measurement*. Held-to-maturity investments are recorded at amortised cost using the effective interest method less impairment, with revenue recognised on an effective yield basis.

Surplus cash has been invested into short term investments with maturities at acquisition date of greater than three months. These investments are included as 'other receivables'.

1. Summary of Significant Accounting Policies continued

1.16 Financial Assets continued

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 in accordance with *AASB 139 Financial Instruments: Recognition and Measurement.*

They are included in current assets, except for maturities greater than 12 months after the balance sheet date. These are classified as non-current assets. Loans and receivables are measured at amortised cost using the effective interest method less impairment. Interest is recognised by applying the effective interest rate.

Trade debtors are normally settled within 30 days unless otherwise agreed and are carried at amounts due, less an allowance for doubtful debt.

Impairment of Financial Assets
Financial assets are assessed for impairment at each balance date.

Financial assets held at amortised cost
If there is objective evidence that an impairment loss has been incurred for loans and receivables 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 taken to the Statement of Comprehensive Income.

Bad and doubtful debts
The Corporation makes a specific provision for debts considered doubtful by conducting a detailed review of material debtors, making an assessment of the likelihood of recovery of those debts and taking into account past bad debts experience. Bad debts are written off when identified.

1.17 Financial Liabilities

Financial liabilities are classified as 'other financial liabilities' in accordance with *AASB 139 Financial Instruments: Recognition and Measurement*.

Other Financial Liabilities
Other financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs. The fair value of loans from Government is deemed to be the initial principal amount. The Corporation does not have any commercial bank loans.

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.

Loans are classified as current liabilities unless the Corporation has the unconditional right to defer settlement for at least 12 months after the balance sheet date.

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). Standard ABC settlement terms are 30 days commercial.

1.18 Repairs and Maintenance

Maintenance, repair expenses and minor renewals which do not constitute an upgrade or enhancement of equipment are expensed as incurred.

1. Summary of Significant Accounting Policies continued

1.19 Joint Ventures

Joint ventures are accounted for using the equity method in accordance with *AASB 131 Interests in Joint Ventures* and the FMO. Further details relating to joint ventures, to which the Corporation is a party to, are provided in Note 7: Investments Accounted for Using the Equity Method.

1.20 Contingent Assets and Contingent Liabilities

Contingent assets and contingent liabilities are not recognised in the Balance Sheet but are disclosed in the relevant schedule and Note 14: Contingent Assets and Liabilities. They may arise from uncertainty as to the existence of an asset or liability, 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.

1.21 Acquisition of Assets

Assets are recorded at cost at the time of acquisition except as stated below. The cost of acquisition includes the fair value of assets transferred in exchange and liabilities undertaken.

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

1.22 Property (Land and Buildings), Infrastructure, Plant and Equipment

Asset Recognition Threshold

Purchases of property, infrastructure, plant and equipment are recognised initially at cost in the Balance Sheet.

Purchases costing less than $2 000 are expensed in the year of acquisition except where they form part of a project or group of similar items, which are significant in total.

Basis of Revaluation

Land, buildings, infrastructure, plant and equipment are carried at fair value.

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

Asset Class	Fair Value Measured at
Freehold Land	Market Value
Freehold Buildings	Depreciated replacement cost
Leasehold Land	Depreciated replacement cost
Leasehold Buildings	Depreciated replacement cost
Leasehold Improvements	Depreciated replacement cost
Infrastructure, plant and equipment	Depreciated replacement cost

Following initial recognition at cost, property, infrastructure, 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 materially vary, with 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 revaluation reserve except to the extent that it reverses a previous revaluation decrement of the same asset class that was previously recognised through profit or loss. Revaluation decrements for a class of assets are recognised directly through profit or loss 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.

1. Summary of Significant Accounting Policies continued

1.22 Property (Land and Buildings), Infrastructure, Plant and Equipment continued

Depreciation

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

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

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

	2011	2010
Buildings on freehold land	**50 years**	50 years
Leasehold buildings	**Life of Lease**	Life of Lease
Leasehold improvements	**5 to 99 years**	5 to 99 years
Infrastructure, plant and equipment	**3 to 15 years**	3 to 15 years

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

Assets Held for Sale

Assets held for sale are stated in the Balance Sheet at the lower of carrying value or fair value less costs to sell.

Impairment losses are recognised for any initial or subsequent write-down of assets classified as held for sale to their fair value less costs to sell.

Any gains for subsequent increases in fair value less costs to sell for assets classified as held for sale are recognised only to the extent that they are not in excess of the cumulative impairment losses that have been recognised in accordance with *AASB 5 Non-current Assets Held for Sale and Discontinued Operations* or previously in accordance with *AASB 136 Impairment of Assets*.

If any assets classified as held for sale, no longer meet the criteria under *AASB 5 Non-current Assets Held for Sale and Discontinued Operations*, the Corporation will cease to classify the asset as held for sale. Non-current assets that cease to be classified as held for sale are measured at the lower of:

a. the carrying amount before the asset was classified as held for sale, adjusted for any depreciation, amortisation or revaluations that would have been recognised had the asset not been classified as held for sale; and
b. the recoverable amount at the date of the subsequent decision not to sell.

1.23 Impairment of Non-Current Assets

All non-current assets except:

- inventories;
- assets arising from employee benefits;
- financial assets that are within the scope of *AASB 139 Financial Instruments: Recognition and Measurement*; and
- non-current assets (or disposal groups) classified as held for sale in accordance with *AASB 5 Non-current Assets Held for Sale and Discontinued Operations*;

are subject to an assessment as to indicators of impairment under *AASB 136 Impairment of Assets*.

At the reporting date, the Corporation has assessed whether there are any indications that assets may be impaired.

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.

1. Summary of Significant Accounting Policies continued

1.23 Impairment of Non-Current Assets continued

Recoverable amount of an asset is the greater 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 Corporation were deprived of the asset, its value in use is taken to be its depreciated replacement cost.

1.24 Intangible Assets

The Corporation's intangibles comprise software for internal use, broadcast licences and spectrum provided by the Australian Government.

Software is initially recognised at cost and amortised on a straight-line basis over anticipated useful lives between 3–6 years (2010 3–6 years). These assets are assessed for indications of impairment. The carrying amounts of impaired assets are written down to the lower of their net market selling price or depreciated replacement cost.

The Corporation's right to use broadcast licences and spectrum are held at their fair value.

1.25 Inventories

Inventories held for resale are valued at the lower of cost and net realisable value. Inventories not held for resale are valued at the lower of cost, adjusted for any loss in service potential, based on the existence of a current replacement cost that is lower than the original acquisition cost or other subsequent carrying amount.

Produced Programs

Television programs are produced for domestic transmission and include direct salaries and expenses and production overheads allocated on a usage basis to the program. Production overheads not allocated to programs are expensed in the period in which they are incurred. External contributions received in respect of co-production of television programs are offset against production costs which are recorded as Inventories in the Balance Sheet.

The cost of produced television program inventory is amortised as follows:

- News, Current Affairs and Live Programs—100% on first screening;
- Factual and Entertainment programs based on current topics—100% on first screening;
- Childrens, Education and Movies—straight line over three years from completion of production;
- All other programs not covered above—90% first screening and 10% second screening or in third year; and
- Programs not shown within three years of completion or purchase to be amortised 100% in year three.

The costs of programs produced for Radio are expensed as incurred. Such programs are normally broadcast soon after production, stock on hand at any time being minimal.

Purchased Programs

Purchased program inventory is amortised in accordance with the policy noted above or over the rights period of the contract (whichever is lesser).

Subsequent sales of residual rights are recognised in the period in which they occur.

Write-down of Merchandise Inventory

The amount of any write-down of inventories to net realisable value and all losses of inventory are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories arising from an increase in the net realisable value, will be recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

1. Summary of Significant Accounting Policies continued

1.25 Inventories continued

Write-down of Inventory Held for Distribution

When inventories held for distribution are distributed, the carrying amount of those inventories is recognised as an expense. The amount of any write-down of inventories for loss of service potential and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories arising from a reversal of the circumstances that gave rise to the loss of service potential will be recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

1.26 Provisions

Provisions are recognised when the Corporation has a present legal or constructive obligation as a result of a past event, where it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

2. Expenses and Revenue

	Notes	2011 $'000	2010 $'000
Expenses			
Artist fees		**4 567**	4 187
Auditor's remuneration	18	**212**	205
Communications		**21 604**	20 770
Computer costs		**9 943**	7 383
Consultants and contractors		**22 759**	25 920
Depreciation and amortisation	3C	**91 756**	88 634
Employee benefits	3A	**443 547**	428 364
Finance costs	3E	**1 658**	2 981
Freight		**1 189**	1 067
Incidental expenses		**4 558**	4 646
Legal costs		**1 736**	2 417
Materials and minor items		**10 855**	11 969
Merchandising and promotion		**79 706**	82 413
Operating leases and occupancy		**31 762**	27 818
Program amortisation	3D	**146 383**	140 121
Program rights		**13 911**	13 165
Repairs, maintenance and hire		**18 960**	18 509
Satellite and transmission		**38 743**	31 440
Transmission services		**156 944**	153 441
Travel		**18 100**	15 668
Website and video production		**5 981**	5 311
Workers' compensation premiums	3B	**4 122**	1 637
Write-down and impairment of assets	3F	**5 973**	9 218
Total expenses		**1 134 969**	1 097 284
Own-source income			
Co-production revenue		**273**	390
Interest	4B	**10 288**	8 664
Insurance settlement	4C	**3 227**	723
Merchandising revenue		**83 189**	79 257
Net foreign exchange loss—non-speculative	4D	**(789)**	(336)
Net loss from disposal of assets	4E	**(949)**	(833)
Program sales		**6 497**	6 857
Rent and hire of facilities		**13 293**	12 987
Royalties		**38 911**	45 381
Subsidies, grants and contract revenue	4C	**21 546**	20 116
Technology sales		**2 329**	2 677
Other	4C	**3 546**	4 119
Total own-source income		**181 361**	180 002
Net cost of services		**953 608**	917 282
Revenue from Government	5	**955 516**	915 058
Share of (deficit)/surplus of jointly controlled entities	7	**(1 732)**	468
Surplus/(deficit)		**176**	(1 756)

3. Expenses

	Notes	2011 $'000	2010 $'000
3A Employee benefits			
Wages and salaries		**325 900**	304 451
Superannuation—defined contribution plans		**21 746**	18 360
Superannuation—defined benefit plans		**36 624**	38 225
Leave and other entitlements		**42 347**	54 541
Separation and redundancies		**7 311**	3 161
Other employee benefits		**9 619**	9 626
Total employee benefits		**443 547**	428 364
3B Suppliers			
Goods		**100 518**	101 840
Services—external parties		**317 019**	304 260
Services—related entities		**4 349**	1 426
Operating lease rentals		**18 455**	17 736
Workers' compensation premiums		**4 122**	1 637
Other		**1 189**	1 067
Total suppliers		**445 652**	427 966
3C Depreciation and amortisation			
Land and buildings		**34 234**	32 872
Leasehold improvements		**5 609**	5 273
Infrastructure, plant and equipment		**46 156**	46 533
Intangibles—computer software		**5 757**	3 956
Total depreciation and amortisation		**91 756**	88 634
3D Program amortisation			
Purchased		**47 744**	47 893
Produced		**98 639**	92 228
Total program amortisation		**146 383**	140 121
3E Finance costs			
Loans from Government		**1 658**	2 981
Total finance costs	13	**1 658**	2 981
3F Write-down and impairment of assets			
Financial assets			
Receivables and advances		**1 446**	654
Non-financial assets			
Land and buildings		**2 362**	7 500
Infrastructure, plant and equipment		**46**	51
Assets under construction		**1 445**	–
Inventory held for sale		**674**	1 013
Total write-down and impairment of assets		**5 973**	9 218

4. Own-Source Income

	Notes	2011 $'000	2010 $'000
4A Sale of goods and rendering of services			
Goods		**128 597**	131 495
Services—external parties		**15 617**	15 946
Services—related entities		**278**	108
Total sale of goods and rendering of services		**144 492**	147 549
Cost of sales of goods		**70 895**	74 796
4B Interest			
Deposits		**10 288**	8 664
Total interest	13	**10 288**	8 664
4C Other revenue			
Subsidies, grants and contract revenue (a)		**21 546**	20 116
Insurance settlement		**3 227**	723
Other		**3 546**	4 119
Total other revenue		**28 319**	24 958
4D Net foreign exchange loss			
Non-speculative		**(789)**	(336)
Total net foreign exchange loss	13	**(789)**	(336)
4E Net loss from disposal of assets			
Land and buildings			
Total proceeds from disposal		**310**	–
Carrying value of assets disposed		**(376)**	–
Cost of disposal		**(50)**	–
Net loss from disposal of land and buildings		**(116)**	–
Infrastructure, plant and equipment			
Total proceeds from disposal		**192**	1 903
Carrying value of assets disposed		**(998)**	(2 605)
Cost of disposal		**(27)**	(130)
Net loss from disposal of infrastructure, plant and equipment		**(833)**	(832)
Intangibles			
Total proceeds from disposal		**–**	–
Carrying value of assets disposed		**–**	(1)
Cost of disposal		**–**	–
Net loss from disposal of intangibles		**–**	(1)
Loss from disposal of assets			
Total proceeds from disposal		**502**	1 903
Total carrying value of assets disposed		**(1 374)**	(2 606)
Total costs of disposal		**(77)**	(130)
Net loss from disposal of assets		**(949)**	(833)

4. Own-Source Income continued

(a) Subsidies, grants and contract revenue includes **$19 353 714** (2010 $19 289 192) received from the Department of Foreign Affairs and Trade (DFAT) for the provision of the Australia Network service. During the financial year, DFAT issued an open market tender for the operation of the Australia Network service. As the tender process is still in progress, the agreement to provide the Australia Network service was extended to 8 February 2012. A decision on the Preferred Tenderer for the Australia Network service is expected to be announced by the Minister for Broadband, Communications and the Digital Economy on 16 September 2011.

Should the Corporation not be nominated as the Preferred Tenderer, the Corporation will cease operating the Australia Network service from 8 February 2012. As DFAT funding for the Australia Network service is fixed, this will result in a reduction in Corporation revenue and a corresponding reduction in costs.

5. Revenue from Government

	2011 $'000	2010 $'000
5A Revenue from Government—Outcome 1	**762 498**	731 023
5B Revenue from Government—transmission revenue		
Outcome 2—satellite and analog transmission	**95 853**	93 538
Outcome 3—digital transmission (a)	**93 636**	86 112
Outcome 4—digital radio transmission (a)	**3 529**	4 385
Total revenue from Government—transmission revenue	**193 018**	184 035
Total revenue from Government	**955 516**	915 058

Revenue from Government was received from the Department of Broadband, Communications and the Digital Economy.

(a) The Corporation is due to return **$12 345 477** (2010 $11 587 808) of current year's revenue received from Government as a repayment of capital. During the year, the Corporation returned a further **$520 748** (2010 $182 534) of prior year funding as a repayment of capital.

6. Financial assets

	Notes	2011 $'000	2010 $'000
6A Cash and cash equivalents			
Cash at bank and on hand		**6 018**	5 373
Salary sacrifice funds		**308**	294
Public funds held by third parties		**49**	10
Total cash and cash equivalents	13	**6 375**	5 677
6B Receivables			
Goods and services			
Goods and services		**9 021**	7 506
Less: Allowance for doubtful debts		**(279)**	(187)
Net goods and services receivables	13	**8 742**	7 319
Other receivables			
Held to maturity financial assets	13	**90 000**	120 000
Net GST receivable	13	**4 571**	3 334
Other receivables	13	**814**	1 120
Total other receivables		**95 385**	124 454
Total receivables (net)		**104 127**	131 773
Receivables are expected to be recovered in:			
No more than 12 months		**103 537**	131 129
More than 12 months		**590**	644
Total receivables (net)		**104 127**	131 773
Receivables (gross) are aged as follows:			
Not Overdue		**103 449**	130 319
Overdue by:			
– 0 to 30 days		**241**	899
– 31 to 60 days		**122**	190
– 61 to 90 days		**46**	143
– more than 90 days		**548**	409
Total receivables (gross)		**104 406**	131 960

In 2011, **$1 397** (2010 $40 331) of the allowance for doubtful debts related to debts aged less than 90 days while the balance of the allowance for doubtful debts related to debts aged more than 90 days.

	Notes	2011 $'000	2010 $'000
Reconciliation of the allowance for doubtful debts			
Opening balance		**(187)**	(297)
Amounts written off		**15**	70
Amounts recovered or reversed		**22**	172
Net increase recognised in deficit/surplus		**(129)**	(132)
Closing balance		**(279)**	(187)
6C Accrued revenue			
Goods and services		**4 474**	4 817
Interest receivable		**265**	448
Total accrued revenue	13	**4 739**	5 265

Accrued revenues are all due to be settled within 12 months.

7. Investments Accounted for Using the Equity Method

	Notes	2011 $'000	2010 $'000
7 Investments accounted for using the equity method			
MediaHub Australia Pty Limited		**18 019**	17 062
Freeview Australia Pty Limited*		**0**	0
National DAB Licence Company Limited*		**0**	0
Total investments accounted for using the equity method	13	**18 019**	17 062

* Investment is rounded to Nil as it is less than $1,000.

Summarised financial information of jointly controlled entities

	MediaHub $'000	Freeview $'000	DAB $'000	Total $'000
2011				
Balance sheet				
Financial assets	**2 146**	**307**	**6**	**2 459**
Non-financial assets	**41 020**	**59**	**–**	**41 079**
Financial liabilities	**5 115**	**367**	**5**	**5 487**
Net assets/(liabilities)	**38 051**	**(1)**	**1**	**38 051**
Statement of comprehensive income				
Income	**8 872**	**3 214**	**5**	**12 091**
Expense	**14 712**	**3 214**	**5**	**17 931**
Surplus/(deficit)	**(5 840)**	**0**	**0**	**(5 840)**
Share of (deficit)/surplus of jointly controlled entities				
Share of net surplus/(deficit) before tax	**(2 920)**	**0**	**0**	**(2 920)**
Income tax	**1 188**	**–**	**–**	**1 188**
Share of (deficit)/surplus of jointly controlled entities after tax	**(1 732)**	**0**	**0**	**(1 732)**
2010				
Balance sheet				
Financial assets	1 997	406	17	2 420
Non-financial assets	42 086	72	–	42 158
Financial liabilities	11 687	479	16	12 182
Net assets/(liabilities)	32 396	(1)	1	32 396
Statement of comprehensive income				
Income	2 438	3 850	15	6 303
Expense	3 672	3 850	15	7 537
Surplus/(deficit)	(1 234)	0	–	(1 234)
Share of (deficit)/surplus of jointly controlled entities				
Share of net surplus/(deficit) before tax	(617)	0	0	(617)
Income tax	1 085	–	–	1 085
Share of (deficit)/surplus of jointly controlled entities after tax	468	0	0	468

No dividends were received from any of these entities in 2011 (2010 Nil).

MediaHub Australia Pty Limited
MediaHub Australia Pty Limited (MediaHub) is a joint venture between the Corporation and WIN Television Network Pty Ltd (WIN) to operate a custom designed play-out facility for television presentation. Both the ABC and WIN own an equal number of ordinary shares in MediaHub.

7. Investments Accounted for Using the Equity Method continued

Freeview Australia Limited
Freeview Australia Limited (Freeview) is a joint venture between Australia's free-to-air national and commercial television broadcasters to promote consumer adoption of free-to-air digital television within Australia. The ABC holds 160 $1 shares (16%) in Freeview, with four other broadcasters each also holding a 16% share in Freeview, with the remaining shares held by a further three broadcasters.

National DAB Licence Company Limited
National DAB Licence Company Limited (DAB) is a joint venture between the Corporation and Special Broadcasting Services (SBS) to hold the digital radio multiplex licence. Both the ABC and SBS each hold one $1 share in DAB.

DAB is not a party to any of the service contracts for the provision of digital radio and does not receive the funds for digital radio operations/broadcast from the Government as these are paid directly to the Corporation and SBS.

8. Non-Financial Assets

	2011 $'000	2010 $'000
8A Land and buildings		
Freehold land		
Fair value (a) and (b)	**173 932**	175 990
Total freehold land	**173 932**	175 990
Buildings on freehold land		
Fair value (a) and (b)	**408 001**	446 605
Accumulated depreciation	**(8 252)**	(12 158)
Total buildings on freehold land	**399 749**	434 447
Leasehold land		
Fair value (a)	**16 781**	15 573
Accumulated depreciation	**(10)**	(18)
Total leasehold land	**16 771**	15 555
Leasehold buildings		
Fair value (c)	**6 642**	6 618
Accumulated depreciation	**(159)**	(64)
Total leasehold buildings	**6 483**	6 554
Leasehold improvements		
Fair value (c)	**36 841**	26 053
Accumulated depreciation	**(16 251)**	(12 692)
Total leasehold improvements	**20 590**	13 361
Total land and buildings excluding capital work in progress	**617 525**	645 907
Capital work in progress at cost	**42 066**	15 962
Total land and buildings	**659 591**	661 869

8. Non-Financial Assets continued

	2011 $'000	2010 $'000
8B Infrastructure, plant and equipment		
Fair value (c)	**597 662**	579 415
Accumulated depreciation	**(362 462)**	(332 083)
Total infrastructure, plant and equipment excluding capital work in progress	**235 200**	247 332
Capital work in progress at cost	**21 730**	27 502
Total infrastructure, plant and equipment	**256 930**	274 834
8C Intangibles (d)		
Computer software at cost	**63 799**	46 266
Accumulated amortisation	**(35 533)**	(30 223)
Total intangibles excluding capital work in progress	**28 266**	16 043
Capital work in progress at cost	**6 912**	12 289
Total intangibles	**35 178**	28 332

(a) Freehold land and buildings and leasehold land are carried at the Directors' determination of fair value based on independent valuations, where appropriate. This is determined by the original acquisition cost together with capital expenditure since acquisition or latest full independent valuation. Valuations were undertaken for freehold land and buildings and leasehold land as at 31 December 2010 in accordance with the revaluation policy stated in Note 1.22: Property (Land and Buildings), Infrastructure, Plant and Equipment, and were completed by independent valuers, McGees Property.

(b) At 30 June 2010, land and buildings included a property surplus to the Corporation's ongoing operational requirements. During the year, this property was withdrawn from the market until such time that the overall market environment improves. As a result, this site is no longer held for sale and the carrying value is included in land and buildings.

(c) Leasehold buildings and improvements and Infrastructure, plant and equipment are carried at the Director's determination of fair value in accordance with the revaluation policy stated in Note 1.22: Property (Land and Buildings), Infrastructure, Plant and Equipment.

(d) The Corporation holds the right to use licences provided by the Australian Government in the broadcast of analogue and digital television and radio. These are held at fair value and due to the conditions attached to these licences, which are asset specific, their fair value is determined on the basis of discounted future cash flows. The Corporation has assessed its licences and considers that their fair value is Nil (2010 Nil).

8. Non-Financial Assets continued

Table A1
Reconciliation of the opening and closing balances of property, infrastructure, plant and equipment and intangibles (2010–11)

	Land $'000	Buildings on freehold land $'000	Leasehold buildings and improve-ments $'000	Total Buildings $'000	Total land and buildings $'000	Infra-structure, plant and equipment $'000	Intangibles $'000	Total $'000
As at 1 July 2010								
Gross book value	191 563	446 605	32 671	479 276	670 839	579 415	46 266	1 296 520
Accumulated depreciation and amortisation	(18)	(12 158)	(12 756)	(24 914)	(24 932)	(332 083)	(30 223)	(387 238)
Net book value 1 July 2010	191 545	434 447	19 915	454 362	645 907	247 332	16 043	909 282
Additions								
By purchase—revenue from government	1 214	13 046	288	13 334	14 548	34 385	17 959	66 892
By purchase—other	–	–	6 803	6 803	6 803	683	21	7 507
Net revaluation increment—through equity	34	(8 477)	1 291	(7 186)	(7 152)	–	–	(7 152)
Net revaluation decrement—through profit and loss	(1 798)	(379)	(103)	(482)	(2 280)	–	–	(2 280)
Depreciation and amortisation	(61)	(34 173)	(5 609)	(39 782)	(39 843)	(46 156)	(5 757)	(91 756)
Write-down and impairment	–	–	(82)	(82)	(82)	(46)	–	(128)
Disposals	(231)	(145)	–	(145)	(376)	(998)	–	(1 374)
Transfers/reclassifications	–	(4 570)	4 570	–	–	–	–	–
Net book value 30 June 2011	190 703	399 749	27 073	426 822	617 525	235 200	28 266	880 991
Net book value as at 30 June represented by:								
Gross book value	**190 713**	**408 001**	**43 483**	**451 484**	**642 197**	**597 662**	**63 799**	**1 303 658**
Accumulated depreciation and amortisation	**(10)**	**(8 252)**	**(16 410)**	**(24 662)**	**(24 672)**	**(362 462)**	**(35 533)**	**(422 667)**
Closing net book value at 30 June 2011	**190 703**	**399 749**	**27 073**	**426 822**	**617 525**	**235 200**	**28 266**	**880 991**

8. Non-Financial Assets continued

Table A2
Reconciliation of the opening and closing balances of property, infrastructure, plant and equipment and intangibles (2009–10)

	Land $'000	Buildings on freehold land $'000	Leasehold buildings and improve-ments $'000	Total Buildings $'000	Total land and buildings $'000	Infra-structure, plant and equipment $'000	Intangibles $'000	Total $'000
As at 1 July 2009								
Gross book value	172 367	470 042	31 562	501 604	673 971	544 689	41 277	1 259 937
Accumulated depreciation and amortisation	(46)	(22 389)	(11 950)	(34 339)	(34 385)	(319 495)	(26 838)	(380 718)
Net book value 1 July 2009	172 321	447 653	19 612	467 265	639 586	225 194	14 439	879 219
Additions								
By purchase—revenue from government	13 026	7 746	734	8 480	21 506	71 250	5 561	98 317
By purchase—other	–	15	3 376	3 391	3 391	548	–	3 939
Net revaluation increment—through equity	13 745	11 387	1 466	12 853	26 598	–	–	26 598
Net revaluation decrement—through profit and loss	(7 500)	–	–	–	(7 500)	–	–	(7 500)
Depreciation and amortisation	(47)	(32 825)	(5 273)	(38 098)	(38 145)	(46 533)	(3 956)	(88 634)
Write-down and impairment	–	–	–	–	–	(51)	–	(51)
Disposals	–	–	–	–	–	(2 605)	(1)	(2 606)
Transfers/reclassifications	–	471	–	471	471	(471)	–	–
Net book value 30 June 2010	191 545	434 447	19 915	454 362	645 907	247 332	16 043	909 282
Net book value as at 30 June 2010 represented by:								
Gross book value	191 563	446 605	32 671	479 276	670 839	579 415	46 266	1 296 520
Accumulated depreciation and amortisation	(18)	(12 158)	(12 756)	(24 914)	(24 932)	(332 083)	(30 223)	(387 238)
Closing net book value 30 June 2010	191 545	434 447	19 915	454 362	645 907	247 332	16 043	909 282

Table B
Assets under construction

	Land $'000	Buildings on freehold land $'000	Leasehold buildings and improve-ments $'000	Total Buildings $'000	Total land and buildings $'000	Infra-structure, plant and equipment $'000	Intangibles $'000	Total $'000
Carrying amount at 30 June 2011	**–**	**1 913**	**40 153**	**42 066**	**42 066**	**21 730**	**6 912**	**70 708**
Carrying amount at 30 June 2010	–	8 271	7 691	15 962	15 962	27 502	12 289	55 753

8. Non-Financial Assets continued

	Notes	2011 $'000	2010 $'000
8D Inventories			
Retail			
Inventory held for sale		**13 257**	11 996
Provision for stock obsolescence		**(7)**	(8)
Total retail		**13 250**	11 988
Broadcasting consumables			
Inventory not held for sale at cost		**69**	72
Total broadcasting consumables		**69**	72
TV programs held for distribution			
Purchased		**27 652**	33 239
Produced		**38 576**	22 247
In progress		**34 643**	32 360
Total TV programs held for distribution		**100 871**	87 846
Total inventories		**114 190**	99 906
Inventories are expected to be recovered in:			
No more than 12 months		**105 994**	81 995
More than 12 months		**8 196**	17 911
Total inventories		**114 190**	99 906

During 2011, **$36 065 662** (2010 $37 043 234) of inventory held for sale was recognised as an expense.
During 2011, **$2 469 963** (2010 $1 793 786) of inventory held for distribution was recognised as an expense.

	Notes	2011 $'000	2010 $'000
8E Prepayments			
Prepaid property rentals		**52**	198
Prepaid royalties		**11 764**	10 371
Other prepayments		**8 679**	7 036
Total prepayments		**20 495**	17 605
Total other non-financial assets are expected to be recovered in:			
No more than 12 months		**13 903**	13 861
More than 12 months		**6 592**	3 744
Total prepayments		**20 495**	17 605

9. Payables

	Notes	2011 $'000	2010 $'000
9A Suppliers			
Trade creditors	13	**57 442**	59 108
Total suppliers		**57 442**	59 108
Supplier payables expected to be settled in:			
No more than 12 months		**57 437**	59 103
More than 12 months		**5**	5
Total supplier payables		**57 442**	59 108
9B Other			
Interest payable	13	**1**	11
Other payables	13	**15 459**	14 598
Salaries and wages	13	**18 283**	15 656
Superannuation	13	**315**	158
Unearned revenue	13	**13 554**	9 251
Total other		**47 612**	39 674
Total other payables expected to be settled in:			
No more than 12 months		**46 698**	38 401
More than 12 months		**914**	1 273
Total other payables		**47 612**	39 674
Total payables		**105 054**	98 782

Other creditors (2010 receivables) include forward exchange contracts held as cash flow hedges of **$14 785** (2010 $11 715) and forward exchange contracts at fair value through profit or loss of **$85 688** (2010 $84 488).

10. Interest bearing liabilities

	Notes	2011 $'000	2010 $'000
10A Loans			
Loans from Government	13	**5 000**	31 000
Total loans		**5 000**	31 000
Maturity schedule for loans:			
Payable within one year		**5 000**	26 000
Payable in one to five years		**–**	5 000
Total loans		**5 000**	31 000

The loans are provided on a long term fixed interest rate basis at a weighted average interest rate of **5.73%** (2010 5.35%) and are to be repaid in full on maturity at 30 June 2012. Interest is payable annually in arrears.

6

11. Provisions

	2011 $'000	2010 $'000
11A Employees		
Annual leave	**50 635**	54 069
Long service leave (a)	**82 618**	80 548
Total employees	**133 253**	134 617

(a) Independent actuarial valuations for the Corporation were performed by Professional Financial Consulting Pty Ltd as at 30 June 2011.

Employee provisions are expected to be settled in:		
No more than 12 months	**115 229**	117 194
More than 12 months	**18 024**	17 423
Total employees	**133 253**	134 617
11B Other		
Make good	**2 891**	1 150
Total other	**2 891**	1 150
Other provisions are expected to be settled in:		
No more than 12 months	**1 244**	690
More than 12 months	**1 647**	460
Total other	**2 891**	1 150
Total provisions	**136 144**	135 767
Reconciliation of the make good provision		
Opening balance	**1 150**	–
Increase during the year (net)	**1 741**	1 150
Closing balance	**2 891**	1 150

12. Cash flow reconciliation

	2011 $'000	2010 $'000
Reconciliation of cash and cash equivalents between Balance Sheet and Cash Flow Statement		
Cash and cash equivalents per:		
Cash Flow Statement	**6 375**	5 677
Balance Sheet	**6 375**	5 677
Difference	**–**	–
Reconciliation of net cost of services to net cash from operating activities		
Net cost of services	**(953 608)**	(917 282)
Revenue from Government	**955 516**	915 058
Adjustment for non-cash items		
Depreciation of property, plant and equipment	**85 999**	84 678
Amortisation of intangibles	**5 757**	3 956
Transfer to employee provisions	**(1 364)**	13 731
Transfer to other provisions	**1 741**	23
Impairment of:		
– receivables and advances	**1 446**	654
– land and buildings	**3 853**	7 500
– infrastructure, plant and equipment	**–**	51
– inventories	**674**	1 013
Loss from disposal of assets	**949**	833
Unrealised foreign exchange loss	**765**	411
Changes in assets and liabilities		
(Increase)/decrease in receivables	**(4 482)**	5 655
Decrease in accrued revenue	**526**	3 861
(Increase)/decrease in prepayments	**(2 890)**	290
Increase in inventories	**(14 958)**	(10 349)
Decrease in supplier payables	**(10 708)**	(6 701)
Increase/(decrease) in other payables	**7 181**	(8 300)
Net cash from operating activities	**76 397**	95 082

13. Financial Instruments

13.1 Capital Risk Management

The Corporation manages its capital to ensure that it is able to continue as a going concern through aligning operations with Government funded objectives. The Corporation's overall strategy remains unchanged from previous years with borrowings limited to those disclosed in Note 10: Interest Bearing Liabilities and operating and financing cash flows used to manage operations and make loan repayments.

13.2 Categories of Financial Instruments

	Notes	**2011 $'000**	2010 $'000
13.2A Categories of Financial Instruments			
Financial assets			
Cash and cash equivalents	6A	**6 375**	5 677
Net goods and services receivables	6B	**8 742**	7 319
Held to maturity financial assets	6B	**90 000**	120 000
Net GST receivable	6B	**4 571**	3 334
Other receivables	6B	**814**	1 120
Accrued revenue	6C	**4 739**	5 265
Investments accounted for using the equity method	7	**18 019**	17 062
Carrying amount of financial assets		**133 260**	159 777
Financial liabilities			
Loans from Government	10A	**5 000**	31 000
Trade creditors	9A	**57 442**	59 108
Interest payable	9B	**1**	11
Other payables	9B	**15 459**	14 598
Salaries and wages	9B	**18 283**	15 656
Superannuation	9B	**315**	158
Unearned revenue	9B	**13 554**	9 251
Carrying amount of financial liabilities		**110 054**	129 782
13.2B Net Income and Expenses from Financial Assets and Liabilities			
Income from financial assets			
Interest	4B	**10 288**	8 664
Net foreign exchange loss	4D	**(789)**	(336)
Total income from financial assets		**9 499**	8 328
Expenses related to financial liabilities			
Finance costs	3E	**1 658**	2 981
Total expenses related to financial liabilities		**1 658**	2 981

13.3 Financial Risk Management

The Corporation's financial risk management policies and procedures are established to identify and analyse the risks faced by the Corporation, to set appropriate risk limits and controls to monitor risks and adherence to limits. The Corporation's policies are reviewed regularly to reflect changes in the Corporation's activities. There has been no change in the policies from the previous year. Compliance with policies and exposure limits are reviewed by the Corporation's internal auditors on a continuous basis.

To meet the Corporation's financial risk management objectives, surplus cash is invested into short term, highly liquid investments with maturities at acquisition date of greater than three months. These investments are included as 'other receivables'.

The Corporation's Treasury function provides advice and services to the business, coordinates access to foreign currency contracts and monitors and assesses the financial risks relating to the operations of the Corporation through internal risk reports.

13. Financial Instruments continued

13.3 Financial Risk Management continued

Where appropriate, the Corporation seeks to minimise the effects of its financial risks by using derivative financial instruments to hedge its risk exposures. The use of financial derivatives is governed by the Corporation's policies as approved by the Board of Directors, which provide written principles on foreign exchange risk, credit risk, the use of financial derivatives and investment of funds.

The Corporation does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

13.4 Market Risk

Market risk includes foreign currency risk, which is detailed in Note 13.5: Foreign Currency Risk, and interest rate risk, which is detailed in Note 13.7: Interest Rate Risk.

The Corporation is not exposed to any other price risk on financial instruments.

13.5 Foreign Currency Risk

Foreign currency risk refers to the risk that the fair value or future cash flows of a financial instrument will fluctuate due to the changes in foreign exchange rates.

The Corporation's activities expose it primarily to the financial risk of changes in foreign currency exchange rates arising from transactions and assets and liabilities that are denominated in a currency that is not Australian dollars. The Corporation enters into forward exchange contracts to hedge the foreign exchange rate risk arising from some of these transactions. These forward exchange contracts are not designated as cash flow hedges.

The Corporation is exposed to foreign currency denominated in United States Dollar (USD), Great British Pounds (GBP) and Euro (EUR).

The following table details the effect on the profit and equity as at 30 June 2011 from a **15%** (2010 14%) favourable/ unfavourable change in the rate of the AUS dollar against the currencies to which the Corporation is exposed, with all other variables held constant.

Foreign Currency Sensitivity
for the year ended 30 June 2011

	2011 $'000	**2011 $'000**	2010 $'000	2010 $'000
Foreign Currency outstanding positions at:	**Profit and Loss**	**Equity**	Profit and Loss	Equity
USD				
AUD / USD +15% (2010 +14%)	**(331)**	**(82)**	(355)	(25)
AUD / USD –15% (2010 –14%)	**331**	**82**	355	25
GBP				
AUD / GBP +15% (2010 +14%)	**(148)**	**–**	(188)	–
AUD / GBP –15% (2010 –14%)	**148**	**–**	188	–
EUR				
AUD / EUR +15% (2010 +14%)	**(58)**	**–**	(59)	–
AUD / EUR –15% (2010 –14%)	**58**	**–**	59	–

The impact on the Corporation's surplus is not material.

13. Financial Instruments continued

13.6 Hedging Instruments

Specific Hedges

The Corporation enters into forward exchange contracts to cover specific foreign currency payments when exposures of $50 000 or greater (equivalent) are entered into under a firm contract for goods or services involving a specific foreign currency amount and payment date. Exposures are covered if they fall within a set period, which can generally be a minimum of 3 months or maximum of 6 months subject to market conditions.

The balance of the hedging reserve in equity reflects a net loss of **$9 011** (2010 net surplus of $15 162) on specific hedges of foreign currency purchases as at 30 June 2011. The Corporation's cash flow hedges were all effective.

The following table sets out the gross value to be received under forward exchange contracts, the weighted average contracted exchange rates and the settlement periods of outstanding contracts for the Corporation.

	Sell Australian Dollars		**Average Exchange Rate**	
	2011	2010	**2011**	2010
	$'000	$'000		
Buy USD				
Less than 1 year	**1 366**	1 351	**1.0115**	0.8882
Buy GBP				
Less than 1 year	**645**	982	**0.6203**	0.5817
Buy EUR				
Less than 1 year	**105**	76	**0.7111**	0.6544

General Hedges

The Corporation also enters into forward exchange contracts to cover foreign currency payments when exposures less than $50 000 (equivalent) of a recurrent nature and with varying foreign currency amounts and payment dates are incurred. General cover is generally held between 40% to 60% of estimated exposures for USD, GBP and EUR subject to market conditions.

At balance date, the Corporation held forward exchange contracts to buy USD, GBP and EUR. Gains/losses arising from general hedges outstanding at year end have been taken to profit or loss. The net loss of **$60 737** (2010 net gain $130 713) on general hedges of anticipated foreign currency purchases from July 2010 to June 2011 has been recognised at balance date through profit or loss.

13.7 Interest Rate Risk

Interest rate risk refers to the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Corporation is not exposed to interest rate risk on borrowings, as all borrowings are at fixed interest rates. The Corporation derives interest revenue from funds invested, which is impacted by interest rate fluctuations. Although, the Corporation is not dependent on interest revenue to continue operations, a **1.75%** (2010 1.50%) decrease in the interest rate would result in a decrease in interest revenue of **$3 028 143** (2010 $2 975 224) and a **1.75%** (2010 1.50%) increase in the interest rate would result in an increase in interest revenue of **$3 028 143** (2010 $2 975 224). The change in interest revenue is proportional to the change in interest rates.

13.8 Liquidity Risk

Liquidity risk is the risk that the Corporation will encounter difficulty in meeting obligations associated with financial liabilities.

The Corporation is dependent upon revenue from Government. In excess of **84%** (2010 83%) of normal activities are funded in this manner, and without this revenue, the Corporation would be unable to meet its obligations.

13. Financial Instruments continued

13.8 Liquidity Risk continued

Maturities for financial liabilities

	Carrying Amount $'000	Contractual Cash Flows $'000	1 year or less $'000	1 to 5 years $'000
2011				
Financial liabilities				
Loans from Government	5 000	5 287	5 287	–
Trade creditors	57 442	57 442	57 437	5
Interest payable	1	1	1	–
Other payables	15 459	15 459	15 003	456
Salaries and wages	18 283	18 283	18 283	–
Superannuation	315	315	315	–
Unearned revenue	13 554	13 554	13 096	458
Total financial liabilities	110 054	110 341	109 422	919
2010				
Financial liabilities				
Loans from Government	31 000	32 951	27 665	5 286
Trade creditors	59 108	59 108	59 103	5
Interest payable	11	11	11	–
Other payables	14 598	14 598	14 330	268
Salaries and wages	15 656	15 656	15 656	–
Superannuation	158	158	158	–
Unearned revenue	9 251	9 251	8 246	1 005
Total financial liabilities	129 782	131 733	125 169	6 564

There are no financial liabilities with maturities of more than 5 years.

Loans from Government are provided on a fixed interest rate basis and are repayable within the next 12 months.

13.9 Credit Risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Corporation.

Credit risk arises from the financial assets of the Corporation, which comprise cash and cash equivalents, trade and other receivables, available-for-sale financial assets and derivative instruments.

The Corporation has adopted a policy of only dealing with credit worthy counterparties and obtaining collateral where appropriate, as a means of mitigating the risk of financial loss from defaults. The Corporation assesses credit ratings through independent ratings agencies and if not available, uses publicly available financial information and its own trading record to rate customers.

The Corporation manages its credit risk by undertaking credit checks on customers who wish to take on credit terms. The Corporation has policies that set limits for each individual customer. Ongoing credit evaluations are performed on the financial condition of accounts receivable.

The Corporation has no material concentration of credit risk with any single customer as the Corporation has a large number of customers spread across a range of industries and geographical areas.

The credit risk arising from dealings in financial instruments is controlled by a strict policy of credit approvals, limits and monitoring procedures. Credit exposure is controlled by counterparty limits that are reviewed and approved by the Board of Directors.

The Corporation does not have any significant credit risk exposure to any single counterparty. The credit risk on liquid funds and derivative financial instruments is limited because the counterparties are banks with credit ratings of at least A– as assigned by Standard & Poors.

13. Financial Instruments continued

13.9 Credit Risk continued

The Corporation's maximum exposure to credit risk at reporting date in relation to each class of recognised financial assets is the carrying amount, net of allowance for doubtful debts, of those assets as indicated in the Balance Sheet.

Credit exposure of foreign currency and interest rate bearing investments is represented by the net fair value of the contracts, as disclosed.

Categories of financial instruments	**Not Past Due nor Impaired 2011 $'000**	Not Past Due nor Impaired 2010 $'000	**Past Due or Impaired 2011 $'000**	Past Due or Impaired 2010 $'000
Financial assets				
Cash and cash equivalents	**6 375**	5 677	**–**	–
Goods and services receivables	**7 785**	5 678	**1 236**	1 828
Held to maturity financial assets	**90 000**	120 000	**–**	–
Net GST receivable	**4 571**	3 334	**–**	–
Other receivables	**814**	1 120	**–**	–
Accrued revenue	**4 739**	5 265	**–**	–
Investments accounted for using the equity method	**18 019**	17 062	**–**	–
Carrying amount of financial assets	**132 303**	158 136	**1 236**	1 828

Ageing of financial assets that are past due but not impaired

	0 to 30 days $'000	**31 to 60 days $'000**	**61 to 90 days $'000**	**90 plus days $'000**	**Total $'000**
2011					
Financial assets					
Goods and services receivables	241	122	46	548	957
Total past due but not impaired financial assets	241	122	46	548	957
2010					
Financial assets					
Goods and services receivables	899	190	143	409	1 641
Total past due but not impaired financial assets	899	190	143	409	1 641

13.10 Net Fair Values of Financial Assets and Liabilities

The following methods and assumptions were used to estimate the net fair values:

Cash, receivables, payables and short term borrowings

The carrying amount approximates the net fair value because of the short term maturity.

Loans from Government

The net fair values of long term borrowings are estimated using discounted cash flow analysis, based on current interest rates for liabilities with similar risk profiles.

Forward exchange contracts

The net fair values of forward exchange contracts are taken to be the unrealised gain or loss at balance date calculated by reference to current forward exchange rates for contracts with similar maturity profiles.

13. Financial Instruments continued

13.10 Net Fair Values of Financial Assets and Liabilities continued

	Carrying Amount		Net Fair Value	
	2011	2010	**2011**	2010
	$'000	$'000	**$'000**	$'000
Financial Assets				
Forward exchange contracts	**(70)**	146	**(70)**	146
Financial Liabilities				
Loans from Government	**5 000**	31 000	**5 125**	31 312

13.11 Fair Value Measurements

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes.

The Corporation has adopted the amendment to *AASB 7 Financial Instruments: Disclosures*, which requires disclosure of fair value measurements by level in accordance with the following fair value measurement hierarchy:

- Level 1—quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2—inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices); and
- Level 3—inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The Corporation has no level 1 financial instruments traded in active markets (such as publicly traded derivatives, or trading and available-for-sale securities) that are based on quoted market prices at the end of the reporting period.

The fair values of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) are determined using valuation techniques. The Corporation uses a variety of methods and makes assumptions that are based on market conditions existing at the end of each reporting period. The fair value of forward exchange contracts are determined using a level 2 technique based on the forward exchange market rates at the end of the reporting period. The fair value of forward exchange contracts at 30 June 2011 was **($69 749)** (2010 $145 875).

The Corporation has no level 3 financial instruments where a valuation technique for the instruments is based on significant unobservable inputs.

14. Contingent Assets and Liabilities

	2011	2010
	$'000	$'000
Quantifiable Contingencies		
Contingent liabilities		
Other guarantees (a)	**1 202**	1 185
Total contingent liabilities	**1 202**	1 185

(a) The Corporation has provided guarantees and an indemnity to the Reserve Bank of Australia in support of bank guarantees required in the day to day operations of the Corporation.

Unquantifiable Contingencies

In the normal course of activities, claims for damages and other recoveries have been lodged at the date of this report against the Corporation and certain of its staff. The Corporation has disclaimed liability and is actively defending these actions. It is not possible to estimate the amounts of any eventual payments which may be required or amounts that may be received in relation to any of these claims.

The Corporation has no material contingent assets as at 30 June 2011 (2010 Nil).

15. Directors' Remuneration

	2011	2010
	$	$
Remuneration received or due and receivable by Directors of the Corporation	**478 676**	416 855
The number of non-Executive Directors of the Corporation included in these figures are shown below in the relevant remuneration bands:	**Number**	Number
Less than $150,000	**6**	8
$150,000 – $179,000	**1**	–
Total number of Directors of the Corporation	**7**	8

16. Related Party Disclosures

Directors of the Corporation

The Directors of the Corporation during the year were:

- Maurice Newman AC (Chairman)
- Mark Scott AO (Managing Director)
- Peter Hurley (retired 14 June 2011)
- Steven Skala AO
- Keith Windschuttle (retired 14 June 2011)
- Michael Lynch CBE AM
- Dr Julianne Schultz AM
- Cheryl Bart AO

The aggregate remuneration of non-executive Directors is disclosed in Note 15: Directors' Remuneration with remuneration of executive directors disclosed in Note 17: Officers' Remuneration.

Transactions with entities in the wholly owned group

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

Music Choice Australia Pty Ltd and The News Channel Pty Limited
The companies are wholly owned subsidiaries of the Corporation that did not trade during the 2010–11 financial year.

The Corporation provided secretarial and accounting services for Music Choice Australia Pty Ltd and The News Channel Pty Limited during the year free of charge.

Transactions with Joint Venture Entities

MediaHub Australia Pty Limited (MediaHub)
Two ABC employees are directors of MediaHub with one also the Chairman of the MediaHub Board. Neither are remunerated nor do they receive any other benefits from MediaHub.

The Corporation paid user fees to MediaHub in 2011 totalling **$4 312 188** (2010 $807 515). The Corporation also contributed a further **$2 687 893** (2010 $16 593 538) in capital contributions.

The Corporation received **$278 306** (2010 $107 568) in service fees from MediaHub as payment for ABC employees who have been seconded to MediaHub.

Further, the Corporation has commitments for capital contributions to MediaHub (by acquiring shares) and also for user fees. These commitments are disclosed in the Schedule of Commitments.

All transactions with MediaHub were at arm's length.

16. Related Party Disclosures continued

Transactions with Joint Venture Entities continued

Freeview Australia Limited (Freeview)
Two ABC employees are directors of Freeview with one also the Chairman of the Freeview Board. Neither are remunerated nor do they receive any other benefits from Freeview.

The ABC contributes towards the operational costs of Freeview in proportion to its shareholding, and may also provide other operational services to Freeview from time to time. The ABC does not expect to receive any material income from Freeview. As at 30 June 2011, the Corporation had contributed **$509 600** (2010 $611 200) towards the operational costs of Freeview. These costs do not constitute a contribution of capital and have been recognised directly in the Corporation's Statement of Comprehensive Income.

All transactions with Freeview were at arm's length.

National DAB Licence Company Limited (DAB)
Two ABC employees are directors of DAB. Neither are remunerated nor do they receive any other benefits from DAB.

As at 30 June 2011, the Corporation had contributed **$2 500** (2010 $7 500) towards the operational costs of DAB. These costs do not constitute a contribution of capital and have been recognised directly in the Corporation's Statement of Comprehensive Income.

All transactions with DAB were at arm's length.

17. Officers' Remuneration

17A Expense recognised in relation to Officers' employment	**2011** **$**	2010 $
Short-term employee benefits		
Salary (including leave taken)	**2 112 453**	1 821 126
Changes in employee benefit provisions	**34 283**	27 104
Performance bonus	**269 066**	299 901
Other	**106 696**	109 008
Total short-term employee benefits	**2 522 498**	2 257 139
Superannuation (post-employment benefits)	**323 790**	279 822
Other long-term benefits	**58 232**	42 895
Total	**2 904 520**	2 579 856

Officers' remuneration includes Officers concerned with or taking part in the management of the Corporation, including the Managing Director.

17B Average annualised remuneration packages for Officers employed at 30 June

	2011					2010				
Total remuneration:	**No.**	**Salary $**	**Allowances $**	**Bonus $**	**Total $**	No.	Salary $	Allowances $	Bonus $	Total $
$300 000 – $329 999	**–**	**–**	**–**	**–**	**–**	1	297 984	–	7 500	305 484
$330 000 – $359 999	**–**	**–**	**–**	**–**	**–**	1	294 067	31 638	25 000	350 705
$360 000 – $389 999	**1**	**303 944**	**31 709**	**30 000**	**365 653**	–	–	–	–	–
$390 000 – $419 999	**1**	**359 799**	**17 010**	**35 000**	**411 809**	2	354 422	15 161	26 500	396 083
$420 000 – $449 999	**2**	**372 316**	**5 527**	**47 500**	**425 343**	1	368 846	20 796	30 000	419 642
$450 000 – $479 999	**1**	**387 479**	**22 004**	**50 000**	**459 483**	–	–	–	–	–
$620 000 – $649 999	**–**	**–**	**–**	**–**	**–**	1	435 597	26 252	184 401	646 250
$750 000 – $779 999	**1**	**733 139**	**24 920**	**–**	**758 059**	–	–	–	–	–
	6					6				

Non-salary elements available to Officers include performance bonus, motor vehicle allowance and superannuation.

17C Other employees with gross payments above $150 000

During the year, the Corporation had **145** (2010 132) other employees who received gross payments in excess of $150 000.

18. Auditor's Remuneration

	2011 $	2010 $
Remuneration to the Auditor-General for auditing the financial statements for the reporting period	**212 300**	204 700

KPMG has been contracted by the Australian National Audit Office to provide audit services to the Corporation on their behalf. Fees for these services are included in the above. In 2011, KPMG earned additional fees of **$35 000** (2010 Nil) for services that were separately contracted by the Corporation.

19. Assets Held in Trust

	2011 $	2010 $
The Corporation is trustee for a foundation with accumulated funds at 30 June as follows:	**Ian Reed Foundation**	
Balance carried forward from previous year	**596 923**	588 814
Interest received	**26 901**	8 122
Available for payments	**623 824**	596 936
Payments	**(23 398)**	(13)
Fund closing balance	**600 426**	596 923

Assets held in trust are monetary assets with monies received under formal trust arrangements. The trust was established for the purpose of the education, encouragement, advancement and general promotion of potential and aspiring writers of radio plays and dramas and is independently managed in accordance with the terms of the trust deed.

Funds are held in authorised trustee investments, are not available for other purposes of the Corporation and are not recognised in the financial statements.

20. Controlled Entities

	Place of incorporation	Beneficial percentage held by economic entity 2011	Beneficial percentage held by economic entity 2010
Ultimate parent entity:			
Australian Broadcasting Corporation			
Controlled entities of Australian Broadcasting Corporation:			
Music Choice Australia Pty Ltd	Australia	**100%**	100%
The News Channel Pty Limited	Australia	**100%**	100%

Music Choice Australia Pty Ltd and The News Channel Pty Ltd have been dormant since 2000 and did not trade in the 2010–11 financial year. As a result, consolidated financial statements for the ABC Group have not been presented as the operations and results of the Corporation are reflective of those of the consolidated entity.

21. Reporting by Outcomes

Note 21A—Net Cost of Outcome Delivery

The Corporation's cost of outcomes is determined through a process that identifies those costs and revenues directly related to the provision of a particular outcome. The allocation of costs for Outcome 2, Outcome 3 and Outcome 4 consist of direct costs of dedicated analog and digital transmission functions. The costs for Outcome 1 represent the costs of undertaking the Corporation's general operational activities.

Note 21A—Net Cost of Outcome Delivery

	Outcome 1		Outcome 2		Outcome 3		Outcome 4		Total	
	2011 $'000	2010 $'000	**2011 $'000**	2010 $'000	**2011 $'000**	2010 $'000	**2011 $'000**	2010 $'000	**2011 $'000**	2010 $'000
Total Expenses	**952 706**	923 702	**95 478**	93 721	**84 061**	77 545	**2 724**	2 316	**1 134 969**	1 097 284
Income from non-government sector										
Other	**180 561**	179 973	**–**	–	**800**	29	**–**	–	**181 361**	180 002
Total income from non-government sector	**180 561**	179 973	**–**	–	**800**	29	**–**	–	**181 361**	180 002
Net cost/(contribution) of outcome delivery	**772 145**	743 729	**95 478**	93 721	**83 261**	77 516	**2 724**	2 316	**953 608**	917 282

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21. Reporting by Outcomes continued

Note 21B—Major Classes of Departmental Expenses, Income, Assets and Liabilities by Outcome

The ABC's assets and liabilities are attributed to Outcome 1 unless they can specifically be attributed to Outcome 2, Outcome 3 or Outcome 4.

Note 21B—Major Classes of Departmental Expenses, Income, Assets and Liabilities by Outcome

	Outcome 1		Outcome 2		Outcome 3		Outcome 4		Total	
	2011 $'000	2010 $'000	**2011 $'000**	2010 $'000	**2011 $'000**	2010 $'000	**2011 $'000**	2010 $'000	**2011 $'000**	2010 $'000
Expenses										
Employees	**443 547**	428 364	**–**	–	**–**	–	**–**	–	**443 547**	428 364
Suppliers	**263 389**	254 384	**95 478**	93 721	**84 061**	77 545	**2 724**	2 316	**445 652**	427 966
Depreciation and amortisation	**91 756**	88 634	**–**	–	**–**	–	**–**	–	**91 756**	88 634
Write-down and impairment of assets	**5 973**	9 218	**–**	–	**–**	–	**–**	–	**5 973**	9 218
Finance costs	**1 658**	2 981	**–**	–	**–**	–	**–**	–	**1 658**	2 981
Program amortisation	**146 383**	140 121	**–**	–	**–**	–	**–**	–	**146 383**	140 121
Total	**952 706**	923 702	**95 478**	93 721	**84 061**	77 545	**2 724**	2 316	**1 134 969**	1 097 284
Income										
Revenue from government	**762 498**	731 023	**95 853**	93 538	**93 636**	86 112	**3 529**	4 385	**955 516**	915 058
Sale of goods and services	**144 492**	147 549	**–**	–	**–**	–	**–**	–	**144 492**	147 549
Interest	**10 288**	8 664	**–**	–	**–**	–	**–**	–	**10 288**	8 664
Net loss from disposal of assets	**(949)**	(833)	**–**	–	**–**	–	**–**	–	**(949)**	(833)
Other	**26 730**	24 593	**–**	–	**800**	29	**–**	–	**27 530**	24 622
Total	**943 059**	910 996	**95 853**	93 538	**94 436**	86 141	**3 529**	4 385	**1 136 877**	1 095 060
Assets										
Cash and cash equivalents	**6 375**	5 677	**–**	–		–	**–**	–	**6 375**	5 677
Receivables	**89 692**	116 078	**2 564**	4 121	**11 077**	9 518	**794**	2 056	**104 127**	131 773
Accrued revenue	**4 739**	4 710	**–**	–	**–**	555	**–**	–	**4 739**	5 265
Investments	**18 019**	17 062	**–**	–	**–**	–	**–**	–	**18 019**	17 062
Land and buildings	**659 591**	661 869	**–**	–	**–**	–	**–**	–	**659 591**	661 869
Infrastructure, plant and equipment	**256 930**	274 834	**–**	–	**–**	–	**–**	–	**256 930**	274 834
Intangibles	**35 178**	28 332	**–**	–	**–**	–	**–**	–	**35 178**	28 332
Inventories	**114 190**	99 906	**–**	–	**–**	–	**–**	–	**114 190**	99 906
Prepayments	**19 780**	16 903	**192**	258	**510**	431	**13**	13	**20 495**	17 605
Total	**1 204 494**	1 225 371	**2 756**	4 379	**11 587**	10 504	**807**	2 069	**1 219 644**	1 242 323
Liabilities										
Suppliers	**57 069**	58 285	**–**	–	**373**	823	**–**	–	**57 442**	59 108
Other payables	**34 980**	27 001	**909**	1 478	**10 916**	9 126	**807**	2 069	**47 612**	39 674
Loans	**5 000**	31 000	**–**	–	**–**	–	**–**	–	**5 000**	31 000
Provisions	**136 144**	135 767	**–**	–	**–**	–	**–**	–	**136 144**	135 767
Total	**233 193**	252 053	**909**	1 478	**11 289**	9 949	**807**	2 069	**246 198**	265 549

(a) The Corporation is due to return **$12 345 477** (2010 $11 587 808) of current year's revenue received from Government as a repayment of capital. During the year, the Corporation returned a further **$520 748** (2010 $182 534) of prior year funding as a repayment of capital.