



Financial

New Navy play
at the triple j
Unearthed launch
in Sydney.



NOW
MORE
THAN
EVER

On 5 October 2011, the ABC launched triple j Unearthed, a new digital radio station devoted entirely to new Australian music. triple j Unearthed is the only dedicated Australian music station playing music solely from unsigned and independent Australian artists, including those from regional Australia. It draws from the Unearthed online community of over 30 000 artists and 250 000 users—a site which has become an integral music discovery service for audiences and the wider music industry.

Since its inception, the triple j Unearthed initiative has been an innovative vehicle for the discovery of new Australian music—from its evolution in the 1990s as an on-air band competition, to the introduction of the online presence in 2006, to the launch of the Unearthed iPhone app in 2010.

Among the first artists to be played on triple j Unearthed were new bands *Strange Talk*, *Gold Fields*, *Big Scary*, *Snakadaktal* and *Loon Lake* and successful Unearthed alumni *The Jezabels*.

Now more than ever, digital technologies are providing unprecedented opportunities for artists and audiences to connect and share music, culture and ideas. The ABC is using digital radio as a platform to bring artists and audiences together, giving more Australians access to the benefits of new communications platforms.

performance

Financial summary

Independent auditor's report

Financial statements

Financial summary

Completion of Annual Financial Statements

On 27 July 2012, the Audit and Risk Committee endorsed the signing of the 2011–12 Financial Statements and the Australian National Audit Office (ANAO) issued an unqualified audit opinion.

Financial Outcome 2011–12

As in previous years, the ABC operated within its total sources of funds and revenue from Government for the 2011–12 financial year.

Sources of Funds 2011–12

The ABC was allocated \$990.7 million in the May 2011 Federal Budget and \$11.2 million in the 2011–12 Additional Estimates process, totalling \$1 billion for the 2011–12 year.

The ABC also received \$172.7 million from other sources, including ABC Commercial.


The chart “ABC Source of Funds” depicts the ABC’s budgeted funds for the various categories against actual sources for 2011–12 and its budgeted sources for 2012–13.

Application of Funds

The chart “Split of Actual Expenditure 2011–12” broadly represents the ABC’s application of funds by function for the 2011–12 financial year.

The Year Ahead

Revenue from Government

The May 2012 Federal Budget maintained the ABC’s funding base, provided minor funding for a television trial of audio description technology, and provided additional transmission funds for regional ABC Radio services and for ABC Television to vacate the 2.5 GHz spectrum frequency (see page 87). 

The ABC’s funding for the 2012–13 financial year is:

	\$m
Total revenue from Government per Outcomes	
1, 2, 3 and 4, including equity injection	1 030.2
Less Analog Transmission funds	-88.5
Less Digital Television Transmission funds	-98.0
Less Digital Radio Transmission funds	-3.7
Total Revenue from Government	840.0

The chart “ABC Revenue from Government by Output 2012–13” broadly represents the ABC’s budgeted appropriation of funds by output for the 2012–13 financial year.

Budget Strategy

Although some 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.

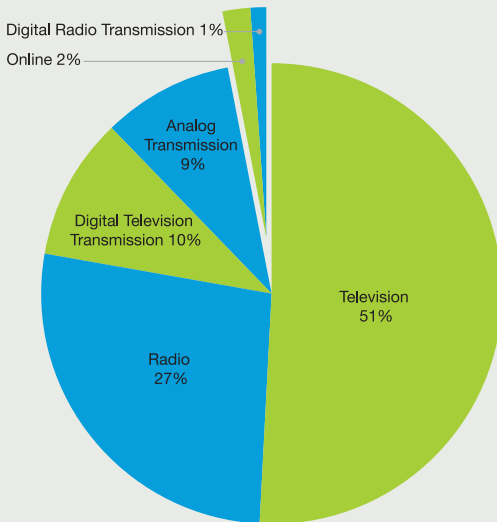
The continuing shift by consumers away from CDs and DVDs towards digital platforms, combined with a depressed retail environment, has had a detrimental impact on the performance of ABC Commercial, which has in turn placed additional pressure on the Corporation’s available financial resources.

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 115.

78% of Government funding was allocated to content-related activities.

ABC Revenue from Government by Output 2012-13

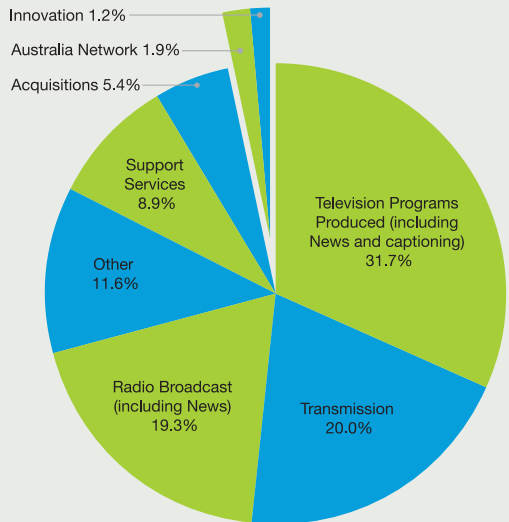


Split of expenditure

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 2011-12

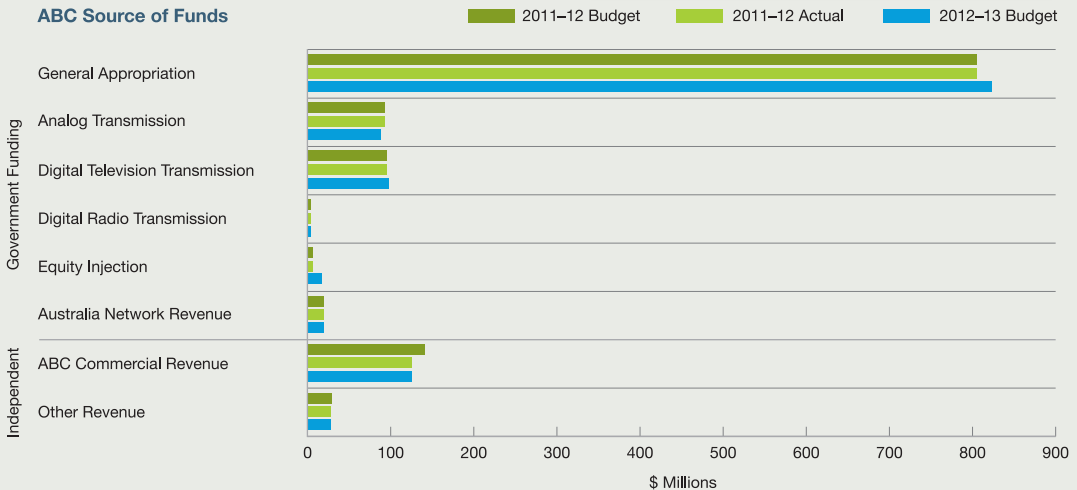


Source of funds

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

The ABC was allocated \$1 billion in the 2011 Federal Budget.

ABC Source of Funds



In this challenging environment, the 2012–13 Budget Strategy aims to chart a careful balance between addressing vital pressure points and concerns for the ABC, including news content and multi-platform activities, while at the same time ensuring existing content, facilities and operations are maintained at sustainable levels.

The Corporation is in the process of preparing its next Triennial Funding Submission to Government for consideration in the May 2013 Budget. This was originally intended to be considered in the May 2012 Budget, however the process has been deferred by one year to allow the process to take account of the outcomes of the Convergence Review. As part of this process, the Corporation will continue to liaise with Government on sustainability issues, including funding requirements for asset replacement.

Comparative Revenue from Government

The 2012–13 operational revenue from Government of \$840 million represents a decrease in real funding of \$253 million or 23.1% since 1985–86 as depicted in the chart “ABC Operational Revenue from Government”. ■

Five-year Analysis

	2012	2011	2010	2009	2008
ABC Operating	\$'000	\$'000	\$'000	\$'000	\$'000
Cost of Services	1 179 929	1 136 707	1 101 074	1 078 755	1 041 391
Operating Revenue	173 134	183 099	184 260	234 222	219 641
Net Cost of Services (a)	1 006 795	953 608	916 814	844 533	821 750
Share of (deficit)/surplus from jointly controlled entities	(2 317)	(1 732)	468	–	–
Revenue from Government	997 403	955 516	915 058	858 411	833 963

	2012	2011	2010	2009	2008
Financial Position	\$'000	\$'000	\$'000	\$'000	\$'000
Current Assets	228 804	234 548	237 927	275 761	276 332
Non-Current Assets	1 012 702	985 096	1 004 396	948 920	978 828
Total Assets	1 124 506	1 219 614	1 242 343	1 224 681	1 255 160
Current Liabilities	224 033	213 263	241 388	230 403	174 080
Non-Current Liabilities	28 907	20 590	24 161	48 187	114 002
Total Liabilities	252 940	233 853	265 549	278 590	288 082
Total Equity	988 566	985 791	976 774	946 091	967 078

Ratios

	2012	2011	2010	2009	2008
Current Ratio (b)	1.02	1.10	0.99	1.20	1.59
Equity (c)	88%	81%	79%	77%	77%

(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.

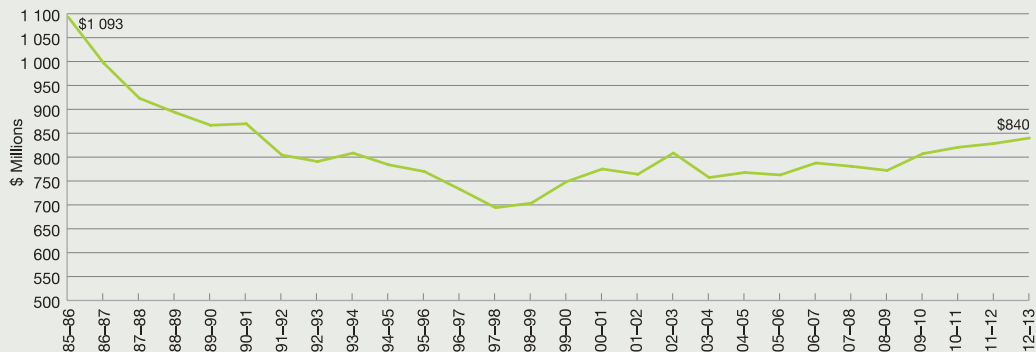
Revenue from government

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.

ABC Operational Revenue from Government

Including Capital indexed at 2011–12 levels (December 2011 6 mths CPI Index) 23.1% reduction from 1985–86 to 2012–13





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 2012, 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 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 is necessary to enable the preparation of the financial statements that give a true and fair view and 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 have conducted my audit in accordance with the Australian National Audit Office Auditing Standards, which incorporate the Australian Auditing Standards. These auditing standards require that I comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance 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 the accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

GPO Box 707 CANBERRA ACT 2601
19 National Circuit BARTON ACT
Phone (02) 6203 7500 Fax (02) 6273 5355
Email ian_mcphee@anao.gov.au
<http://www.anao.gov.au>

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

Independence

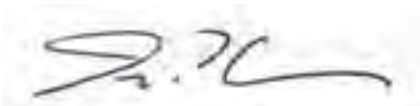
In conducting my audit, I have followed the independence requirements of the Australian National Audit Office, which incorporate the requirements of the Australian accounting profession.

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 2012 and of its financial performance and cash flows for the year then ended.

Australian National Audit Office



Ian McPhee
Auditor-General

Sydney
27 July 2012

Financial Statements

for the year ended 30 June 2012


Statement by Directors and Chief Financial Officer	157
Statement of Comprehensive Income	158
Balance Sheet	159
Statement of Changes in Equity	160
Cash Flow Statement	161
Schedule of Commitments	162
Schedule of Contingencies	164
1. Summary of Significant Accounting Policies	165
2. Expenses and Revenue	178
3. Expenses	179
4. Own Source Income	180
5. Revenue from Government	181
6. Financial Assets	181
7. Investments Accounted for Using the Equity Method	182
8. Non-Financial Assets	184
9. Payables	189
10. Interest Bearing Liabilities	189
11. Provisions	190
12. Cash Flow Reconciliation	191
13. Financial Instruments	192
14. Contingent Assets and Liabilities	197
15. Directors' Remuneration	198
16. Related Party Disclosures	198
17. Officers' Remuneration	199
18. Auditor's Remuneration	202
19. Assets Held in Trust	202
20. Controlled Entities	203
21. Reporting by Outcomes	203

Statement by Directors and Chief Financial Officer

In our opinion, the attached financial statements for the year ended 30 June 2012 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.



James Spigelman AC QC
Chairman
27 July 2012

Mark Scott AO
Managing Director
27 July 2012

David Pendleton FCPA
Chief Financial Officer
27 July 2012



Statement of Comprehensive Income

for the year ended 30 June 2012

	Notes	2012 \$'000	2011 \$'000
EXPENSES			
Employee benefits	3A	486 482	443 547
Suppliers	3B	438 648	445 652
Depreciation and amortisation	3C	95 063	91 756
Program amortisation	3D	154 543	146 383
Finance costs	3E	286	1 658
Write-down and impairment of assets	3F	4 214	5 973
Net loss from disposal of assets	3G	693	949
Net foreign exchange loss	3H	–	789
Total expenses		1 179 929	1 136 707
OWN-SOURCE INCOME			
Own-source revenue			
Sale of goods and rendering of services	4A	140 208	144 492
Interest	4B	8 296	10 288
Other revenue	4C	24 181	28 319
Total own-source revenue		172 685	183 099
Gains			
Net foreign exchange gain	4D	449	–
Net gains		449	–
Total own-source income		173 134	183 099
Net cost of services		1 006 795	953 608
Revenue from Government	5	997 403	955 516
Share of deficit of jointly controlled entities	7	(2 317)	(1 732)
(Deficit)/Surplus		(11 709)	176
OTHER COMPREHENSIVE INCOME			
Net revaluation of land and buildings		21 429	(7 152)
Gains/(losses) on cash flow hedging instruments		5	(24)
Total other comprehensive income/(loss)		21 434	(7 176)
Total comprehensive income/(loss)		9 725	(7 000)

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

Balance Sheet

as at 30 June 2012



	Notes	2012 \$'000	2011 \$'000
ASSETS			
Financial assets			
Cash and cash equivalents	6A	5 823	6 375
Receivables	6B	81 449	104 127
Accrued revenue	6C	11 352	4 739
Investments accounted for using the equity method	7	18 333	18 019
Total financial assets		116 957	133 260
Non-financial assets			
Land and buildings	8A	691 972	659 591
Infrastructure, plant and equipment	8B	244 165	256 930
Intangibles	8C	38 244	35 178
Inventories	8D	133 273	114 190
Prepayments	8E	16 895	20 495
Total non-financial assets		1 124 549	1 086 384
Total assets		1 241 506	1 219 644
LIABILITIES			
Payables			
Suppliers	9A	57 560	57 442
Other	9B	40 743	35 267
Total payables		98 303	92 709
Interest bearing liabilities			
Loans	10A	–	5 000
Total interest bearing liabilities		–	5 000
Provisions			
Employees	11A	152 151	133 253
Other	11B	2 486	2 891
Total provisions		154 637	136 144
Total liabilities		252 940	233 853
NET ASSETS		988 566	985 791
EQUITY			
Contributed equity		118 516	125 466
Reserves		592 298	570 864
Retained surplus		277 752	289 461
Total equity		988 566	985 791
Current assets		228 804	234 548
Non-current assets		1 012 702	985 096
Current liabilities		224 033	213 263
Non-current liabilities		28 907	20 590

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

Statement of Changes in Equity

for the year ended 30 June 2012

	Contributed equity		Retained surplus		Asset revaluation reserve		Hedging reserve		Total equity	
	2012 \$'000	2011 \$'000	2012 \$'000	2011 \$'000	2012 \$'000	2011 \$'000	2012 \$'000	2011 \$'000	2012 \$'000	2011 \$'000
Opening balance as at 1 July	125 466	121 037	289 461	289 285	570 873	578 025	(9)	15	985 791	988 362
Comprehensive income										
Net revaluation of land and buildings	-	-	-	-	21 429	(7 152)	-	-	21 429	(7 152)
Gains / (losses) on cash flow hedging instruments	-	-	-	-	-	-	5	(24)	5	(24)
(Deficit)/Surplus	-	-	(11 709)	176	-	-	-	-	(11 709)	176
Total comprehensive income/(loss)	-	-	(11 709)	176	21 429	(7 152)	5	(24)	9 725	(7 000)
Transactions with owner										
<i>Distributions to owner</i>										
Return of capital	(12 900)	(12 109)	-	-	-	-	-	-	(12 900)	(12 109)
<i>Contributions by owner</i>										
Equity injection	5 950	16 538	-	-	-	-	-	-	5 950	16 538
Total transactions with owner	(6 950)	4 429	-	-	-	-	-	-	(6 950)	4 429
Closing balance as at 30 June	118 516	125 466	277 752	289 461	592 302	570 873	(4)	(9)	988 566	985 791

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

Cash Flow Statement

for the year ended 30 June 2012



	Notes	2012 \$'000	2011 \$'000
		Inflows (Outflows)	Inflows (Outflows)
OPERATING ACTIVITIES			
Cash received			
Receipts from Government		995 903	955 516
Goods and services		140 034	144 243
Interest		8 455	10 471
Net GST received		44 446	43 172
Realised foreign exchange gains / (losses)		5	(24)
Other		23 127	28 625
Total cash received		1 211 970	1 182 003
Cash used			
Employees		(464 608)	(442 127)
Suppliers		(664 114)	(661 811)
Finance costs		(286)	(1 668)
Total cash used		(1 129 008)	(1 105 606)
Net cash from operating activities	12	82 962	76 397
INVESTING ACTIVITIES			
Cash received			
Proceeds from sale of property, plant and equipment		232	502
Proceeds from investments		104 000	167 160
Total cash received		104 232	167 662
Cash used			
Purchase of property, plant and equipment		(89 565)	(81 941)
Purchase of investments		(86 231)	(139 849)
Total cash used		(175 796)	(221 790)
Net cash used in investing activities		(71 564)	(54 128)
FINANCING ACTIVITIES			
Cash received			
Equity contributed by Government		5 950	16 538
Total cash received		5 950	16 538
Cash used			
Repayment of loans		(5 000)	(26 000)
Return of capital		(12 900)	(12 109)
Total cash used		(17 900)	(38 109)
Net cash used in financing activities		(11 950)	(21 571)
Net increase/(decrease) in cash and cash equivalents		(552)	698
Cash and cash equivalents at beginning of year		6 375	5 677
Cash and cash equivalents at end of year	6A	5 823	6 375

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

Schedule of Commitments

as at 30 June 2012

	2012	2011
	\$'000	\$'000
BY TYPE		
Capital commitments		
Buildings	9 483	31 661
Infrastructure, plant and equipment (1)	3 013	15 229
Total capital commitments	12 496	46 890
Other commitments		
Operating leases (2)	61 544	74 420
Other payables (3)	1 208 972	1 429 541
Attributable to joint ventures (4)	5 730	7 609
Total other commitments	1 276 246	1 511 570
Commitments receivable		
Net GST receivable on commitments	(113 597)	(135 896)
Other receivables (5)	(85 066)	(81 179)
Total commitments receivable	(198 663)	(217 075)
Net commitments by type	1 090 079	1 341 385

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

	2012	2011
	\$'000	\$'000
BY MATURITY		
Capital commitments		
One year or less	12 496	42 697
From one to five years	–	4 193
Total capital commitments	12 496	46 890
Operating lease commitments		
One year or less	18 698	22 555
From one to five years	42 846	51 865
More than five years	–	–
Total operating lease commitments	61 544	74 420
Other payables commitments		
One year or less	321 949	288 688
From one to five years	609 129	764 209
More than five years	277 894	376 644
Total other payables commitments	1 208 972	1 429 541
Commitments attributable to joint ventures		
One year or less	5 730	7 609
Total commitments attributable to joint ventures	5 730	7 609
Commitments receivable		
One year or less	(56 805)	(64 682)
From one to five years	(106 476)	(112 244)
More than five years	(35 382)	(40 149)
Total commitments receivable	(198 663)	(217 075)
Net commitments by maturity	1 090 079	1 341 385

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 000km; 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 Contingencies

as at 30 June 2012

	Notes	2012 \$'000	2011 \$'000
Contingent liabilities—guarantees			
Balance at beginning of year		1 202	1 185
Net change during the year		(217)	17
Total contingent liabilities—guarantees	14	985	1 202

The Corporation has no material contingent assets as at 30 June 2012 (2011 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.

Notes to and forming part of the Financial Statements

for the year ended 30 June 2012

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 for the Corporation for the year ended 30 June 2012 was authorised for issue by the Directors on 27 July 2012.

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 Corporation's 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 continued 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 2011; and
- Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) that apply for the year ended 30 June 2012.

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.

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).

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, 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 2009-12 Amendments to Australian Accounting Standards [AASBs 5, 8, 108, 110, 112, 119, 133, 137, 139, 1023 & 1031 and Interpretations 2, 4, 16, 1039 & 1052]. Minor grammatical changes to these standards relate to changes in various wordings from "after the end of the reporting period" to "after the reporting period". The changes have been assessed and are not expected to have a material impact on the Corporation's financial statements.

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 changes have been assessed and are not expected to have a material impact on the Corporation's financial statements.

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

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 its 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.

1. Summary of Significant Accounting Policies continued

1.4 New Australian Accounting Standards continued

Future Australian Accounting Standard Requirements continued

AASB 13 Fair Value Measurement (AASB 2011-8 indicates changes to Australian Accounting Standards arising from AASB 13). AASB 13 explains how to measure fair value when required to by other AASBs. It does not introduce new fair value measurements, nor does it eliminate the practicability exceptions to fair value that currently exist in certain standards. The provisions of this are mandatory for reporting periods beginning on or after 1 January 2013 and in the Corporation's case would affect the year ended 30 June 2014, however comparatives would be required for the 2012–13 financial year.

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.

AASB 2011-9 Amendments to Australian Accounting Standards - Presentation of Items of Other Comprehensive Income. This makes a number of changes to the presentation of other comprehensive income including presenting separately those items that would be reclassified to profit or loss in the future and those that would never be reclassified to profit or loss and the impact of tax on those items. This may impact the presentation of items in the Statement of Comprehensive Income. The provisions of this are mandatory for reporting periods beginning on or after 1 July 2012. However comparatives would be required for the 2011–12 financial year. The Corporation will not be early adopting this standard to be consistent with the current FMO.

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.

1.5 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 2012.

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. Summary of Significant Accounting Policies continued

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.

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. Summary of Significant Accounting Policies continued

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.

Where the Corporation is required to return unspent funds to the Government and this return is discretionary, amounts returned are recognised as a return of equity in the year in which the Minister agrees to the return amount.

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. The Corporation's sole remaining loan at the beginning of the year was repaid in full during the year.

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 at the present value of the estimated future cash outflows to be made in respect of services provided by employees up to the reporting date.

Leave

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

1. Summary of Significant Accounting Policies *continued*

1.12 Employee Benefits *continued*

Leave *continued*

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 2012. 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 Corporation's 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 2012 represents outstanding contributions for the last 10 days of the period.

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. 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.

1. Summary of Significant Accounting Policies continued

1.13 Leases continued

Provision for Make Good continued

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 an 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.

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.

1. Summary of Significant Accounting Policies *continued*

1.16 Financial Assets *continued*

Fair Value Through Profit or Loss *continued*

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'.

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

1. Summary of Significant Accounting Policies continued

1.16 Financial Assets continued

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.

1.19 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. Summary of Significant Accounting Policies continued

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.

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:

1. Summary of Significant Accounting Policies continued

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

Depreciation continued

	2012	2011
Leasehold land – long term	99 to 120 years	99 to 120 years
Buildings on freehold land	50 years	50 years
Leasehold buildings	Life of Lease (up to 50 years)	Life of Lease (up to 50 years)
Leasehold improvements	5 to 50 years	5 to 50 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.

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. Summary of Significant Accounting Policies *continued*

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 3-8 years (2011 3-8 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.

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. Summary of Significant Accounting Policies continued

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.

1.27 Reclassification of prior year comparatives

For the year ended 30 June 2012, the ABC has accounted for the return of unspent funding provided for digital television and radio capital outcomes as a return of equity based on the actual amount returned as agreed with the Minister during the year. In previous years, an accrual was made for the return of unspent funds in the same financial year that the funding was originally received. There has been a reclassification of the comparative balances to reflect the current year treatment resulting in the comparative amounts for other payables being reduced by \$12 345 477 and contributed equity being increased by \$12 345 477.

2. Expenses and Revenue

	Notes	2012 \$'000	2011 \$'000
Expenses			
Artist fees		4 186	4 567
Auditor's remuneration	18	210	212
Communications		23 823	21 604
Computer costs		7 208	9 943
Consultants and contractors		25 784	22 759
Depreciation and amortisation	3C	95 063	91 756
Employee benefits	3A	486 482	443 547
Finance costs	3E	286	1 658
Freight		1 084	1 189
Incidental expenses		4 347	4 558
Legal costs		1 994	1 736
Materials and minor items		11 306	10 855
Merchandising and promotion		75 531	79 706
Operating leases and occupancy		31 815	31 762
Program amortisation	3D	154 543	146 383
Program rights		13 532	13 911
Repairs, maintenance and hire		18 716	18 960
Satellite and transmission		39 420	38 743
Transmission services		153 276	156 944
Travel		16 564	18 100
Website and video production		5 212	5 981
Workers' compensation premiums	3B	4 640	4 122
Write-down and impairment of assets	3F	4 214	5 973
Net loss from disposal of assets	3G	693	949
Net foreign exchange loss – non-speculative	3H	–	789
Total expenses		1 179 929	1 136 707
Own-source income			
Co-production revenue		487	273
Interest	4B	8 296	10 288
Insurance settlement	4C	66	3 227
Merchandising revenue		85 910	83 189
Net foreign exchange gain – non-speculative	4D	449	–
Program sales		6 114	6 497
Rent and hire of facilities		12 368	13 293
Royalties		33 437	38 911
Subsidies, grants and contract revenue	4C	20 654	21 546
Technology sales		1 892	2 329
Other	4C	3 461	3 546
Total own-source income		173 134	183 099
Net cost of services		1 006 795	953 608
Revenue from Government	5	997 403	955 516
Share of (deficit)/surplus of jointly controlled entities	7	(2 317)	(1 732)
(Deficit)/surplus		(11 709)	176

3. Expenses

	Notes	2012 \$'000	2011 \$'000
3A Employee benefits			
Wages and salaries		340 597	325 900
Superannuation – defined contribution plans		24 441	21 746
Superannuation – defined benefit plans		35 155	36 624
Leave and other entitlements		65 649	42 347
Separation and redundancies		11 195	7 311
Other employee benefits		9 445	9 619
Total employee benefits		486 482	443 547
3B Suppliers			
Goods		92 428	100 518
Services – external parties		316 410	317 019
Services – related entities		4 590	4 349
Operating lease rentals		19 496	18 455
Workers' compensation premiums		4 640	4 122
Freight		1 084	1 189
Total suppliers		438 648	445 652
3C Depreciation and amortisation			
Land and buildings		33 878	34 234
Leasehold improvements		7 176	5 609
Infrastructure, plant and equipment		45 790	46 156
Intangibles – computer software		8 219	5 757
Total depreciation and amortisation		95 063	91 756
3D Program amortisation			
Purchased		41 581	47 744
Produced		112 962	98 639
Total program amortisation		154 543	146 383
3E Finance costs			
Loans from Government		286	1 658
Total finance costs	13	286	1 658
3F Write-down and impairment of assets			
Financial assets			
Receivables and advances		1 142	1 446
Non-financial assets			
Land and buildings		129	2 362
Infrastructure, plant and equipment		1 965	46
Intangibles		83	–
Assets under construction		96	1 445
Inventory held for sale		799	674
Total write-down and impairment of assets		4 214	5 973
3G Net loss from disposal of assets			
Land and buildings			
Total proceeds from disposal		–	(310)
Carrying value of assets disposed		22	376
Cost of disposal		–	50
Net loss from disposal of land and buildings		22	116

3. Expenses continued

	Notes	2012 \$'000	2011 \$'000
Infrastructure, plant and equipment			
Total proceeds from disposal		(232)	(192)
Carrying value of assets disposed		862	998
Cost of disposal		41	27
Net loss from disposal of infrastructure, plant and equipment		671	833
Loss from disposal of assets			
Total proceeds from disposal		(232)	(502)
Total carrying value of assets disposed		884	1 374
Total costs of disposal		41	77
Net loss from disposal of assets		693	949
3H Net foreign exchange loss			
Non-speculative		-	789
Total net foreign exchange loss	13	-	789

4. Own Source Income

	Notes	2012 \$'000	2011 \$'000
4A Sale of goods and rendering of services			
Goods		125 461	128 597
Services – external parties		14 551	15 787
Services – related entities		196	108
Total sale of goods and rendering of services		140 208	144 492
Cost of sales of goods		68 333	70 895
4B Interest			
Deposits		8 296	10 288
Total interest	13	8 296	10 288
4C Other revenue			
Subsidies, grants and contract revenue (a)		20 654	21 546
Insurance settlement		66	3 227
Other		3 461	3 546
Total other revenue		24 181	28 319
4D Net foreign exchange gain			
Non-speculative		449	-
Total net foreign exchange gain	13	449	-

- (a) Subsidies, grants and contract revenue includes **\$19 803 945** (2011 \$19 353 714) received from the Department of Foreign Affairs and Trade (DFAT) for the provision of Australia's international television service, Australia Network. In December 2011, the Government announced that the Corporation will have permanent responsibility for delivering the Australia Network service.

5. Revenue from Government

	2012 \$'000	2011 \$'000
5A Revenue from Government – Outcome 1	806 429	762 498
5B Revenue from Government – transmission revenue		
Outcome 2 – satellite and analog transmission	92 473	95 853
Outcome 3 – digital transmission	94 913	93 636
Outcome 4 – digital radio transmission	3 588	3 529
Total revenue from Government - transmission revenue	190 974	193 018
Total revenue from Government	997 403	955 516

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

During the year, the Corporation returned **\$12 900 402** (2011 \$12 108 556) as a repayment of capital related to unspent transmission revenue in previous years.

6. Financial assets

	Notes	2012 \$'000	2011 \$'000
6A Cash and cash equivalents			
Cash at bank and on hand		5 443	6 018
Salary sacrifice funds		249	308
Public funds held by third parties		131	49
Total cash and cash equivalents	13	5 823	6 375
6B Receivables			
Goods and services			
Goods and services		5 688	9 021
Less: Allowance for doubtful debts		(35)	(279)
Net goods and services receivables	13	5 653	8 742
Other receivables			
Held to maturity financial assets	13	69 600	90 000
Net GST receivable	13	4 394	4 571
Other receivables	13	1 802	814
Total other receivables		75 796	95 385
Total receivables (net)		81 449	104 127
Receivables are expected to be recovered in:			
No more than 12 months		80 925	103 537
More than 12 months		524	590
Total receivables (net)		81 449	104 127

6. Financial assets continued

	Notes	2012 \$'000	2011 \$'000
Receivables (gross) are aged as follows:			
Not Overdue		80 936	103 449
Overdue by:			
– 0 to 30 days		198	241
– 31 to 60 days		147	122
– 61 to 90 days		92	46
– more than 90 days		111	548
Total receivables (gross)		81 484	104 406

In 2012 **\$528** of the allowance for doubtful debts related to debts aged less than 90 days (2011 \$1 397).

Reconciliation of the allowance for doubtful debts

Opening balance		(279)	(187)
Amounts written off		207	15
Amounts recovered or reversed		36	22
Net increase recognised in deficit/surplus		1	(129)
Closing balance		(35)	(279)

6C Accrued revenue

Goods and services		11 246	4 474
Interest receivable		106	265
Total accrued revenue	13	11 352	4 739

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

Other receivables include forward exchange contracts at fair value through profit or loss of **\$20 207** (2011 Other payables \$85 688).

7. Investments Accounted for Using the Equity Method

	Notes	2012 \$'000	2011 \$'000
7. Investments accounted for using the equity method			
MediaHub Australia Pty Limited		18 333	18 019
Freeview Australia Pty Limited*		–	–
National DAB Licence Company Limited*		–	–
Total investments accounted for using the equity method	13	18 333	18 019

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

7. Investments Accounted for Using the Equity Method continued

Summarised financial information of jointly controlled entities

	MediaHub \$'000	Freeview \$'000	DAB \$'000	Total \$'000
2012				
Balance sheet				
Financial assets	11 484	201	1	11 686
Non-financial assets	35 185	56	–	35 241
Financial liabilities	7 227	221	–	7 448
Net assets	39 442	36	1	39 479
Statement of comprehensive income				
Income	10 246	2 413	6	12 665
Expense	16 768	2 413	6	19 187
Deficit	(6 522)	–	–	(6 522)
Share of (deficit)/surplus of jointly controlled entities				
Share of net deficit before tax	(3 261)	–	–	(3 261)
Income tax benefit	(944)	–	–	(944)
Share of deficit of jointly controlled entities after tax	(2 317)	–	–	(2 317)
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
Deficit	(5 840)	–	–	(5 840)
Share of (deficit)/surplus of jointly controlled entities				
Share of net surplus/(deficit) before tax	(2 920)	–	–	(2 920)
Income tax expense/(benefit)	(1 188)	–	–	(1 188)
Share of deficit of jointly controlled entities after tax	(1 732)	–	–	(1 732)

No dividends were received from any of these entities in 2012 (2011 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.

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

	2012	2011
	\$'000	\$'000
8A Land and buildings		
Freehold land		
Fair value (a)	171 501	173 932
Total freehold land	171 501	173 932
Buildings on freehold land		
Fair value (a)	407 472	408 001
Accumulated depreciation	(12 984)	(8 252)
Total buildings on freehold land	394 488	399 749
Leasehold land		
Fair value (a)	16 653	16 781
Accumulated depreciation	(44)	(10)
Total leasehold land	16 609	16 771
Leasehold buildings		
Fair value (b)	61 330	6 642
Accumulated depreciation	(730)	(159)
Total leasehold buildings	60 600	6 483
Leasehold improvements		
Fair value (b)	57 930	36 841
Accumulated depreciation	(17 598)	(16 251)
Total leasehold improvements	40 332	20 590
Total land and buildings excluding capital work in progress	683 530	617 525
Capital work in progress at cost – Land and buildings	8 442	42 066
Total land and buildings	691 972	659 591

8. Non-Financial Assets continued

	2012 \$'000	2011 \$'000
8B Infrastructure, plant and equipment		
Fair value (b)	605 410	597 662
Accumulated depreciation	(381 650)	(362 462)
Total infrastructure, plant and equipment excluding capital work in progress	223 760	235 200
Capital work in progress at cost – Infrastructure, plant and equipment	20 405	21 730
Total infrastructure, plant and equipment	244 165	256 930
8C Intangibles (c)		
Computer software at cost	77 613	63 799
Accumulated amortisation	(41 514)	(35 533)
Total intangibles excluding capital work in progress	36 099	28 266
Capital work in progress at cost – Intangibles	2 145	6 912
Total intangibles	38 244	35 178

- (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 independent valuation. Valuations were undertaken for material freehold land and buildings and leasehold land located in capital cities as at 31 March 2012 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) Leasehold buildings and improvements and Infrastructure, plant and equipment are carried at the Directors' determination of fair value in accordance with the revaluation policy stated in Note 1.22: Property (Land and Buildings), Infrastructure, Plant and Equipment. Valuations were undertaken for material leasehold buildings and improvements located in capital cities as at 31 March 2012 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.
- (c) 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 (2011 Nil).

8. Non-Financial Assets continued

Table A1
Reconciliation of the opening and closing balances of property, infrastructure, plant and equipment and intangibles (2011–12)

	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 2011								
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)
Net book value as at 1 July 2011	190 703	399 749	27 073	426 822	617 525	235 200	28 266	880 991
Additions	–	6 726	79 047	85 773	85 773	37 155	16 165	139 093
Net revaluation increment— through equity	(2 479)	22 308	1 600	23 908	21 429	–	–	21 429
Net revaluation (decrement)/ increment—through profit and loss	–	(11)	48	37	37	–	–	37
Depreciation and amortisation	(114)	(33 764)	(7 176)	(40 940)	(41 054)	(45 790)	(8 219)	(95 063)
Write-down and impairment	–	–	(166)	(166)	(166)	(1 965)	(83)	(2 214)
Disposals	–	(5)	(17)	(22)	(22)	(862)	–	(884)
Transfers/reclassifications	–	(515)	523	8	8	22	(30)	–
Net book value as at 30 June 2012	188 110	394 488	100 932	495 420	683 530	223 760	36 099	943 389
Carrying amount as at 30 June 2012 represented by								
Gross book value	188 154	407 472	119 260	526 732	714 886	605 410	77 613	1 397 909
Accumulated depreciation and amortisation	(44)	(12 984)	(18 328)	(31 312)	(31 356)	(381 650)	(41 514)	(454 520)
Closing net book value as at 30 June 2012	188 110	394 488	100 932	495 420	683 530	223 760	36 099	943 389

8. Non-Financial Assets continued

Table A2
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	1 214	13 046	7 091	20 137	21 351	35 068	17 980	74 399
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

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 2012	—	1 151	7 291	8 442	8 442	20 405	2 145	30 992
Carrying amount at 30 June 2011	—	1 913	40 153	42 066	42 066	21 730	6 912	70 708

8. Non-Financial Assets continued

	2012	2011
	\$'000	\$'000
8D Inventories		
Retail		
Inventory held for sale	13 668	13 257
Provision for stock obsolescence	(8)	(7)
Total retail	13 660	13 250
Broadcasting consumables		
Inventory not held for sale at cost	70	69
Total broadcasting consumables	70	69
TV programs held for distribution		
Purchased	30 289	27 652
Produced	41 163	38 576
In progress	48 091	34 643
Total TV programs held for distribution	119 543	100 871
Total inventories	133 273	114 190
Inventories are expected to be recovered in:		
No more than 12 months	117 442	105 994
More than 12 months	15 831	8 196
Total inventories	133 273	114 190

During 2012, **\$40 694 203** (2011 \$36 065 662) of inventory held for sale was recognised as an expense.

During 2012, **\$1 979 662** (2011 \$2 469 963) of inventory held for distribution was recognised as an expense.

8E Prepayments

Prepaid property rentals	153	52
Prepaid royalties	8 455	11 764
Other prepayments	8 287	8 679
Total prepayments	16 895	20 495
Total other non-financial assets are expected to be recovered in:		
No more than 12 months	13 262	13 903
More than 12 months	3 633	6 592
Total prepayments	16 895	20 495

9. Payables

	Notes	2012 \$'000	2011 \$'000
9A Suppliers			
Trade creditors	13	57 560	57 442
Total suppliers		57 560	57 442
Supplier payables expected to be settled in:			
No more than 12 months		57 555	57 437
More than 12 months		5	5
Total supplier payables		57 560	57 442
9B Other			
Interest payable	13	1	1
Other payables	13	3 347	3 114
Salaries and wages	13	21 249	18 283
Superannuation	13	325	315
Unearned revenue	13	15 821	13 554
Total other		40 743	35 267
Total other payables expected to be settled in:			
No more than 12 months		34 073	34 353
More than 12 months		6 670	914
Total other payables		40 743	35 267
Total payables		98 303	92 709

Other payables include forward exchange contracts held as cash flow hedges of **\$4 940** (2011 \$14 785).

10. Interest Bearing Liabilities

	Notes	2012 \$'000	2011 \$'000
10A Loans			
Loans from Government	13	–	5 000
Total loans		–	5 000
Maturity schedule for loans:			
Payable within one year		–	5 000
Payable in one to five years		–	–
Total loans		–	5 000

The loan was provided on a long term fixed interest rate basis at a weighted average interest rate of **5.73%** (2011 5.73%) and the remaining principal and interest was repaid in full on 29 June 2012.

11. Provisions

	2012	2011
	\$'000	\$'000
11A Employees		
Annual leave	55 564	50 635
Long service leave (a)	96 587	82 618
Total employees	152 151	133 253
 (a) Independent actuarial valuations for the Corporation were performed by Professional Financial Consulting Pty Ltd as at 30 June 2012.		
Employee provisions are expected to be settled in:		
No more than 12 months	131 683	115 229
More than 12 months	20 468	18 024
Total employees	152 151	133 253
11B Other		
Make good	2 486	2 891
Total other	2 486	2 891
Other provisions are expected to be settled in:		
No more than 12 months	722	1 244
More than 12 months	1 764	1 647
Total other	2 486	2 891
Total provisions	154 637	136 144
Reconciliation of the make good provision		
Opening balance	2 891	1 150
Amounts used	(719)	(32)
Amounts reversed	(5)	(5)
Additional provision made	20	1 994
Unwinding of discount or change in discount rate	299	(216)
Closing balance	2 486	2 891

12. Cash Flow Reconciliation

	2012 \$'000	2011 \$'000
Reconciliation of cash and cash equivalents between Balance Sheet and Cash Flow Statement		
Cash and cash equivalents per:		
Cash Flow Statement	5 823	6 375
Balance Sheet	5 823	6 375
Difference	-	-
Reconciliation of net cost of services to net cash from operating activities		
Net cost of services	(1 006 795)	(953 608)
Revenue from Government	997 403	955 516
Adjustment for non-cash items		
Depreciation of property, plant and equipment	86 844	85 999
Amortisation of intangibles	8 219	5 757
Transfer to/(from) employee provisions	18 898	(1 364)
Transfer (from)/to other provisions	(405)	1 741
Impairment of:		
– receivables and advances	1 142	1 446
– land and buildings	129	3 807
– infrastructure, plant and equipment	2 061	46
– intangibles	83	–
– inventories	799	674
Loss from disposal of assets	693	949
Unrealised foreign exchange (gain)/loss	(444)	765
Changes in assets and liabilities		
(Increase) in receivables	(266)	(4 482)
(Increase)/decrease in accrued revenue	(4 472)	526
Decrease/(increase) in prepayments	2 959	(2 890)
(Increase) in inventories	(19 882)	(14 958)
Decrease in supplier payables	(9 480)	(10 708)
Increase in other payables	5 476	7 181
Net cash from operating activities	82 962	76 397

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	2012 \$'000	2011 \$'000
13.2A Categories of Financial Instruments			
Financial assets			
Cash and cash equivalents	6A	5 823	6 375
Net goods and services receivables	6B	5 653	8 742
Held to maturity financial assets	6B	69 600	90 000
Net GST receivable	6B	4 394	4 571
Other receivables	6B	1 802	814
Accrued revenue	6C	11 352	4 739
Investments accounted for using the equity method	7	18 333	18 019
Carrying amount of financial assets		116 957	133 260
Financial liabilities			
Loans from Government	10A	–	5 000
Trade creditors	9A	57 560	57 442
Interest payable	9B	1	1
Other payables	9B	3 347	3 114
Salaries and wages	9B	21 249	18 283
Superannuation	9B	325	315
Unearned revenue	9B	15 821	13 554
Carrying amount of financial liabilities		98 303	97 709
13.2B Net Income and Expenses from Financial Assets and Liabilities			
Income from financial assets			
Interest	4B	8 296	10 288
Net foreign exchange gain	4D	449	–
Total income from financial assets		8 745	10 288
Expenses related to financial liabilities			
Finance costs	3E	286	1 658
Net foreign exchange loss	3H	–	789
Total expenses related to financial liabilities		286	2 447

13. Financial Instruments continued

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.

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 2012 from a **15%** (2011 15%) favourable/ unfavourable change in the rate of the Australian dollar (AUD) against the currencies to which the Corporation is exposed, with all other variables held constant.

Foreign Currency Sensitivity

	2012 \$'000	2012 \$'000	2011 \$'000	2011 \$'000
Foreign Currency outstanding positions at:	Profit and Loss	Equity	Profit and Loss	Equity
USD				
AUD / USD +15% (2011 +15%)	(423)	-	(331)	(82)
AUD / USD -15% (2011 +15%)	423	-	331	82
GBP				
AUD / GBP +15% (2011 +15%)	(196)	-	(148)	-
AUD / GBP -15% (2011 +15%)	196	-	148	-
EUR				
AUD / EUR +15% (2011 +15%)	(61)	(26)	(58)	-
AUD / EUR -15% (2011 +15%)	61	26	58	-

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 **\$4 671** (2011 net loss of \$9 011) on specific hedges of foreign currency purchases as at 30 June 2012. 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	
	2012 \$'000	2011 \$'000	2012	2011
<i>Buy USD</i>				
Less than 1 year	1 598	1 366	1.0245	1.0115
<i>Buy GBP</i>				
Less than 1 year	769	645	0.6505	0.6203
<i>Buy EUR</i>				
Less than 1 year	274	105	0.7818	0.7111

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 typically 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 gain of **\$72 672** (2011 net loss \$60 737) on general hedges of anticipated foreign currency purchases from July 2011 to June 2012 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 typically not exposed to interest rate risk on borrowings, as all borrowings are at fixed interest rates and the Corporation repaid its loan in full before 30 June 2012. 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 **1.40%** (2011 1.75%) decrease in the interest rate would result in a decrease in interest revenue of **\$1 990 599** (2011 \$3 028 143) and a **1.40%** (2011 1.75%) increase in the interest rate would result in an increase in interest revenue of **\$1 990 599** (2011 \$3 028 143). 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%** (2011 84%) 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	Contractual Cash Flows	1 year or less	1 to 5 years
	\$'000	\$'000	\$'000	\$'000
2012				
Financial liabilities				
Loans from Government	–	–	–	–
Trade creditors	57 560	57 560	57 555	5
Interest payable	1	1	1	–
Other payables	3 347	3 347	2 887	460
Salaries and wages	21 249	21 249	21 249	–
Superannuation	325	325	325	–
Unearned revenue	15 821	15 821	9 611	6 210
Total financial liabilities	98 303	98 303	91 628	6 675
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	3 114	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	97 709	110 341	109 422	919

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

Loans from Government are provided on a fixed interest rate basis and were repaid in full before 30 June 2012.

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.

	Not Past Due nor Impaired	Not Past Due nor Impaired	Past Due or Impaired	Past Due or Impaired
	2012	2011	2012	2011
Categories of financial instruments	\$'000	\$'000	\$'000	\$'000
Financial assets				
Cash and cash equivalents	5 823	6 375	–	–
Goods and services receivables	5 140	8 064	548	957
Held to maturity financial assets	69 600	90 000	–	–
Net GST receivable	4 394	4 571	–	–
Other receivables	1 802	814	–	–
Accrued revenue	11 352	4 739	–	–
Investments accounted for using the equity method	18 333	18 019	–	–
Carrying amount of financial assets	116 444	132 582	548	957

Ageing of financial assets that are past due but not impaired

	0 to 30 days	31 to 60 days	61 to 90 days	90 plus days	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
2012					
Financial assets					
Goods and services receivables	198	147	92	76	513
Total past due but not impaired financial assets	198	147	92	76	513
2011					
Financial assets					
Goods and services receivables	241	122	46	269	678
Total past due but not impaired financial assets	241	122	46	269	678

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	
	2012 \$'000	2011 \$'000	2012 \$'000	2011 \$'000
Financial Assets				
Forward exchange contracts	68	(70)	68	(70)
Financial Liabilities				
Loans from Government	-	5 000	-	5 125

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 2012 was **\$68 091** (2011 (\$69 749)).

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

	2012 \$'000	2011 \$'000
Quantifiable Contingencies		
Contingent liabilities		
Other guarantees (a)	985	1 202
Total contingent liabilities	985	1 202

- (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 2012 (2011 Nil).

15. Directors' Remuneration

	2012 \$	2011 \$
Remuneration received or due and receivable by Directors of the Corporation	438 000	478 676
The number of non-Executive Directors of the Corporation included in these figures are shown below in the relevant remuneration bands:	Number	Number
\$0 – \$29 999	1	2
\$30 000 – \$59 999	5	6
\$60 000 – \$89 999	2	–
\$150 000 – \$179 000	–	1
Total number of Directors of the Corporation	8	9

16. Related Party Disclosures

Directors of the Corporation

The Directors of the Corporation during the year were:

- The Hon James Spigelman AC QC (Chair) (commenced 1 April 2012)
- Maurice Newman AC (Chair) (retired 31 December 2011)
- Cheryl Bart AO
- Jane Bennett
- Michael Lynch CBE AM (retired 30 September 2011)
- Dr Julianne Schultz AM
- Mark Scott AO (Managing Director)
- Steven Skala AO (acting Chair between 1 January 2012 and 31 March 2012)
- Prof Fiona Stanley AC

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 2011–12 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. Neither are remunerated nor do they receive any other benefits from MediaHub.

The Corporation paid user fees to MediaHub totalling **\$4 198 968** (2011 \$4 312 188). The Corporation also contributed a further **\$2 630 633** (2011 \$2 687 893) in capital contributions.

The Corporation received **\$196 219** (2011 \$278 306) 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.

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 Corporation 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 Corporation does not expect to receive any material income from Freeview. As at 30 June 2012, the Corporation had contributed **\$387 940** (2011 \$509 600) 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 2012, the Corporation had contributed **\$2 850** (2011 \$2 500) 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

	2012	2011
	\$	\$
Short-term employee benefits		
Salary (including leave taken)	2 334 659	2 112 453
Annual leave accrued	90 731	34 283
Performance bonus	210 000	269 066
Other	89 895	106 696
Total short-term employee benefits	2 725 285	2 522 498
Superannuation (post-employment benefits)	343 359	323 790
Long service leave accrued	85 359	58 232
Total	3 154 003	2 904 520

Notes

- Officers' remuneration includes Officers concerned with or taking part in the management of the Corporation, including the Managing Director.
- The above table is prepared on an accrual basis, therefore the performance bonus expenses disclosed above may differ from the cash bonus paid in Table 17B.

17. Officers' Remuneration *continued*

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

2012						
Total remuneration:	No.	Reportable Salary \$	Contributed Superannuation \$	Reportable Allowances \$	Bonus Paid \$	Total \$
\$360 000 – \$389 999	1	250 014	82 961	10 712	25 000	368 687
\$390 000 – \$419 999	1	303 563	76 417	–	40 000	419 980
\$420 000 – \$449 999	1	326 062	61 838	–	50 000	437 900
\$450 000 – \$479 999	2	355 351	58 564	–	47 500	461 415
\$750 000 – \$779 999	1	694 106	79 681	–	–	773 787
	<u>6</u>					

2011						
Total remuneration:	No.	Reportable Salary \$	Contributed Superannuation \$	Reportable Allowances \$	Bonus Paid \$	Total \$
\$330 000 – \$359 999	1	230 935	80 996	12 442	30 000	354 373
\$390 000 – \$419 999	2	293 655	65 186	–	42 500	401 341
\$420 000 – \$449 999	2	344 410	46 053	–	47 500	437 963
\$690 000 – \$719 999	1	582 453	74 702	–	59 066	716 221
	<u>6</u>					

Notes

- This table reports substantive officers of the Corporation who received remuneration during the reporting period. Each row is an averaged figure based on headcount for individuals in the band.
- 'Reportable salary' includes the following:
 - gross payments (less any bonuses paid, which are separated out and disclosed in the 'bonus paid' column);
 - reportable fringe benefits (at the net amount prior to 'grossing up' to account for tax benefits); and
 - exempt foreign employment income.
- The 'contributed superannuation' amount is the average actual superannuation contributions paid to senior executives in that reportable remuneration band during the reporting period, including any salary sacrificed amounts, as per officers' payment summaries.
- 'Reportable allowances' are the average actual allowances paid as per the 'total allowances' line on officers' payment summaries.
- 'Bonus paid' represents average actual bonuses paid during the reporting period in that reportable remuneration band. The bonus paid within a particular band may vary between financial years due to various factors such as individuals commencing with or leaving the entity during the financial year.
- Various salary sacrifice arrangements were available to senior executives including superannuation, motor vehicle and expense payment fringe benefits. Salary sacrifice benefits are reported in the 'reportable salary' column, excluding salary sacrificed superannuation, which is reported in the 'contributed superannuation' column.

17. Officers' Remuneration *continued*

17C Other employees with gross payments above \$150 000

Total remuneration:	2012					
	No.	Reportable Salary \$	Contributed Superannuation \$	Reportable Allowances \$	Bonus Paid \$	Total \$
\$150 000 – \$179 999	200	136 961	23 667	52	1 725	162 405
\$180 000 – \$209 999	77	162 143	29 050	3	2 274	193 470
\$210 000 – \$239 999	49	192 341	27 963	21	3 295	223 620
\$240 000 – \$269 999	23	225 706	22 223	–	2 989	250 918
\$270 000 – \$299 999	21	249 086	30 849	–	2 167	282 102
\$300 000 – \$329 999	10	283 208	27 147	–	4 000	314 355
\$330 000 – \$359 999	6	314 909	20 054	–	9 167	344 130
\$360 000 – \$389 999	3	320 158	30 906	–	16 667	367 731
\$390 000 – \$419 999	2	356 155	48 546	–	–	404 701
\$420 000 – \$449 999	3	370 461	40 894	–	20 000	431 355
\$540 000 – \$569 999	1	530 737	15 970	–	–	546 707
	395					

Total remuneration:	2011					
	No.	Reportable Salary \$	Contributed Superannuation \$	Reportable Allowances \$	Bonus Paid \$	Total \$
\$150 000 – \$179 999	145	138 305	23 328	102	904	162 639
\$180 000 – \$209 999	82	162 069	30 070	–	2 363	194 502
\$210 000 – \$239 999	31	193 716	27 566	70	1 242	222 594
\$240 000 – \$269 999	19	230 958	23 120	–	3 200	257 278
\$270 000 – \$299 999	11	245 953	32 088	–	6 818	284 859
\$300 000 – \$329 999	5	283 694	26 913	–	2 800	313 407
\$330 000 – \$359 999	5	287 551	40 992	–	11 600	340 143
\$360 000 – \$389 999	3	330 550	29 770	–	10 000	370 320
\$390 000 – \$419 999	3	340 281	47 691	–	20 000	407 972
\$450 000 – \$479 999	1	433 275	23 667	–	–	456 942
\$570 000 – \$599 999	1	546 959	31 621	–	–	578 580
	306					

Notes

- 'Total remuneration' includes part-time arrangements.
- This table reports staff:
 - who were employed by the entity during the reporting period;
 - whose reportable remuneration was \$150,000 or more for the financial period; and
 - were not required to be disclosed in Tables A, B or director disclosures. Each row is an averaged figure based on headcount for individuals in the band.
- Reportable salary' includes the following:
 - gross payments (less any bonuses paid, which are separated out and disclosed in the 'bonus paid' column);
 - reportable fringe benefits (at the net amount prior to 'grossing up' to account for tax benefits); and
 - exempt foreign employment income.
- The 'contributed superannuation' amount is the average actual superannuation contributions paid to staff in that reportable remuneration band during the reporting period, including any salary sacrificed amounts, as per individuals' payment summaries.
- 'Reportable allowances' are the average actual allowances paid as per the 'total allowances' line on individuals' payment summaries.

17. Officers' Remuneration *continued*

17C Other employees with gross payments above \$150 000 *continued*

6. 'Bonus paid' represents average actual bonuses paid during the reporting period in that reportable remuneration band. The 'bonus paid' within a particular band may vary between financial years due to various factors such as individuals commencing with or leaving the entity during the financial year.
7. Various salary sacrifice arrangements were available to other highly paid staff including superannuation, motor vehicle and expense payment fringe benefits. Salary sacrifice benefits are reported in the 'reportable salary' column, excluding salary sacrificed superannuation, which is reported in the 'contributed superannuation' column.

18. Auditor's Remuneration

	2012	2011
	\$	\$
Remuneration to the Auditor-General for auditing the financial statements for the reporting period	210 000	212 300

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 2012, KPMG earned additional fees of **\$42 296** (2011 \$35 000) for services that were separately contracted by the Corporation.

19. Assets Held in Trust

	2012	2011
	\$	\$
The Corporation is trustee for a foundation with accumulated funds at 30 June as follows:		
		Ian Reed Foundation
Balance carried forward from previous year	600 426	596 923
Interest received	26 975	26 901
Available for payments	627 401	623 824
Payments	(49 800)	(23 398)
Fund closing balance	577 601	600 426

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	Beneficial percentage held by economic entity
		2012	2011

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 2011–12 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.

	Outcome 1		Outcome 2		Outcome 3		Outcome 4		Total	
	2012 \$'000	2011 \$'000	2012 \$'000	2011 \$'000	2012 \$'000	2011 \$'000	2012 \$'000	2011 \$'000	2012 \$'000	2011 \$'000
Total Expenses	999 882	954 444	90 850	95 478	86 306	84 061	2 891	2 724	1 179 929	1 136 707
Income from non-government sector										
Other	170 767	180 567	–	–	50	800	–	–	170 817	181 367
Total income from non-government sector	170 767	180 567	–	–	50	800	–	–	170 817	181 367
Net cost/(contribution) of outcome delivery	829 115	773 877	90 850	95 478	86 256	83 261	2 891	2 724	1 009 112	955 340

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.

	Outcome 1		Outcome 2		Outcome 3		Outcome 4		Total	
	2012 \$'000	2011 \$'000	2012 \$'000	2011 \$'000	2012 \$'000	2011 \$'000	2012 \$'000	2011 \$'000	2012 \$'000	2011 \$'000
Expenses										
Employees	486 482	443 547	–	–	–	–	–	–	486 482	443 547
Suppliers	258 601	263 389	90 850	95 478	86 306	84 061	2 891	2 724	438 648	445 652
Depreciation and amortisation	95 063	91 756	–	–	–	–	–	–	95 063	91 756
Program amortisation	154 543	146 383	–	–	–	–	–	–	154 543	146 383
Finance costs	286	1 658	–	–	–	–	–	–	286	1 658
Write-down and impairment of assets	4 214	5 973	–	–	–	–	–	–	4 214	5 973
Net loss from disposal of assets	693	949	–	–	–	–	–	–	693	949
Net foreign exchange loss	–	789	–	–	–	–	–	–	–	789
Total	999 882	954 444	90 850	95 478	86 306	84 061	2 891	2 724	1 179 929	1 136 707
Income										
Revenue from government	806 429	762 498	92 473	95 853	94 913	93 636	3 588	3 529	997 403	955 516
Sale of goods and services	140 208	144 492	–	–	–	–	–	–	140 208	144 492
Interest	8 296	10 288	–	–	–	–	–	–	8 296	10 288
Share of (deficit) of jointly controlled entities	(2 317)	(1 732)	–	–	–	–	–	–	(2 317)	(1 732)
Other	24 131	27 519	–	–	50	800	–	–	24 181	28 319
Gains	449	–	–	–	–	–	–	–	449	–
Total	977 196	943 065	92 473	95 853	94 963	94 436	3 588	3 529	1 168 220	1 136 883
Assets										
Cash and cash equivalents	5 823	6 375	–	–	–	–	–	–	5 823	6 375
Receivables	68 305	89 205	3 285	2 564	9 175	11 564	684	794	81 449	104 127
Accrued revenue	11 352	4 739	–	–	–	–	–	–	11 352	4 739
Investments	18 333	18 019	–	–	–	–	–	–	18 333	18 019
Land and buildings Infrastructure, plant and equipment	691 972	659 591	–	–	–	–	–	–	691 972	659 591
Intangibles	244 165	256 930	–	–	–	–	–	–	244 165	256 930
Inventories	38 244	35 178	–	–	–	–	–	–	38 244	35 178
Prepayments	133 273	114 190	–	–	–	–	–	–	133 273	114 190
Prepayments	16 276	19 780	126	192	476	510	17	13	16 895	20 495
Total	1 227 743	1 204 007	3 411	2 756	9 651	12 074	701	807	1 241 506	1 219 644
Liabilities										
Suppliers	57 084	57 067	10	–	462	373	4	2	57 560	57 442
Other payables	40 508	34 982	–	–	235	285	–	–	40 743	35 267
Loans	–	5 000	–	–	–	–	–	–	–	5 000
Provisions	154 637	136 144	–	–	–	–	–	–	154 637	136 144
Total	252 229	233 193	10	–	697	658	4	2	252 940	233 853