

Casey – by ABC Open producer Solvia Middleton, Gold Coast, Queensland.

## FOR ALL OF US

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





# FINANCIAL PERFORMANCE

Financial summary

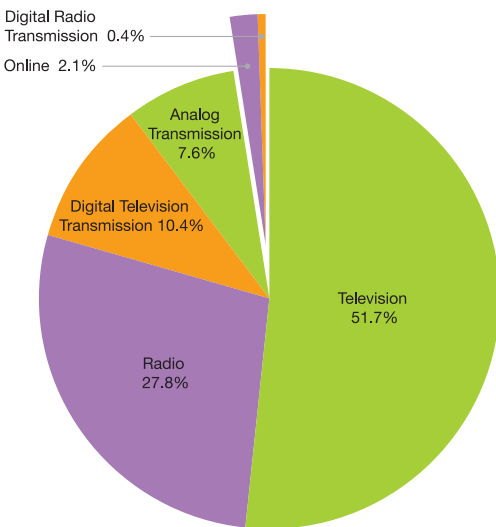
Independent auditor's report

Financial statements

## Revenue by program

This graph shows how funding is allocated to six specified Programs which relate to four Outcomes. Performance against these Outcomes is reported at page 143.

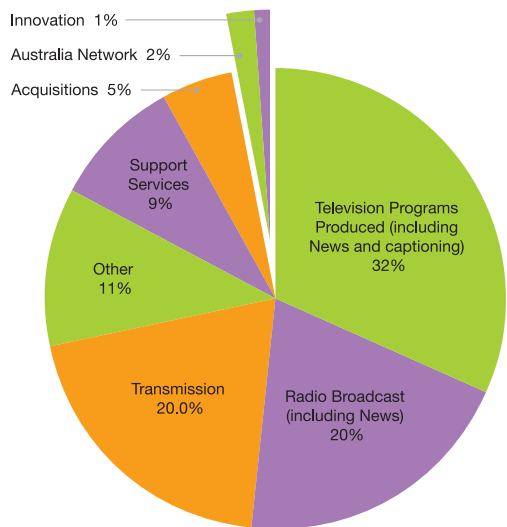
**ABC Revenue from Government by Program 2013–14**



## Split of expenditure

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

**ABC Split of Actual Expenditure 2012–13**



**80%**

Percentage of Government funding that was allocated to **content-related activities**.

**70%+**

Percentage of the ABC's expenditure spent on **making and distributing content**.

### Completion of Annual Financial Statements

On 26 July 2013, the Audit and Risk Committee endorsed the signing of the 2012–13 Financial Statements and the Australian National Audit Office (ANAO) issued an unqualified audit opinion.

### Financial Outcome 2012–13

As in previous years, the ABC operated within its total sources of funds and revenue from Government for the 2012–13 financial year.

### Sources of Funds 2012–13

The ABC was allocated \$1 030.2 million in the May 2012 Federal Budget and \$12.1 million in the 2012–13 Additional Estimates process, totalling \$1 042.3 million for the 2012–13 year.

The ABC also received \$158.2 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 2012–13 and its budgeted sources for 2013–14.

### Application of Funds

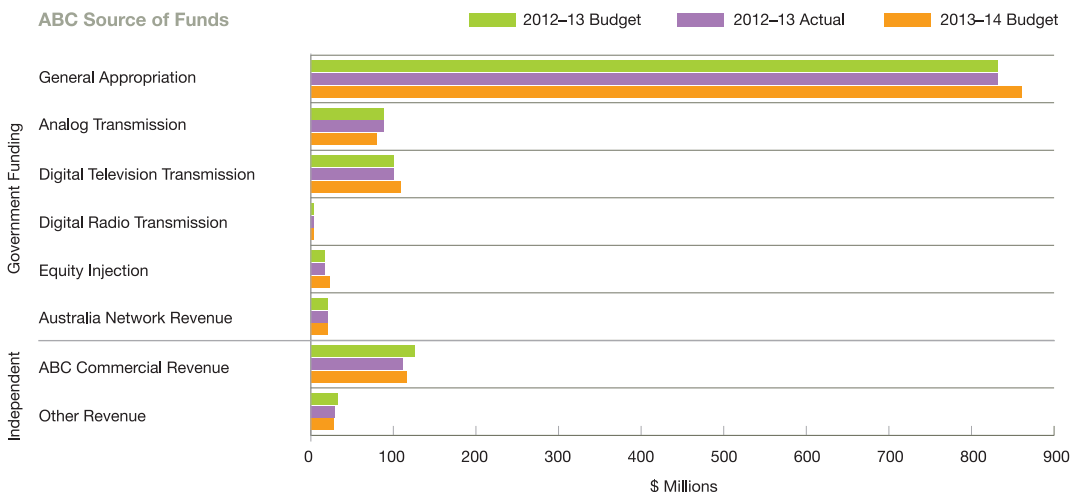
The chart “Split Actual Expenditure 2012–13” broadly represents the ABC’s application of funds by function for the 2012–13 financial year.

## Source of funds

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

**\$1.03 billion**

The amount allocated to the ABC in the 2013 Federal Budget.



## The Year Ahead

### Revenue from Government

The May 2013 Federal Budget maintained the ABC's funding base, provided a \$90 million loan from government over three years to assist with the cash flow requirements of the Melbourne Accommodation Project, and provided additional funding for journalism, digital content delivery, increased digital television coverage, and ANZAC Centenary programming.

The ABC's funding for the 2013–14 financial year is:

	\$m
Total revenue from Government per Outcomes 1, 2, 3 and 4 and including equity injection/loan	1 077.1
Less Analog Transmission funds	80.4
Less Digital Television Transmission funds	109.1
Less Digital Radio Transmission funds	3.7
Less Loan funds	20.0
<b>Total Revenue from Government</b>	<b>863.9</b>

The chart "ABC Revenue from Government by Program 2013–14" broadly represents the ABC's budgeted appropriation of funds by Program for the 2013–14 financial year.

### Budget Strategy

While some additional funding was provided in the May 2013 Federal Budget, this funding is tied to specific initiatives, and terminates after three years, and is not available to address the continual cost pressures arising from the ABC's existing cost base.

Additional funding announced in the 2013–14 Budget will allow the ABC to increase the reach, impact and local relevance of news services, to develop documentaries for the ANZAC Centenary, to increase digital television coverage, and to meet the increasing demand for digital content delivered to audiences via web-based and mobile device platforms. Government loan funding will also assist the ABC in meeting the cash-flow requirements for the major property redevelopment in Melbourne.

The continuing decline in the contribution from ABC Commercial has placed further pressure on the Corporation's financial resources. Other cost pressures have also compounded this situation, especially in the areas of insurance, employer superannuation contributions, and electricity.

In this challenging environment, the 2013–14 Budget Strategy aims to deliver a balance between applying modest funding towards the critical move into mobile and online environments, while also addressing cost-base sustainability issues faced by the ABC, and ensuring existing activities are maintained at current levels and recurrent activities are funded from recurrent sources.

In the May 2013 Budget, the Government did not address the long-outstanding issue of the adequacy of ABC capital asset replacement funding. The ABC is currently assessing the implications for ABC activities in the medium term, and working on developing options to address this situation.

### Comparative Revenue from Government

The 2013–14 operational revenue from Government of \$864 million represents a decrease in real funding of \$251 million (or 22.5%) since 1985–86 as depicted in the chart "ABC Operational Revenue from Government". ■

## Five-year Analysis

	2013	2012	2011	2010	2009
<b>ABC Operating</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Cost of Services	<b>1 167 877</b>	1 179 929	1 134 969	1 101 074	1 078 755
Operating Revenue	<b>158 853</b>	173 134	181 361	184 260	234 222
Net Cost of Services (a)	<b>1 009 024</b>	1 006 795	953 608	916 814	844 533
Share of (deficit)/surplus from jointly controlled entities	<b>(2 311)</b>	(2 317)	(1 732)	468	–
Revenue from Government	<b>1 023 700</b>	997 403	955 516	915 058	858 411
	<b>2013</b>	2012	2011	2010	2009
<b>Financial Position</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Current Assets	<b>314 343</b>	228 804	234 548	237 927	275 761
Non-Current Assets	<b>976 657</b>	1 012 702	985 096	1 004 396	948 920
Total Assets	<b>1 291 000</b>	1 124 506	1 219 614	1 242 343	1 224 681
Current Liabilities	<b>242 107</b>	223 918	225 608	241 388	230 403
Non-Current Liabilities	<b>35 081</b>	29 022	20 590	24 161	48 187
Total Liabilities	<b>277 188</b>	252 940	246 198	265 549	278 590
Total Equity	<b>1 013 812</b>	988 566	973 446	976 774	946 091
	<b>Ratios</b>				
Current Ratio (b)	<b>1.30</b>	1.02	1.04	0.99	1.20
Equity (c)	<b>79%</b>	80%	80%	79%	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.

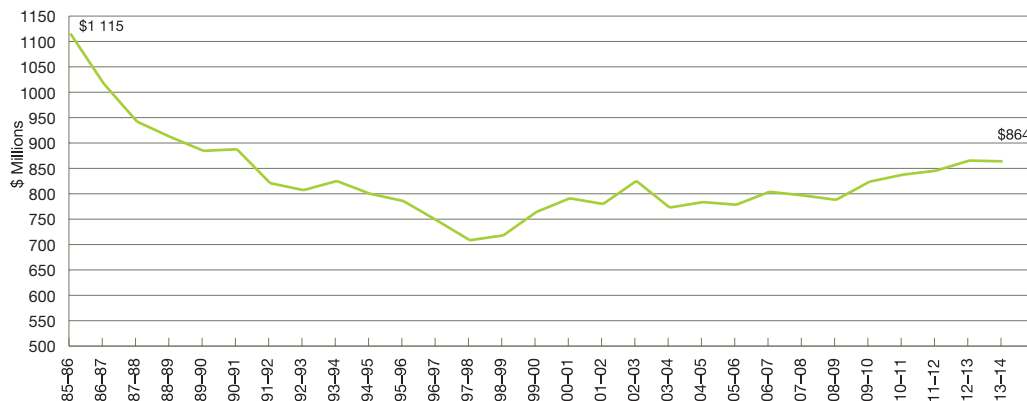
## Revenue from government

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 2012–13 levels, December 2012 6 mths CPI Index – 22.5% reduction from 1985–86 to 2013–14



## 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 2013, which comprise: a Statement by the Directors and Chief Financial Officer; the Statement of Comprehensive Income; Balance Sheet; Statement of Changes in Equity; Cash Flow Statement; Schedule of Commitments; Schedule of Contingencies; and Notes to and Forming Part of the Financial Statements.

#### *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.

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

### *Independence*

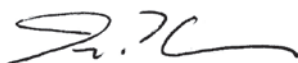
In conducting my audit, I have followed the independence requirements of the Australian National Audit Office, which incorporate the requirements of the Australian accounting profession.

### *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 2013 and of its financial performance and cash flows for the year then ended.

Australian National Audit Office



Ian McPhee  
Auditor-General

Canberra  
26 July 2013



# Financial Statements

for the year ended 30 June 2013

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In our opinion, the attached financial statements for the year ended 30 June 2013 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  
26 July 2013

Mark Scott AO  
Managing Director  
26 July 2013

David Pendleton FCPA  
Chief Financial Officer  
26 July 2013



# Statement of Comprehensive Income

for the year ended 30 June 2013

	Notes	2013 \$'000	2012 \$'000
<b>EXPENSES</b>			
Employee benefits	4A	477 499	486 482
Suppliers	4B	429 254	438 648
Depreciation and amortisation	4C	95 405	95 063
Program amortisation	4D	158 046	154 543
Finance costs	4E	5	286
Write-down and impairment of assets	4F	6 881	4 214
Net loss from disposal of assets	4G	787	693
<b>Total expenses</b>		<b>1 167 877</b>	1 179 929
<b>OWN-SOURCE INCOME</b>			
<b>Own-source revenue</b>			
Sale of goods and rendering of services	5A	125 982	140 208
Interest	5B	7 504	8 296
Other revenue	5C	24 674	24 181
<b>Total own-source revenue</b>		<b>158 160</b>	172 685
<b>Gains</b>			
Net foreign exchange gain	5D	693	449
<b>Net gains</b>		<b>693</b>	449
<b>Total own-source income</b>		<b>158 853</b>	173 134
<b>Net cost of services</b>		<b>1 009 024</b>	1 006 795
Revenue from Government	6	1 023 700	997 403
Share of deficit of jointly controlled entities	8	(2 311)	(2 317)
<b>Surplus/(deficit)</b>		<b>12 365</b>	(11 709)
<b>OTHER COMPREHENSIVE INCOME</b>			
<b>Items not subject to subsequent reclassification to profit or loss</b>			
Changes in asset revaluation reserve		4 257	21 429
<b>Items subject to subsequent reclassification to profit or loss</b>			
Gains on cash flow hedging instruments		79	5
<b>Total other comprehensive income</b>		<b>4 336</b>	21 434
<b>Total comprehensive income</b>		<b>16 701</b>	9 725

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

# Balance Sheet

as at 30 June 2013

	Notes	2013 \$'000	2012 \$'000
<b>ASSETS</b>			
<b>Financial assets</b>			
Cash and cash equivalents	7A	5 850	5 823
Receivables	7B	147 533	81 449
Accrued revenue	7C	5 477	11 352
Investments accounted for using the equity method	8	17 871	18 333
<b>Total financial assets</b>		<b>176 731</b>	116 957
<b>Non-financial assets</b>			
Land and buildings	9A	646 512	691 972
Infrastructure, plant and equipment	9B	248 919	244 165
Intangibles	9C	35 347	38 244
Assets classified as held for sale	9D	15 000	–
Inventories	9E	153 932	133 273
Prepayments	9F	14 559	16 895
<b>Total non-financial assets</b>		<b>1 114 269</b>	1 124 549
<b>Total assets</b>		<b>1 291 000</b>	1 241 506
<b>LIABILITIES</b>			
<b>Payables</b>			
Suppliers	10A	74 609	57 560
Other payables	10B	54 732	40 743
<b>Total payables</b>		<b>129 341</b>	98 303
<b>Provisions</b>			
Employee provisions	11A	145 422	152 151
Other provisions	11B	2 425	2 486
<b>Total provisions</b>		<b>147 847</b>	154 637
<b>Total liabilities</b>		<b>277 188</b>	252 940
<b>NET ASSETS</b>		<b>1 013 812</b>	988 566
<b>EQUITY</b>			
Contributed equity		127 061	118 516
Reserves		596 634	592 298
Retained surplus		290 117	277 752
<b>Total equity</b>		<b>1 013 812</b>	988 566
<b>Current assets</b>		<b>314 343</b>	228 804
<b>Non-current assets</b>		<b>976 657</b>	1 012 702
<b>Current liabilities</b>		<b>242 107</b>	223 918
<b>Non-current liabilities</b>		<b>35 081</b>	29 022

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

# Statement of Changes in Equity

for the year ended 30 June 2013

	Retained surplus		Asset revaluation reserve		Contributed equity		Hedging reserve		Total equity	
	2013 \$'000	2012 \$'000	2013 \$'000	2012 \$'000	2013 \$'000	2012 \$'000	2013 \$'000	2012 \$'000	2013 \$'000	2012 \$'000
<b>Opening balance</b>										
Balance carried forward from previous year	277 752	289 461	592 302	570 873	118 516	125 466	(4)	(9)	988 566	985 791
<b>Adjusted opening balance</b>	277 752	289 461	592 302	570 873	118 516	125 466	(4)	(9)	988 566	985 791
<b>Comprehensive income</b>										
Net revaluation of land and buildings	-	-	4 257	21 429	-	-	-	-	4 257	21 429
Gains on cash flow hedging instruments	-	-	-	-	-	-	79	5	79	5
Surplus/deficit for the period	12 365	(11 709)	-	-	-	-	-	-	12 365	(11 709)
<b>Total comprehensive income/(loss)</b>	12 365	(11 709)	4 257	21 429	-	-	79	5	16 701	9 725
<b>Transactions with owner</b>										
<i>Distributions to owner</i>										
Return of capital	-	-	-	-	(8 555)	(12 900)	-	-	(8 555)	(12 900)
<i>Contributions by owner</i>										
Equity injection	-	-	-	-	17 100	5 950	-	-	17 100	5 950
<b>Sub-total transactions with owner</b>	-	-	-	-	8 545	(6 950)	-	-	8 545	(6 950)
<b>Closing balance as at 30 June</b>	290 117	277 752	596 559	592 302	127 061	118 516	75	(4)	1 013 812	988 566

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

# Cash Flow Statement

for the year ended 30 June 2013

	Notes	2013 \$'000	2012 \$'000
		Inflows (Outflows)	Inflows (Outflows)
<b>OPERATING ACTIVITIES</b>			
<b>Cash received</b>			
Receipts from Government		1 025 200	995 903
Goods and services		130 460	134 034
Interest		7 390	8 455
Net GST received		34 653	44 446
Realised foreign exchange gains		79	5
Other		32 068	29 127
<b>Total cash received</b>		<b>1 229 850</b>	<b>1 211 970</b>
<b>Cash used</b>			
Employees		(482 499)	(464 608)
Suppliers		(631 548)	(664 114)
Finance costs		(6)	(286)
<b>Total cash used</b>		<b>(1 114 053)</b>	<b>(1 129 008)</b>
<b>Net cash from operating activities</b>	12	<b>115 797</b>	<b>82 962</b>
<b>INVESTING ACTIVITIES</b>			
<b>Cash received</b>			
Proceeds from sale of property, plant and equipment		166	232
Proceeds from investments		79 100	104 000
<b>Total cash received</b>		<b>79 266</b>	<b>104 232</b>
<b>Cash used</b>			
Purchase of property, plant and equipment		(60 782)	(89 565)
Purchase of investments		(142 799)	(86 231)
<b>Total cash used</b>		<b>(203 581)</b>	<b>(175 796)</b>
<b>Net cash used in investing activities</b>		<b>(124 315)</b>	<b>(71 564)</b>
<b>FINANCING ACTIVITIES</b>			
<b>Cash received</b>			
Equity contributed by Government		17 100	5 950
<b>Total cash received</b>		<b>17 100</b>	<b>5 950</b>
<b>Cash used</b>			
Repayment of loans		-	(5 000)
Return of capital		(8 555)	(12 900)
<b>Total cash used</b>		<b>(8 555)</b>	<b>(17 900)</b>
<b>Net cash used in financing activities</b>		<b>8 545</b>	<b>(11 950)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>27</b>	<b>(552)</b>
Cash and cash equivalents at beginning of year		5 823	6 375
<b>Cash and cash equivalents at end of year</b>	7A	<b>5 850</b>	<b>5 823</b>

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

# Schedule of Commitments

as at 30 June 2013

	<b>2013</b>	2012
	<b>\$'000</b>	\$'000
<b>BY TYPE</b>		
<b>Commitments receivable</b>		
Net GST receivable on commitments	<b>(103 434)</b>	(113 597)
Other receivables (1)	<b>(333 858)</b>	(85 066)
<b>Total commitments receivable</b>	<b>(437 292)</b>	(198 663)
<b>Commitments payable</b>		
<b>Capital commitments</b>		
Buildings	<b>494</b>	9 483
Infrastructure, plant and equipment (2)	<b>11 568</b>	3 013
<b>Total capital commitments</b>	<b>12 062</b>	12 496
<b>Other commitments</b>		
Operating leases (3)	<b>46 452</b>	61 544
Attributable to joint ventures (4)	<b>6 269</b>	5 730
Transmission networks and services (5)	<b>936 855</b>	1 047 564
Television programs and rights (5)	<b>82 922</b>	94 717
Other (5)	<b>125 524</b>	66 691
<b>Total other commitments</b>	<b>1 198 022</b>	1 276 246
<b>Net commitments by type</b>	<b>772 792</b>	1 090 079

	2013 \$'000	2012 \$'000
<b>BY MATURITY</b>		
<b>Commitments receivable</b>		
One year or less	(89 686)	(56 805)
From one to five years	(207 555)	(106 476)
Over five years	(140 051)	(35 382)
<b>Total commitments receivable</b>	<b>(437 292)</b>	<b>(198 663)</b>
<b>Commitments payable</b>		
<b>Capital commitments</b>		
One year or less	12 060	12 496
From one to five years	2	-
<b>Total capital commitments</b>	<b>12 062</b>	<b>12 496</b>
<b>Operating lease commitments</b>		
One year or less	19 222	18 698
From one to five years	27 230	42 846
<b>Total operating lease commitments</b>	<b>46 452</b>	<b>61 544</b>
<b>Other payables commitments</b>		
One year or less	346 924	327 679
From one to five years	554 610	609 129
Over five years	250 036	277 894
<b>Total other payables commitments</b>	<b>1 151 570</b>	<b>1 214 702</b>
<b>Net commitments by maturity</b>	<b>772 792</b>	<b>1 090 079</b>

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

- Other receivables comprise transmission, royalties, co-production commitments, resource hire, content licensing, media development support initiatives, contract revenue and grants.
- This comprises outstanding contractual commitments associated with the purchase of infrastructure, plant and equipment, including communications upgrades and technical equipment fit out.
- 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.
- Commitments arising from, in proportion, the Corporation's 18% interest in Freeview Australia Limited and 50% interest in MediaHub Australia Pty Limited.
  - Other payables commitments are covered by agreements and are associated with the supply of transmission services, satellite services, purchase of programs and program rights.



## Schedule of Contingencies

as at 30 June 2013

	Notes	<b>2013</b> <b>\$'000</b>	2012 \$'000
<b>Contingent liabilities—guarantees</b>			
Balance at beginning of year		<b>985</b>	1 202
Net change during the year		<b>—</b>	(217)
<b>Total contingent liabilities—guarantees</b>	13	<b>985</b>	985

The Corporation has no material contingent assets as at 30 June 2013 (2012 Nil).

Details of each class of contingent liabilities and contingent assets listed above are disclosed in Note 13: Contingent Assets and Liabilities, along with information on significant remote contingencies and contingencies that cannot be quantified.

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*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 2013

## 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 2013 was authorised for issue by the Directors on 26 July 2013.

### 1.1 Objectives of the Corporation

The Corporation is an Australian Government controlled not-for-profit 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.

During 2012–13, two changes were made to the *Australian Broadcasting Corporation Act (1983)* to: (1) include specific reference to the provision of digital media services as one of the functions of the Corporation, and (2) that only the ABC or a prescribed company, can be the provider of Commonwealth funded international services.

### 1.2 Basis of Preparation of Financial Statements

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

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

- Finance Minister’s Orders (FMOs) for reporting periods ending on or after 1 July 2012; and
- Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) that apply for the reporting period.

The Corporation’s financial statements have been prepared on an accrual basis and 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 otherwise specified.

Unless alternative treatment is specifically required by an accounting standard or the FMOs, assets and liabilities are recognised in the Balance Sheet when and only when it is probable that future economic benefits will flow to the Corporation or a future sacrifice of economic benefits will be required and the amounts of the assets or liabilities can be reliably measured. However, assets and liabilities arising under executory agreements are not recognised unless required by an accounting standard.

## 1. Summary of Significant Accounting Policies *continued*

### 1.2 Basis of Preparation of Financial Statements *continued*

Liabilities and assets that are unrecognised are reported in the Schedule of Commitments or the Schedule of Contingencies (other than unquantifiable or remote contingencies, which are reported at Note 13: Contingent Assets and Liabilities).

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

### 1.3 Significant Accounting Judgements, Estimates and Assumptions

#### Significant Accounting Judgements

In the process of applying the accounting policies listed in this note, 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 1.11: Employee Benefits;
- Provision for make good, as detailed in Note 1.12: Leases;
- Valuation of properties, plant and equipment, as detailed in Note 1.21: Property (Land and Buildings), Infrastructure, Plant and Equipment, Assets Held for Sale;
- Depreciation, as detailed in Note 1.21: Property (Land and Buildings), Infrastructure, Plant and Equipment, Assets Held for Sale;
- Impairment of non-financial assets, as detailed in Note 1.22: Impairment of Non-Current Assets; and
- Program amortisation, as detailed in Note 1.24: 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 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. The changes required by this standard have been incorporated in the Statement of Comprehensive Income under the category of Other Comprehensive Income.

*AASB 2010-8 Amendments to Australian Accounting Standards—Deferred Tax: Recovery of Underlying Assets.* These amendments clarify that the tax base of investment property measured using the fair value model in accordance with *AASB 140 Investment Property* is based on the premise that the carrying amount will be recovered entirely through sale rather than use. This has had no impact on the ABC.

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.

## 1. Summary of Significant Accounting Policies *continued*

### 1.4 New Australian Accounting Standards *continued*

#### **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 2015 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 FMOs.

*AASB 10 Consolidated Financial Statements.* AASB 10 introduces a new approach to determining which investees should be consolidated. An investor controls an investee when the investor is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. This takes effect for reporting periods beginning on or after 1 January 2013. It is expected to have minimal impact on the ABC.

*AASB 11 Joint Arrangements.* If the parties have rights to and obligations for underlying assets and liabilities, the joint arrangement is considered a joint operation and partial consolidation is applied. Otherwise the joint arrangement is considered a joint venture and they must use the equity method to account for their interest. The Standard applies to reporting periods beginning on or after 1 January 2014 for not-for-profit entities. The Corporation does not expect this standard to have a material impact in future years.

*AASB 12 Disclosure of Interests in Other Entities.* AASB 12 contains the disclosure requirements for entities that have interest in subsidiaries, joint arrangements, associates and/or unconsolidated structured entities. The Standard applies to reporting periods beginning on or after 1 January 2013.

*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.

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

*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 2010-7 Amendments to Australian Accounting Standards arising from AASB (December 2010).* This adds the requirements in AASB 139 in relation to the de-recognition of financial assets and financial liabilities to AASB 9. AASB 9 retains but simplifies the mixed measurement model and establishes two primary measurement categories for financial assets; amortised cost and fair value. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. The Standard applies to reporting periods beginning on or after 1 January 2013.

*AASB 2011-4 Amendments to Australian Accounting Standards to Remove Individual Key Management Personnel Disclosure Requirements.* This removes the requirements to include individual key management personnel disclosures in the notes to the financial statements. This takes effect for reporting periods beginning on or after 1 July 2013. This should have minimal impact on the ABC. The ABC is governed by the disclosure requirements as set in the FMOs. Early adoption is not permitted.

## 1. Summary of Significant Accounting Policies continued

### 1.4 New Australian Accounting Standards continued

#### Future Australian Accounting Standard Requirements continued

*AASB 2012-2 Amendments to Australian Accounting Standards Disclosures—Offsetting Financial Assets and Financial Liabilities (June 2012)*. AASB 7 is amended to increase the disclosures about offset positions, including the gross position and the nature of the arrangements. This takes effect for reporting periods beginning on or after 1 January 2013.

*AASB 2012-3 Amendments to Australian Accounting Standards—Offsetting Financial Assets and Financial Liabilities (June 2012)*. The amendments to AASB 132 clarify when an entity has a legally enforceable right to set off financial liabilities permitting entities to present balances net on the balance sheet. This takes effect for reporting periods beginning on or after 1 January 2014.

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 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.

### 1.6 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.

### 1.7 Revenue

Revenue from the sale of goods is recognised when:

- the risks and rewards of ownership have been transferred to the buyer;
- the Corporation retains no managerial involvement or 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.

## 1. Summary of Significant Accounting Policies *continued*

### 1.7 Revenue *continued*

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 services, which have 30 day terms, are recognised at the nominal amounts due, less any Impairment allowance for bad and doubtful debts. The collectability of debts is reviewed at the balance date. Provisions are made when the collectability 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*.

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.

#### **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 6: Revenue from Government. Revenues from Government receivable are recognised at their nominal amounts.

### 1.8 Gains and losses

#### **Sale of Assets**

Gains or losses from disposal of assets are recognised when control of the asset has passed to the buyer.

### 1.9 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.

### 1.10 Transactions with the Government as Owner

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 FMOs.

#### **Other Distributions to Owners**

The FMOs require that distributions to owners be debited to contributed equity unless it is in the nature of a dividend.

#### **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. Summary of Significant Accounting Policies *continued*

### 1.11 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.

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 2013. 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 2013 represents outstanding contributions at the end of the period.

### 1.12 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.

## 1. Summary of Significant Accounting Policies *continued*

### 1.12 Leases *continued*

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

#### **Provision for Make Good**

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

##### *Retail leased premises*

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

##### *Other leased premises*

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

### 1.13 Borrowing Costs

All borrowing costs are expensed as incurred.

### 1.14 Cash and Cash Equivalents

Cash and cash equivalents are recognised at their nominal amounts. Cash and cash equivalents include:

- cash on hand; and
- cash at bank and short term deposits with an original maturity of 3 months or less that are readily convertible to known amounts of cash and subject to insignificant risk of changes in value.

### 1.15 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;
- available-for-sale financial assets; and
- loans and receivables.

The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. Financial assets are recognised and derecognised upon trade date.

#### **Effective Interest Method**

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

Income is recognised on an effective interest rate basis except for financial assets that are recognised at fair value through profit or loss.

#### **Financial Assets at Fair Value Through Profit or Loss**

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

- a. have been acquired principally for the purpose of selling in the near future;
- b. are derivatives that are not designated and effective as a hedging instrument; or



## 1. Summary of Significant Accounting Policies *continued*

### 1.15 Financial Assets *continued*

#### Financial Assets at Fair Value Through Profit or Loss *continued*

- c. are parts of an identified portfolio of financial instruments that the Corporation manages together and has a recent actual pattern of short-term profit-taking.

Assets in this category are classified as current assets.

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

#### *Derivatives*

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

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

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

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

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

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

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

#### **Held-to-Maturity Investments**

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

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

## 1. Summary of Significant Accounting Policies continued

### 1.15 Financial Assets continued

#### **Loans and Receivables**

Trade receivables, loans and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as loans and receivables in accordance with *AASB 139 Financial Instruments: Recognition and Measurement*.

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

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

#### **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.

### 1.16 Financial Liabilities

Financial liabilities are classified as 'other financial liabilities' in accordance with *AASB 139 Financial Instruments: Recognition and Measurement*. The Corporation has no interest bearing liabilities at 30 June 2013.

#### **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 loans from government or 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.

### 1.17 Repairs and Maintenance

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

## 1. Summary of Significant Accounting Policies continued

### 1.18 Joint Ventures

Joint ventures are accounted for using the equity method in accordance with *AASB 128 Investments in Associates and Joint Ventures* and the FMOs. Further details relating to joint ventures, to which the Corporation is a party, are provided in Note 8: Investments Accounted for Using the Equity Method.

### 1.19 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 13: 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.

### 1.20 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.

### 1.21 Property (Land and Buildings), Infrastructure, Plant and Equipment, Assets Held for Sale

#### 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.

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

Following initial recognition at cost, property, infrastructure, plant and equipment are carried at fair value less subsequent accumulated depreciation and accumulated impairment losses.

Valuations are conducted with sufficient frequency to ensure that the carrying amounts of assets do not materially vary, with the assets' fair values as at the reporting date. The regularity of independent valuations depends upon the volatility of movements in market values for the relevant assets.

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

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

## 1. Summary of Significant Accounting Policies continued

### 1.21 Property (Land and Buildings), Infrastructure, Plant and Equipment, Assets Held for Sale continued

#### Depreciation

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

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

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

	<b>2013</b>	2012
Leasehold land—long term	<b>99 to 120 years</b>	99 to 120 years
Buildings on freehold land	<b>50 years</b>	50 years
Leasehold buildings	<b>Life of Lease (up to 50 years)</b>	Life of Lease (up to 50 years)
Leasehold improvements	<b>5 to 50 years</b>	5 to 50 years
Infrastructure, plant and equipment	<b>3 to 15 years</b>	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 4C: 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.

### 1.22 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.

## 1. Summary of Significant Accounting Policies continued

### 1.22 Impairment of Non-Current Assets continued

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.

### 1.23 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** (2012 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.

### 1.24 Inventories

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

### Produced Programs

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

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

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

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

### Purchased Programs

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

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

### Write-down of Merchandise Inventory

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

## 1. Summary of Significant Accounting Policies continued

### 1.24 Inventories continued

#### **Write-down of Inventory Held for Distribution**

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

### 1.25 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.

### 1.26 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 2013.

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.

#### **Goods and Services Tax (GST)**

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.

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## 2. Events after the Reporting Period

There was no subsequent event that had the potential to significantly affect the ongoing structure and financial activities of the entity.

### 3. Expenses and Revenue

	Notes	2013 \$'000	2012 \$'000
<b>Expenses</b>			
Artist fees		3 983	4 186
Auditor's remuneration	17	223	210
Communications		23 132	23 823
Computer costs		7 385	7 208
Consultants and contractors		26 984	25 784
Depreciation and amortisation	4C	95 405	95 063
Employee benefits	4A	477 499	486 482
Finance costs	4E	5	286
Freight	4B	1 033	1 084
Incidental expenses		4 024	4 347
Legal costs		2 580	1 994
Materials and minor items		13 106	11 306
Merchandising and promotion		66 002	75 531
Operating leases and occupancy		31 262	31 815
Program amortisation	4D	158 046	154 543
Program rights		13 840	13 532
Repairs, maintenance and hire		17 404	18 716
Satellite and transmission		37 281	39 420
Transmission services		151 310	153 276
Travel		16 001	16 564
Website and video production		5 664	5 212
Workers' compensation premiums	4B	8 040	4 640
Write-down and impairment of assets	4F	6 881	4 214
Net loss from disposal of assets	4G	787	693
<b>Total expenses</b>		<b>1 167 877</b>	<b>1 179 929</b>
<b>Own-source income</b>			
Co-production revenue		223	487
Interest	5B	7 504	8 296
Insurance settlement	5C	125	66
Merchandising revenue		79 999	85 910
Net foreign exchange gain—non-speculative	5D	693	449
Program sales		4 649	6 114
Rent and hire of facilities		13 138	12 368
Royalties		26 585	33 437
Subsidies, grants and contract revenue	5C	21 355	20 654
Technology sales		1 388	1 892
Other	5C	3 194	3 461
<b>Total own-source income</b>		<b>158 853</b>	<b>173 134</b>
<b>Net cost of services</b>		<b>1 009 024</b>	<b>1 006 795</b>
Revenue from Government	6	1 023 700	997 403
Share of deficit of jointly controlled entities	8	(2 311)	(2 317)
<b>Surplus/(deficit)</b>		<b>12 365</b>	<b>(11 709)</b>

## 4. Expenses

Notes	2013 \$'000	2012 \$'000
<b>4A Employee benefits</b>		
Wages and salaries	347 305	340 597
Superannuation—defined contribution plans	26 605	24 441
Superannuation—defined benefit plans	38 535	35 155
Leave and other entitlements	42 590	65 649
Separation and redundancies	12 829	11 195
Other employee benefits	9 635	9 445
<b>Total employee benefits</b>	<b>477 499</b>	<b>486 482</b>
<b>4B Suppliers</b>		
Goods	104 357	111 924
Services—external parties	293 561	296 914
Services—related entities	5 217	4 590
Operating lease rentals	17 046	19 496
Workers' compensation premiums	8 040	4 640
Freight	1 033	1 084
<b>Total suppliers</b>	<b>429 254</b>	<b>438 648</b>
<b>4C Depreciation and amortisation</b>		
<b>Depreciation</b>		
Land and buildings	35 650	33 878
Leasehold improvements	9 156	7 176
Infrastructure, plant and equipment	41 302	45 790
<b>Total depreciation</b>	<b>86 108</b>	<b>86 844</b>
<b>Amortisation</b>		
Intangibles	9 297	8 219
<b>Total amortisation</b>	<b>9 297</b>	<b>8 219</b>
<b>Total depreciation and amortisation</b>	<b>95 405</b>	<b>95 063</b>
<b>4D Program amortisation</b>		
Purchased	44 432	41 581
Produced	113 614	112 962
<b>Total program amortisation</b>	<b>158 046</b>	<b>154 543</b>
<b>4E Finance costs</b>		
Loans from Government	–	286
Other finance costs	5	–
<b>Total finance costs</b>	<b>5</b>	<b>286</b>
<b>4F Write-down and impairment of assets</b>		
Impairment of:		
Receivables and advances	1 166	1 142
Land and buildings	3 002	129
Infrastructure, plant and equipment	146	1 965
Intangibles	–	83
Assets under construction	1 972	96
Impairment of inventory held for sale	595	799
<b>Total write-down and impairment of assets</b>	<b>6 881</b>	<b>4 214</b>

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#### 4. Expenses continued

	Notes	2013 \$'000	2012 \$'000
<b>4G Net loss from disposal of assets</b>			
<b>Land and buildings</b>			
Total proceeds from sale		-	-
Carrying value of assets sold		-	22
Cost of disposal		-	-
<b>Net loss from disposal of land and buildings</b>		<b>-</b>	<b>22</b>
<b>Infrastructure, plant and equipment</b>			
Total proceeds from disposal		<b>(166)</b>	(232)
Carrying value of assets disposed		<b>917</b>	862
Cost of disposal		<b>36</b>	41
<b>Net loss from disposal of infrastructure, plant and equipment</b>		<b>787</b>	671
<b>Loss from disposal of assets</b>			
Total proceeds from disposal		<b>(166)</b>	(232)
Total carrying value of assets disposed		<b>917</b>	884
Total costs of disposal		<b>36</b>	41
<b>Net loss from disposal of assets</b>		<b>787</b>	693

#### 5. Own Source Income

	Notes	2013 \$'000	2012 \$'000
<b>5A Sale of goods and rendering of services</b>			
Goods		<b>111 233</b>	125 461
Services—external parties		<b>14 664</b>	14 551
Services—related entities		<b>85</b>	196
<b>Total sale of goods and rendering of services</b>		<b>125 982</b>	140 208
Cost of sales of goods		<b>57 082</b>	68 333
<b>5B Interest</b>			
Deposits		<b>7 504</b>	8 296
<b>Total interest</b>	18	<b>7 504</b>	8 296
<b>5C Other revenue</b>			
Subsidies, grants and contract revenue (a)		<b>21 355</b>	20 654
Insurance settlement		<b>125</b>	66
Other		<b>3 194</b>	3 461
<b>Total other revenue</b>		<b>24 674</b>	24 181
<b>5D Net foreign exchange gain</b>			
Non-speculative		<b>693</b>	449
<b>Total net foreign exchange gain</b>	18	<b>693</b>	449

(a) Subsidies, grants and contract revenue includes **\$20 334 000** (2012 \$19 803 945) 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.

## 6. Revenue from Government

	2013 \$'000	2012 \$'000
<b>6A Revenue from Government—Outcome 1</b>	<b>830 700</b>	806 429
<b>6B Revenue from Government—transmission revenue</b>		
Outcome 2—satellite and analog transmission	88 669	92 473
Outcome 3—digital transmission	100 673	94 913
Outcome 4—digital radio transmission	3 658	3 588
<b>Total revenue from Government—transmission revenue</b>	<b>193 000</b>	190 974
<b>Total revenue from Government</b>	<b>1 023 700</b>	997 403

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

As at 30 June 2013 the Corporation had returned **\$8 555 207** (2012 \$12 900 402) as a repayment of capital related to unspent transmission revenue in previous years.

## 7. Financial assets

	Notes	2013 \$'000	2012 \$'000
<b>7A Cash and cash equivalents</b>			
Cash on hand or on deposit		5 235	5 443
Salary sacrifice funds		293	249
Public funds held by third parties		322	131
<b>Total cash and cash equivalents</b>	18	<b>5 850</b>	5 823
<b>7B Receivables</b>			
<b>Goods and services</b>			
Goods and services—related parties		8	–
Goods and services—external parties		4 716	5 688
<b>Total receivables for goods and services</b>	18	<b>4 724</b>	5 688
<b>Other receivables</b>			
Held to maturity financial assets	18	131 450	69 600
Net GST receivable from the Australian Taxation Office	19	9 982	4 394
Other	18	1 408	1 802
<b>Total other receivables</b>		<b>142 840</b>	75 796
<b>Total receivables (gross)</b>		<b>147 564</b>	81 484
<b>Less impairment allowance account</b>			
Goods and services	19	(31)	(35)
<b>Total impairment allowance</b>		<b>(31)</b>	(35)
<b>Total receivables (net)</b>		<b>147 533</b>	81 449
Receivables are expected to be recovered in:			
No more than 12 months		147 067	80 925
More than 12 months		466	524
<b>Total receivables (net)</b>		<b>147 533</b>	81 449

## 7. Financial assets continued

Notes	2013 \$'000	2012 \$'000
Receivables (gross) are aged as follows:		
Not Overdue	<b>146 873</b>	80 936
Overdue by:		
– 0 to 30 days	<b>466</b>	198
– 31 to 60 days	<b>100</b>	147
– 61 to 90 days	<b>70</b>	92
– more than 90 days	<b>55</b>	111
<b>Total receivables (gross)</b>	<b>147 564</b>	81 484
The impairment allowance account is aged as follows:		
Not Overdue	–	–
Overdue by:		
– 0 to 30 days	–	–
– 31 to 60 days	–	–
– 61 to 90 days	–	(1)
– more than 90 days	<b>(31)</b>	(34)
<b>Total impairment allowance account</b>	<b>(31)</b>	(35)
<b>Reconciliation of the impairment allowance account</b>		
Opening balance	<b>(35)</b>	(279)
Amounts written off	<b>30</b>	207
Amounts recovered or reversed	<b>5</b>	36
Net (increase)/decrease recognised in surplus/(deficit)	<b>(31)</b>	1
<b>Closing balance</b>	<b>(31)</b>	(35)

Other receivables includes forward exchange contracts held as cash flow hedges of **\$70 287** (2012 nil) and forward exchange contracts at fair value through profit and loss of **\$300 557** (2012 \$20 207).

### 7C Accrued revenue

Goods and services		<b>5 257</b>	11 246
Interest receivable		<b>220</b>	106
<b>Total accrued revenue</b>	18	<b>5 477</b>	11 352

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

## 8. Investments Accounted for Using the Equity Method

Notes	2013 \$'000	2012 \$'000	
<b>8. Investments in jointly controlled entities</b>			
MediaHub Australia Pty Limited	<b>17 871</b>	18 333	
Freeview Australia Pty Limited*	–	–	
National DAB Licence Company Limited*	–	–	
<b>Total equity accounted investments</b>	18	<b>17 871</b>	18 333

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

Investments in equity accounted investments are not expected to be recovered in the next 12 months.

## 8. Investments Accounted for Using the Equity Method continued

### Summarised financial information of jointly controlled entities

	MediaHub \$'000	Freeview \$'000	DAB \$'000	Total \$'000
<b>2013</b>				
<b>Balance sheet</b>				
Financial assets	11 668	279	7	11 954
Non-financial assets	31 041	24	–	31 065
Financial liabilities	1 194	294	6	1 494
Net assets	41 515	9	1	41 525
<b>Statement of comprehensive income</b>				
Income	12 834	1 999	6	14 839
Expense	19 511	1 999	6	21 516
Deficit	(6 677)	–	–	(6 677)
<b>Share of deficit of jointly controlled entities</b>				
Share of net deficit before tax	(3 338)	–	–	(3 338)
Income tax benefit	(1 027)	–	–	(1 027)
<b>Share of deficit of jointly controlled entities after tax</b>	<b>(2 311)</b>	<b>–</b>	<b>–</b>	<b>(2 311)</b>
<b>2012</b>				
<b>Balance sheet</b>				
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
<b>Statement of comprehensive income</b>				
Income	10 246	2 413	6	12 665
Expense	16 768	2 413	6	19 187
Deficit	(6 522)	–	–	(6 522)
<b>Share of (deficit)/surplus of jointly controlled entities</b>				
Share of net surplus/(deficit) before tax	(3 261)	–	–	(3 261)
Income tax expense/(benefit)	(944)	–	–	(944)
<b>Share of deficit of jointly controlled entities after tax</b>	<b>(2 317)</b>	<b>–</b>	<b>–</b>	<b>(2 317)</b>

No dividends were received from any of these entities in 2013 (2012 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 many of 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 \$0.11 shares** (2012 \$0.10 shares) equating to a **18%** (2012 16%) share in Freeview, with **four** (2012 four) other broadcasters each also holding a **18%** (2012 16%) share in Freeview, with the remaining shares held by a further **two** (2012 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.

## 9. Non-Financial Assets

	2013 \$'000	2012 \$'000
<b>9A Land and buildings</b>		
<b>Freehold land</b>		
Fair value (a)	157 471	171 501
<b>Total freehold land</b>	<b>157 471</b>	171 501
<b>Buildings on freehold land</b>		
Fair value (a)	387 436	407 472
Accumulated depreciation	<b>(16 698)</b>	(12 984)
<b>Total buildings on freehold land</b>	<b>370 738</b>	394 488
<b>Leasehold land</b>		
Fair value (a)	16 873	16 653
Accumulated depreciation	<b>(157)</b>	(44)
<b>Total leasehold land</b>	<b>16 716</b>	16 609
<b>Leasehold buildings</b>		
Fair value (b)	67 593	61 330
Accumulated depreciation	<b>(1 954)</b>	(730)
<b>Total leasehold buildings</b>	<b>65 639</b>	60 600
<b>Leasehold improvements</b>		
Fair value (b)	51 321	57 930
Accumulated depreciation	<b>(16 448)</b>	(17 598)
<b>Total leasehold improvements</b>	<b>34 873</b>	40 332
<b>Total land and buildings excluding capital work in progress</b>	<b>645 437</b>	683 530
<b>Capital work in progress at cost—Land and buildings</b>	<b>1 075</b>	8 442
<b>Total land and buildings</b>	<b>646 512</b>	691 972

## 9. Non-Financial Assets continued

	<b>2013</b>	2012
	<b>\$'000</b>	\$'000
<b>9B Infrastructure, plant and equipment</b>		
Fair value (b)	<b>599 154</b>	605 410
Accumulated depreciation	<b>(391 896)</b>	(381 650)
<b>Total infrastructure, plant and equipment excluding capital work in progress</b>	<b>207 258</b>	223 760
<b>Capital work in progress at cost—Infrastructure, plant and equipment</b>	<b>41 661</b>	20 405
<b>Total infrastructure, plant and equipment</b>	<b>248 919</b>	244 165

- (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 2013 in accordance with the revaluation policy stated in Note 1.21: 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 1.21: Property (Land and Buildings), Infrastructure, Plant and Equipment.

## 9. Non-Financial Assets continued

**Table A1**  
**Reconciliation of the opening and closing balances of property,  
infrastructure and plant and equipment (2012-13)**

	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	Total \$'000
As at 1 July 2012							
Gross book value	188 154	407 472	119 260	526 732	714 886	605 410	1 320 296
Accumulated depreciation and amortisation	(44)	(12 984)	(18 328)	(31 312)	(31 356)	(381 650)	(413 006)
Net book value as at 1 July 2012	188 110	394 488	100 932	495 420	683 530	223 760	907 290
Additions by purchase or internally developed	–	8 579	11 884	20 463	20 463	25 858	46 321
Revaluations and impairments recognised in other comprehensive Income	1 070	3 174	13	3 187	4 257	–	4 257
Revaluations recognised in the operating result	–	–	–	–	–	–	–
Depreciation	(178)	(35 472)	(9 156)	(44 628)	(44 806)	(41 302)	(86 108)
Write-down and impairment	–	–	(3 002)	(3 002)	(3 002)	(146)	(3 148)
Disposals	–	–	–	–	–	(917)	(917)
Transfers/reclassifications	(14 815)	(31)	(159)	(190)	(15 005)	5	(15 000)
Net book value as at 30 June 2013	174 187	370 738	100 512	471 250	645 437	207 258	852 695
<b>Carrying amount as at 30 June 2013 represented by:</b>							
<b>Gross book value</b>	<b>174 344</b>	<b>387 436</b>	<b>118 914</b>	<b>506 350</b>	<b>680 694</b>	<b>599 154</b>	<b>1 279 848</b>
<b>Accumulated depreciation and amortisation</b>	<b>(157)</b>	<b>(16 698)</b>	<b>(18 402)</b>	<b>(35 100)</b>	<b>(35 257)</b>	<b>(391 896)</b>	<b>(427 153)</b>
<b>Closing net book value as at 30 June 2013</b>	<b>174 187</b>	<b>370 738</b>	<b>100 512</b>	<b>471 250</b>	<b>645 437</b>	<b>207 258</b>	<b>852 695</b>

## 9. Non-Financial Assets continued

**Table A2**  
**Reconciliation of the opening and closing balances of property,  
infrastructure and plant and equipment (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	Total \$'000
As at 1 July 2011							
Gross book value	190 713	408 001	43 483	451 484	642 197	597 662	1 239 859
Accumulated depreciation and amortisation	(10)	(8 252)	(16 410)	(24 662)	(24 672)	(362 462)	(387 134)
Net book value as at 1 July 2011	190 703	399 749	27 073	426 822	617 525	235 200	852 725
Additions by purchase or internally developed	–	6 726	79 047	85 773	85 773	37 155	122 928
Revaluations and impairments recognised in other comprehensive Income	(2 479)	22 308	1 600	23 908	21 429	–	21 429
Revaluations recognised in the operating result	–	(11)	48	37	37	–	37
Depreciation	(114)	(33 764)	(7 176)	(40 940)	(41 054)	(45 790)	(86 844)
Write-down and impairment	–	–	(166)	(166)	(166)	(1 965)	(2 131)
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	907 290
<b>Net book value as at 30 June 2012 represented by:</b>							
<b>Gross book value</b>	<b>188 154</b>	<b>407 472</b>	<b>119 260</b>	<b>526 732</b>	<b>714 886</b>	<b>605 410</b>	<b>1 320 296</b>
<b>Accumulated depreciation and amortisation</b>	<b>(44)</b>	<b>(12 984)</b>	<b>(18 328)</b>	<b>(31 312)</b>	<b>(31 356)</b>	<b>(381 650)</b>	<b>(413 006)</b>
<b>Closing net book value as at 30 June 2012</b>	<b>188 110</b>	<b>394 488</b>	<b>100 932</b>	<b>495 420</b>	<b>683 530</b>	<b>223 760</b>	<b>907 290</b>



## 9. Non-Financial Assets continued

	<b>2013</b>	2012
	<b>\$'000</b>	\$'000
<b>9C Intangibles (a)</b>		
Computer software at cost	<b>82 651</b>	77 613
Accumulated amortisation	<b>(50 811)</b>	(41 514)
<b>Total intangibles excluding capital work in progress</b>	<b>31 840</b>	36 099
<b>Capital work in progress at cost—Intangibles</b>	<b>3 507</b>	2 145
<b>Total intangibles</b>	<b>35 347</b>	38 244

(a) 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 (2012 Nil).

No intangibles are expected to be sold or disposed of within the next 12 months.

**Table A3**  
**Reconciliation of the opening and closing balances of intangibles (2012–13)**

	<b>Computer software</b>	<b>Total</b>
	<b>\$'000</b>	<b>\$'000</b>
As at 1 July 2012		
Gross book value	<b>77 613</b>	<b>77 613</b>
Accumulated depreciation and amortisation	<b>(41 514)</b>	<b>(41 514)</b>
<b>Net book value as at 1 July 2012</b>	<b>36 099</b>	<b>36 099</b>
Additions by purchase or internally developed	<b>5 038</b>	<b>5 038</b>
Amortisation	<b>(9 297)</b>	<b>(9 297)</b>
Write-down and impairment	–	–
Transfers/reclassifications	–	–
<b>Net book value as at 30 June 2013</b>	<b>31 840</b>	<b>31 840</b>
<b>Carrying amount as at 30 June 2013 represented by:</b>		
Gross book value	<b>82 651</b>	<b>82 651</b>
Accumulated depreciation and amortisation	<b>(50 811)</b>	<b>(50 811)</b>
<b>Closing net book value as at 30 June 2013</b>	<b>31 840</b>	<b>31 840</b>

## 9. Non-Financial Assets continued

**Table A4**  
**Reconciliation of the opening and closing balances of intangibles (2011–12)**

	Computer software \$'000	Total \$'000
As at 1 July 2011		
Gross book value	63 799	63 799
Accumulated depreciation and amortisation	(35 533)	(35 533)
<b>Net book value as at 1 July 2011</b>	<b>28 266</b>	<b>28 266</b>
Additions by purchase or internally developed	16 165	16 165
Amortisation	(8 219)	(8 219)
Write-down and impairment	(83)	(83)
Transfers/reclassifications	(30)	(30)
<b>Net book value 30 June 2012</b>	<b>36 099</b>	<b>36 099</b>
<b>Net book value as at 30 June 2012 represented by:</b>		
Gross book value	77 613	77 613
Accumulated depreciation and amortisation	(41 514)	(41 514)
<b>Closing net book value as at 30 June 2012</b>	<b>36 099</b>	<b>36 099</b>

**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	Infrastruc- ture, plant and equipment \$'000	Intangibles \$'000	Total \$'000
<b>Carrying amount at 30 June 2013</b>	–	1 067	8	1 075	1 075	41 661	3 507	46 243
Carrying amount at 30 June 2012	–	1 151	7 291	8 442	8 442	20 405	2 145	30 992

## 9. Non-Financial Assets continued

	<b>2013</b>	2012
	<b>\$'000</b>	\$'000
<b>9D Assets classified as held for sale</b>		
Land at carrying value (a)	<b>15 000</b>	–
<b>Total assets classified as held for sale</b>	<b>15 000</b>	–

- (a) The Corporation issued an open tender on 15 April 2013 for the sale of a property surplus to requirements located at 600 Coronation Drive, Toowong, Queensland. Expressions of interest closed on 23 May 2013. As at 30 June 2013, a number of shortlisted bids were being evaluated with best and final offers due on 31 July 2013.

### 9E Inventories

#### Retail

Inventory held for sale	<b>14 543</b>	13 668
Provision for stock obsolescence	–	(8)
<b>Total retail</b>	<b>14 543</b>	13 660

#### Broadcasting consumables

Inventory not held for sale at cost	<b>41</b>	70
<b>Total broadcasting consumables</b>	<b>41</b>	70

#### TV programs held for distribution

Purchased	<b>26 989</b>	30 289
Produced	<b>51 577</b>	41 163
In progress	<b>60 782</b>	48 091
<b>Total TV programs held for distribution</b>	<b>139 348</b>	119 543

#### Total inventories

<b>153 932</b>	133 273
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Inventories are expected to be recovered in:

No more than 12 months	<b>130 472</b>	117 442
More than 12 months	<b>23 460</b>	15 831
<b>Total inventories</b>	<b>153 932</b>	133 273

During 2013, **\$42 956 018** (2012 \$40 694 203) of inventory held for sale was recognised as an expense.

During 2013, **\$1 766 760** (2012 \$1 979 662) of inventory held for distribution was recognised as an expense.

### 9F Prepayments

Prepaid property rentals	<b>47</b>	153
Prepaid royalties	<b>8 413</b>	8 455
Other prepayments	<b>6 099</b>	8 287
<b>Total prepayments</b>	<b>14 559</b>	16 895

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

No more than 12 months	<b>10 477</b>	13 262
More than 12 months	<b>4 082</b>	3 633
<b>Total prepayments</b>	<b>14 559</b>	16 895

## 10. Payables

	Notes	2013 \$'000	2012 \$'000
<b>10A Suppliers</b>			
Trade creditors	18	<b>74 609</b>	57 560
<b>Total suppliers</b>		<b>74 609</b>	57 560
Supplier payables expected to be settled in:			
No more than 12 months		<b>74 421</b>	57 440
More than 12 months		<b>188</b>	120
<b>Total supplier payables</b>		<b>74 609</b>	57 560
<b>10B Other payables</b>			
Interest payable	18	-	1
Salaries and wages	18	<b>22 759</b>	21 249
Superannuation	18	<b>280</b>	325
Unearned revenue	18	<b>28 604</b>	15 821
Other payables	18	<b>3 089</b>	3 347
<b>Total other</b>		<b>54 732</b>	40 743
Total other payables expected to be settled in:			
No more than 12 months		<b>41 367</b>	34 073
More than 12 months		<b>13 365</b>	6 670
<b>Total other payables</b>		<b>54 732</b>	40 743
<b>Total payables</b>		<b>129 341</b>	98 303

No forward exchange contracts held as cash flow hedges at 30 June 2013 are reported in Other payables (2012 \$4 940).

## 11. Provisions

	<b>2013</b>	2012
	<b>\$'000</b>	\$'000
<b>11A Employee provisions</b>		
Annual leave	<b>53 197</b>	55 564
Long service leave (a)	<b>92 225</b>	96 587
<b>Total employee provisions</b>	<b>145 422</b>	152 151

Employee provisions are expected to be settled in (b):

No more than 12 months	<b>125 408</b>	131 683
More than 12 months	<b>20 014</b>	20 468
<b>Total employee provisions</b>	<b>145 422</b>	152 151

(a) Independent actuarial calculations for the Corporation were performed by Professional Financial Consulting Pty Ltd as at 30 June 2013.

(b) The settlement of employee provisions is based on the individual employee's entitlement to leave. Where an employee has a current entitlement to leave (i.e. could apply to take that leave straight away), the value of that entitlement is included in the employee provisions expected to settle in no more than 12 months. Where the ABC expects that an employee will eventually meet an entitlement for leave (i.e. at some time in the future), but is not yet entitled to that leave, the value of the leave is included in the employee provision expected to settle in more than 12 months.

### 11B Other provisions

Make good	<b>2 425</b>	2 486
<b>Total other provisions</b>	<b>2 425</b>	2 486

Other provisions expected to be settled in:

No more than 12 months	<b>911</b>	722
More than 12 months	<b>1 514</b>	1 764
<b>Total other provisions</b>	<b>2 425</b>	2 486

### Total provisions

<b>147 847</b>	154 637
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### Reconciliation of the make good provision

Opening balance	<b>2 486</b>	2 891
Additional provision made	<b>137</b>	20
Amounts used	<b>(111)</b>	(719)
Amounts reversed	<b>(86)</b>	(5)
Unwinding of discount or change in discount rate	<b>(1)</b>	299
<b>Closing balance</b>	<b>2 425</b>	2 486

## 12. Cash Flow Reconciliation

	2013 \$'000	2012 \$'000
<b>Reconciliation of cash and cash equivalents between Balance Sheet and Cash Flow Statement</b>		
<b>Cash and cash equivalents per:</b>		
Cash Flow Statement	5 850	5 823
Balance Sheet	5 850	5 823
<b>Difference</b>	<b>-</b>	<b>-</b>
<b>Reconciliation of net cost of services to net cash from operating activities</b>		
<b>Net cost of services</b>	<b>(1 009 024)</b>	(1 006 795)
<b>Add revenue from Government</b>	<b>1 023 700</b>	997 403
<b>Adjustment for non-cash items</b>		
Depreciation of property, plant and equipment	86 108	86 844
Amortisation of intangibles	9 297	8 219
Transfer (from)/to employee provisions	(6 729)	18 898
Transfer from other provisions	(61)	(405)
Impairment of:		
– receivables and advances	1 166	1 142
– land and buildings	3 002	129
– infrastructure, plant and equipment	2 118	2 061
– intangibles	-	83
– inventories	595	799
Loss from disposal of assets	787	693
Unrealised foreign exchange (gain)	(614)	(444)
<b>Changes in assets and liabilities</b>		
(Increase) in receivables	(3 798)	(266)
Decrease/(increase) in accrued revenue	4 375	(4 472)
(Increase)/decrease in prepayments	2 336	2 959
(Increase) in inventories	(21 254)	(19 882)
Increase/(decrease) in supplier payables	9 804	(9 480)
Increase in other payables	13 989	5 476
<b>Net cash from operating activities</b>	<b>115 797</b>	82 962

## 13. Contingent Assets and Liabilities

	2013 \$'000	2012 \$'000
<b>Quantifiable Contingencies</b>		
<b>Contingent liabilities</b>		
Other guarantees (a)	985	985
<b>Total contingent liabilities</b>	<b>985</b>	<b>985</b>

(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.

### Quantifiable Contingencies

The Corporation has no material contingent assets as at 30 June 2013 (2012 Nil).

### Significant Remote Contingencies

The Corporation has no remote contingencies (2012 Nil).

### 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 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.

## 14. Directors' Remuneration

	2013 \$	2012 \$
Remuneration received or due and receivable by Directors of the Corporation	<b>515 1430</b>	438 000

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	1
\$30 000 – \$59 999	5	5
\$60 000 – \$89 999	1	2
\$180 000 – \$209 999	1	–
<b>Total number of Directors of the Corporation</b>	<b>8</b>	<b>8</b>

## 15. Related Party Disclosures

### Directors of the Corporation

The Directors of the Corporation during the year were:

- The Hon James Spigelman AC QC (Chair)
- Cheryl Bart AO
- Jane Bennett
- Simon Mordant AM (appointed 14 November 2012)
- Matt Peacock (appointed 22 April 2013)
- Dr Julianne Schultz AM
- Mark Scott AO (Managing Director)
- Steven Skala AO
- Prof Fiona Stanley AC

The aggregate remuneration of non-executive Directors is disclosed in Note 14: Directors' Remuneration with remuneration of executive directors disclosed in Note 16: Officers' Remuneration.

## 15. Related Party Disclosures *continued*

### 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 2012–13 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 is remunerated nor do they receive any other benefits from MediaHub.

The Corporation paid user fees to MediaHub totalling **\$4 869 385** (2012 \$4 198 968). The Corporation also contributed a further **\$1 849 580** (2012 \$2 630 633) in capital contributions.

The Corporation received **\$85 425** (2012 \$196 219) 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.

#### *Freeview Australia Limited (Freeview)*

Two ABC representatives 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 2013, the Corporation had contributed **\$345 512** (2012 \$387 940) 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 is remunerated nor do they receive any other benefits from DAB.

As at 30 June 2013, the Corporation contributed **\$3 000** (2012 \$2 850) 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.



## 16. Officers' Remuneration

### 16A Expense recognised in relation to Officers' employment

	2013 \$	2012 \$
<b>Short-term employee benefits</b>		
Salary (including leave taken)	2 358 429	2 334 659
Annual leave accrued	(12 311)	90 731
Performance bonus	350 221	210 000
Other	91 063	89 895
<b>Total short-term employee benefits</b>	<b>2 787 402</b>	<b>2 725 285</b>
Superannuation	362 362	343 359
Long service leave	(5 473)	85 359
Termination payments	348 288	–
<b>Total officers' remuneration expenses</b>	<b>3 492 579</b>	<b>3 154 003</b>

- 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 16B.

### 16B Average annualised remuneration packages for Officers employed at 30 June

2013						
Total remuneration:	No.	Reportable salary	Contributed superannuation	Reportable allowances	Bonus paid	Total reportable remuneration
		\$	\$	\$	\$	\$
\$450 000 – \$479 999	2	345 399	65 551	–	55 000	465 950
\$480 000 – \$509 999	1	386 852	51 896	–	60 000	498 748
\$510 000 – \$539 999	1	354 417	67 979	–	89 995	512 391
\$780 000 – \$809 999	1	714 276	91 116	–	–	805 392
	<u>5</u>					
2012						
Total remuneration:	No.	Reportable salary	Contributed superannuation	Reportable allowances	Bonus paid	Total reportable remuneration
		\$	\$	\$	\$	\$
\$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>					

#### Notes

- This table reports substantive officers of the Corporation who received remuneration in excess of \$180 000 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.

## 16. Officers' Remuneration *continued*

### 16B Average annualised remuneration packages for Officers employed at 30 June *continued*

4. 'Reportable allowances' are the average actual allowances paid as per the 'total allowances' line on officers' payment summaries.
5. '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.
6. 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.

### 16C Other employees with gross payments above \$180 000

Total remuneration:	Average annual reportable remuneration paid					
	2013					
	No.	Reportable salary \$	Contributed superannuation \$	Reportable allowances \$	Bonus paid \$	Total \$
\$180 000 – \$209 999	102	165 313	25 472	13	2 484	193 282
\$210 000 – \$239 999	46	193 544	24 757	5	3 790	222 096
\$240 000 – \$269 999	28	225 614	25 302	7	3 214	254 137
\$270 000 – \$299 999	14	253 122	31 225	–	2 696	287 043
\$300 000 – \$329 999	12	294 619	17 824	–	4 042	316 485
\$330 000 – \$359 999	10	323 690	21 190	–	1 220	346 100
\$360 000 – \$389 999	4	314 355	31 568	–	23 500	369 423
\$390 000 – \$419 999	4	362 561	22 999	–	19 313	404 873
\$420 000 – \$449 999	1	408 394	15 855	–	–	424 249
\$450 000 – \$479 999	3	405 164	41 579	141	19 890	466 774
\$680 000 – \$709 999	1	668 665	18 065	–	–	686 730
\$800 000 – \$829 999	1	696 310	40 252	–	90 226	826 788
	<b>226</b>					
	2012					
	No.	Reportable salary \$	Contributed superannuation \$	Reportable allowances \$	Bonus paid \$	Total \$
\$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
	<b>195</b>					

The above table includes **55** employees (2012 65 employees) who terminated during the year and who received a total of **\$3 623 543** (2012 \$2 960 966) in termination payments.

#### Notes

1. 'Total remuneration' includes part-time arrangements
2. This table reports staff:
  - a) who were employed by the entity during the reporting period;
  - b) whose reportable remuneration was \$180 000 or more for the financial period; and
  - c) 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.

## 16. Officers' Remuneration *continued*

### 16C Other employees with gross payments above \$180 000 *continued*

3. 'Reportable salary' includes the following:
  - a) gross payments (less any bonuses paid, which are separated out and disclosed in the 'bonus paid' column);
  - b) reportable fringe benefits (at the net amount prior to 'grossing up' to account for tax benefits); and
  - c) exempt foreign employment income.
4. 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.
5. 'Reportable allowances' are the average actual allowances paid as per the 'total allowances' line on individuals' payment summaries.
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.

## 17. Auditor's Remuneration

	2013 \$	2012 \$
Remuneration to the Auditor-General for auditing the financial statements for the reporting period	<b>222 500</b>	210 000

KPMG has been contracted by the Australian National Audit Office to provide audit services to the Corporation on their behalf. In 2013, KPMG has earned additional fees of **\$56 208** (2012 \$42 296) for services that were separately contracted by the Corporation.

## 18. Financial Instruments

### 18.1 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 operating and financing cash flows used to manage operations and make loan repayments.

### 18.2 Categories of Financial Instruments

	Notes	2013 \$'000	2012 \$'000
<b>18.2A Categories of Financial Instruments</b>			
<b>Financial assets</b>			
Cash and cash equivalents	7A	<b>5 850</b>	5 823
Goods and services receivables	7B	<b>4 724</b>	5 688
Held to maturity financial assets	7B	<b>131 450</b>	69 600
Other receivables	7B	<b>1 408</b>	1 802
Accrued revenue	7C	<b>5 477</b>	11 352
Investments accounted for using the equity method	8	<b>17 871</b>	18 333
<b>Carrying amount of financial assets</b>		<b>166 780</b>	112 598

## 18. Financial Instruments continued

### 18.2 Categories of Financial Instruments continued

	Notes	2013 \$'000	2012 \$'000
<b>Financial liabilities</b>			
Trade creditors	10A	74 609	57 560
Interest payable	10B	–	1
Salaries and wages	10B	22 759	21 249
Superannuation	10B	280	325
Unearned revenue	10B	28 604	15 821
Other payables	10B	3 089	3 347
<b>Carrying amount of financial liabilities</b>		<b>129 341</b>	<b>98 303</b>

#### 18.2B Net Income and Expenses from Financial Assets

##### Income from financial assets

Interest	5B	7 504	8 296
Net foreign exchange gain	5D	693	449
<b>Total income from financial assets</b>		<b>8 197</b>	<b>8 745</b>

#### 18.2C Net Income and Expenses related to Financial Liabilities

##### Expenses related to financial liabilities

Finance costs	4E	5	286
<b>Total expenses related to financial liabilities</b>		<b>5</b>	<b>286</b>

## 18.3 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.

## 18.4 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. At 30 June 2013, the Corporation had no loans from Government.

## 18. Financial Instruments *continued*

### 18.4 Net Fair Values of Financial Assets and Liabilities *continued*

#### 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.

	Carrying Amount		Net Fair Value	
	2013 \$'000	2012 \$'000	2013 \$'000	2012 \$'000
<b>Financial Assets</b>				
Forward exchange contracts	<b>414</b>	68	<b>414</b>	68

### 18.5 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 2013 was **\$413 868** (2012 \$68 091).

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

### 18.6 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.

## 18. Financial Instruments continued

### 18.6 Credit Risk continued

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.

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.

	<b>Not Past Due nor Impaired</b>	Not Past Due nor Impaired	<b>Past Due or Impaired</b>	Past Due or Impaired
	<b>2013</b>	2012	<b>2013</b>	2012
<b>Categories of financial instruments</b>	<b>\$'000</b>	\$'000	<b>\$'000</b>	\$'000
<b>Financial assets</b>				
Cash and cash equivalents	5 850	5 823	-	-
Goods and services receivables	4 033	5 140	691	548
Held to maturity financial assets	131 450	69 600	-	-
Other receivables	1 408	1 802	-	-
Accrued revenue	5 477	11 352	-	-
Investments accounted for using the equity method	17 871	18 333	-	-
<b>Carrying amount of financial assets</b>	<b>166 089</b>	112 050	<b>691</b>	<b>548</b>

#### 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
<b>2013</b>					
<b>Financial assets</b>					
Goods and services receivables	466	100	70	24	660
<b>Total past due but not impaired financial assets</b>	<b>466</b>	<b>100</b>	<b>70</b>	<b>24</b>	<b>660</b>
<b>2012</b>					
<b>Financial assets</b>					
Goods and services receivables	198	147	92	76	513
<b>Total past due but not impaired financial assets</b>	<b>198</b>	<b>147</b>	<b>92</b>	<b>76</b>	<b>513</b>

### 18.7 Market Risk

Market risk includes foreign currency risk, which is detailed in Note 18.8: Foreign Currency Risk, and interest rate risk, which is detailed in Note 18.10: Interest Rate Risk.

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

## 18. Financial Instruments *continued*

### 18.8 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 Dollars (USD), Great British Pounds (GBP) and Euros (EUR).

The following table details the effect on the profit and equity as at 30 June 2013 from a **15.7%** (2012 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

Foreign Currency outstanding positions at:	2013	2013	2012	2012
	\$'000	\$'000	\$'000	\$'000
	<b>Profit and Loss</b>	<b>Equity</b>	Profit and Loss	Equity
<b>USD</b>				
AUD / USD +15.7% (2012 +15%)	<b>(481)</b>	<b>(9)</b>	(423)	–
AUD / USD -15.7% (2012 -15%)	<b>481</b>	<b>9</b>	423	–
<b>GBP</b>				
AUD / GBP +15.7% (2012 +15%)	<b>(289)</b>	–	(196)	–
AUD / GBP -15.7% (202 -15%)	<b>289</b>	–	196	–
<b>EUR</b>				
AUD / EUR +15.7% (2012 +15%)	<b>(27)</b>	<b>(177)</b>	(61)	(26)
AUD / EUR -15.7% (2012 -15%)	<b>27</b>	<b>177</b>	61	26

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

### 18.9 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 gain of **\$74 231** (2012 net loss of \$4 671) on specific hedges of foreign currency purchases as at 30 June 2013. The Corporation's cash flow hedges were all effective during the period.

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	
	2013	2012	2013	2012
	\$'000	\$'000		
<i>Buy USD</i>				
Less than 1 year	<b>1 921</b>	1 598	<b>1.0300</b>	1.0245
<i>Buy GBP</i>				
Less than 1 year	<b>1 392</b>	769	<b>0.6465</b>	0.6505
<i>Buy EUR</i>				
Less than 1 year	<b>1 125</b>	274	<b>0.7508</b>	0.7818

## 18. Financial Instruments *continued*

### 18.9 Hedging Instruments *continued*

#### 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% and 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 **\$339 637** (2012 net gain \$72 672) on general hedges of anticipated foreign currency purchases from July 2012 to June 2013 has been recognised at balance date through profit or loss.

#### 18.10 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 **1.20%** (2012 1.40%) decrease in the interest rate would result in a decrease in interest revenue of **\$2 032 594** (2012 \$1 990 599) and a **1.20%** (2012 1.40%) increase in the interest rate would result in an increase in interest revenue of **\$2 032 594** (2012 \$1 990 599). The change in interest revenue is proportional to the change in interest rates.

#### 18.11 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. At 30 June 2013, in excess of **86%** (2012 85%) of normal activities are funded in this manner, and without this revenue, the Corporation would be unable to meet its obligations.

#### Maturities for financial liabilities

	1 year or less	1 to 2 years	2 to 5 years	> 5 years	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
<b>2013</b>					
<b>Financial liabilities</b>					
Trade creditors	74 421	–	–	188	74 609
Interest payable	–	–	–	–	–
Salaries and wages	22 759	–	–	–	22 759
Superannuation	280	–	–	–	280
Unearned revenue	15 786	462	1 167	11 189	28 604
Other payables	2 542	226	321	–	3 089
<b>Total financial liabilities</b>	<b>115 788</b>	<b>688</b>	<b>1 488</b>	<b>11 377</b>	<b>129 341</b>
<b>2012</b>					
<b>Financial liabilities</b>					
Trade creditors	57 440	5	–	115	57 560
Interest payable	1	–	–	–	1
Salaries and wages	21 249	–	–	–	21 249
Superannuation	325	–	–	–	325
Unearned revenue	9 611	270	1 538	4 402	15 821
Other payables	2 887	199	261	–	3 347
<b>Total financial liabilities</b>	<b>91 513</b>	<b>474</b>	<b>1 799</b>	<b>4 517</b>	<b>98 303</b>

The Corporation has no "On demand" financial liabilities. There are no financial liabilities with maturities of more than 5 years.



## 19. Financial Assets Reconciliation

Financial Assets	Notes	2013 \$'000	2012 \$'000
<b>Total financial assets as per balance sheet</b>		<b>176 731</b>	116 957
Less: non-financial instrument components			
Statutory receivables	7B	<b>9 982</b>	4 394
Total non-financial instrument components		<b>9 982</b>	4 394
Add: impairment allowance account	7B	<b>31</b>	35
<b>Total financial assets as per financial instrument note</b>		<b>166 780</b>	112 598

## 20. Assets Held in Trust

Monetary Assets	2013 \$	2012 \$
<b>Ian Reed Foundation</b>		
The Corporation is trustee for a foundation with accumulated funds at 30 June as follows:		
Total amount held at the beginning of the reporting period	<b>577 601</b>	600 426
Interest received	<b>17 399</b>	26 975
Payments	<b>(125 513)</b>	(49 800)
Total amount held at the end of the reporting period	<b>469 487</b>	577 601

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.

## 21. Reporting by Outcomes

### Note 21A—Net Cost of Outcome Delivery

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

### Note 21A—Net Cost of Outcome Delivery

	Outcome 1		Outcome 2		Outcome 3		Outcome 4		Total	
	2013 \$'000	2012 \$'000	2013 \$'000	2012 \$'000	2013 \$'000	2012 \$'000	2013 \$'000	2012 \$'000	2013 \$'000	2012 \$'000
<b>Total Expenses</b>	<b>989 051</b>	999 882	<b>85 657</b>	90 850	<b>90 207</b>	86 306	<b>2 962</b>	2 891	<b>1 167 877</b>	1 179 929
<b>Income from non-government sector</b>										
Other	<b>156 491</b>	170 767	–	–	<b>51</b>	50	–	–	<b>156 542</b>	170 817
<b>Total income from non-government sector</b>	<b>156 491</b>	170 767	–	–	<b>51</b>	50	–	–	<b>156 542</b>	170 817
<b>Net cost/(contribution) of outcome delivery</b>	<b>832 560</b>	829 115	<b>85 657</b>	90 850	<b>90 156</b>	86 256	<b>2 962</b>	2 891	<b>1 011 335</b>	1 009 112

## 21. Reporting by Outcomes continued

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

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

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

	Outcome 1		Outcome 2		Outcome 3		Outcome 4		Total	
	2013 \$'000	2012 \$'000	2013 \$'000	2012 \$'000	2013 \$'000	2012 \$'000	2013 \$'000	2012 \$'000	2013 \$'000	2012 \$'000
<b>Expenses</b>										
Employees	477 379	486 482	-	-	120	-	-	-	477 499	486 482
Suppliers	250 548	258 601	85 657	90 850	90 087	86 306	2 962	2 891	429 254	438 648
Depreciation and amortisation	95 405	95 063	-	-	-	-	-	-	95 405	95 063
Program amortisation	158 046	154 543	-	-	-	-	-	-	158 046	154 543
Finance costs	5	286	-	-	-	-	-	-	5	286
Write-down and impairment of assets	6 881	4 214	-	-	-	-	-	-	6 881	4 214
Net loss from disposal of assets	787	693	-	-	-	-	-	-	787	693
<b>Total</b>	<b>989 051</b>	<b>999 882</b>	<b>85 657</b>	<b>90 850</b>	<b>90 207</b>	<b>86 306</b>	<b>2 962</b>	<b>2 891</b>	<b>1 167 877</b>	<b>1 179 929</b>
<b>Income</b>										
Revenue from government	830 700	806 429	88 669	92 473	100 673	94 913	3 658	3 588	1 023 700	997 403
Sale of goods and services	125 982	140 208	-	-	-	-	-	-	125 982	140 208
Interest	7 504	8 296	-	-	-	-	-	-	7 504	8 296
Share of deficit of jointly controlled entities	(2 311)	(2 317)	-	-	-	-	-	-	(2 311)	(2 317)
Other	24 623	24 131	-	-	51	50	-	-	24 674	24 181
Gains	693	449	-	-	-	-	-	-	693	449
<b>Total</b>	<b>987 191</b>	<b>977 196</b>	<b>88 669</b>	<b>92 473</b>	<b>100 724</b>	<b>94 963</b>	<b>3 658</b>	<b>3 588</b>	<b>1 180 242</b>	<b>1 168 220</b>
<b>Assets</b>										
Cash and cash equivalents	5 850	5 823	-	-	-	-	-	-	5 850	5 823
Receivables	115 534	68 305	6 301	3 285	25 017	9 175	681	684	147 533	81 449
Accrued revenue	5 477	11 352	-	-	-	-	-	-	5 477	11 352
Investments	17 871	18 333	-	-	-	-	-	-	17 871	18 333
Land and buildings Infrastructure, plant and equipment	646 512	691 972	-	-	-	-	-	-	646 512	691 972
Intangibles	248 722	244 165	-	-	197	-	-	-	248 919	244 165
Assets classified as held for sale	35 347	38 244	-	-	-	-	-	-	35 347	38 244
Inventories	15 000	-	-	-	-	-	-	-	15 000	-
Inventories	153 932	133 273	-	-	-	-	-	-	153 932	133 273
Prepayments	14 121	16 276	92	126	330	476	16	17	14 559	16 895
<b>Total</b>	<b>1 258 366</b>	<b>1 227 743</b>	<b>6 393</b>	<b>3 411</b>	<b>25 544</b>	<b>9 651</b>	<b>697</b>	<b>701</b>	<b>1 291 000</b>	<b>1 241 506</b>
<b>Liabilities</b>										
Suppliers	72 982	57 084	740	10	886	462	1	4	74 609	57 560
Other payables	54 547	40 508	-	-	185	235	-	-	54 732	40 743
Provisions	147 847	154 637	-	-	-	-	-	-	147 847	154 637
<b>Total</b>	<b>275 376</b>	<b>252 229</b>	<b>740</b>	<b>10</b>	<b>1 071</b>	<b>697</b>	<b>1</b>	<b>4</b>	<b>277 188</b>	<b>252 940</b>

## 22. Controlled Entities

	Place of incorporation	<b>Beneficial percentage held by economic entity</b>	Beneficial percentage held by economic entity
		<b>2013</b>	2012
<b>Ultimate parent entity:</b>			
Australian Broadcasting Corporation			
<b>Controlled entities of Australian Broadcasting Corporation:</b>			
Music Choice Australia Pty Ltd	Australia	<b>100%</b>	100%
The News Channel Pty Limited	Australia	<b>100%</b>	100%

Music Choice Australia Pty Ltd and The News Channel Pty Ltd have been dormant since 2000 and have not traded in the 2012–13 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.