The ABC has developed a new look and concept for ABC Shops, offering customers a closer link between the retail environment and the ABC's on-air content.

PUBLIC BROADCASTING PUBLIC BENEFIT

Six-year old Hugo faces a difficult decision as he selects a DVD from the wide range on offer in the ABC Shop.

The ABC has a duty to all Australians to use its funding efficiently and effectively. Good financial management is essential for the ABC to deliver on its Charter and provide valuable public benefits.

The ABC's investment in its content is maximised through its commercial activities. Through activities such as book and magazine publishing, DVD sales and distribution, worldwide program sales and new digital initiatives ABC Commercial is able to generate revenue which can be reinvested in ABC content and programming.

The ABC's retail and publishing activities extend the life of ABC on-air content. By shopping in store or online, audiences can enjoy their favourite programs whenever they like.

Financial performance

Section 5

ON 30 JULY 2010, the Audit and Risk Committee endorsed the signing of the 2009–10 Financial Statements and the Australian National Audit Office (ANAO) issued an unqualified audit opinion.

Financial Outcome 2009–10

As in previous years, the ABC operated within its total sources of funds and revenue from Government for the 2009–10 financial year.

Sources of Funds 2009–10

The ABC was allocated $929.9 million in the May 2009 Federal Budget. In the Commonwealth Budget Additional Estimates process, the ABC was allocated additional funding for Outcome 2, analog transmission, and Outcome 3, digital transmission, bringing the total appropriation received in 2009–10 to $932.1 million.

The ABC also received $185.4 million from other sources, including ABC Commercial.

The chart "ABC Source of Funds 2009–10" depicts the ABC's budgeted funds for the various categories against actual sources for 2009–10 and its budgeted sources for 2010–11.

Application of Funds

The chart "Split Actual Expenditure 2009–10" broadly represents the ABC's application of funds by function for the 2009–10 financial year.

The Year Ahead

Revenue from Government

The May 2009 Federal Budget maintained the ABC's funding base and provided additional funding for a dedicated digital children's television channel, more Australian television drama, establishment of regional broadband hubs throughout Australia, and funding for 2009–10 only to assist in the maintenance of the ABC's asset base.

The ABC's funding for the 2010–11 financial year is:

	$m
Total revenue from Government per Outcomes 1, 2, 3 and 4, including equity injection	972.6
Less Analog Transmission funds	–95.9
Less Digital Transmission funds	–94.2
Less Digital Radio Transmission funds	–3.5
Total Revenue from Government	779.0

The chart "ABC Revenue from Government by Outcomes and Programs 2009–10" broadly represents the ABC's budgeted appropriation of funds by output for the 2010–11 financial year.

Budget Strategy

Although additional funding was announced in the Federal Budget, this funding is tied to specific initiatives and is not available to address the continual cost pressure arising from the ABC's existing cost base. The difficult retail environment and its impact on ABC Commercial also placed additional pressure on tight financial conditions within the Corporation.

The 2010–11 Budget Strategy seeks to address these pressures and maintain ABC output activities and levels, to ensure ABC recurrent activities remain funded from recurrent sources. It also seeks to ensure resource allocations are consistent with the ABC's strategic objectives and that a careful balance remains between ensuring existing content, facilities and operations are maintained at sustainable levels, and funding vital future projects for the ABC, for example, ABC News 24, a new dedicated 24-hour news service to be launched in early 2010–11.

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

Funding to assist with the maintenance of the ABC's asset base announced in the May 2010 Federal Budget is for 2010–11 only. The Corporation will continue to liaise with Government in relation to its funding requirements for asset replacement, in the context of the findings of the second stage of the ABC's Integrated Capital Strategy.

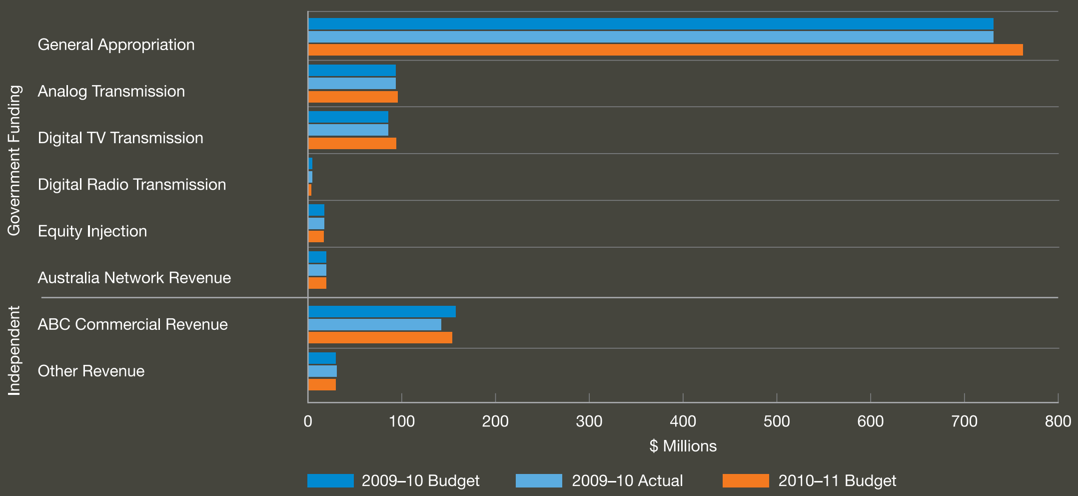
Comparative Revenue from Government

The 2010–11 operational revenue from Government of $779 million represents a decrease in real funding of $251 million or 24.4% since 1985–86 as depicted in the chart "ABC Operational Revenue from Government".

The ABC was allocated **$932.1 million** in the 2009 Federal Budget.

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

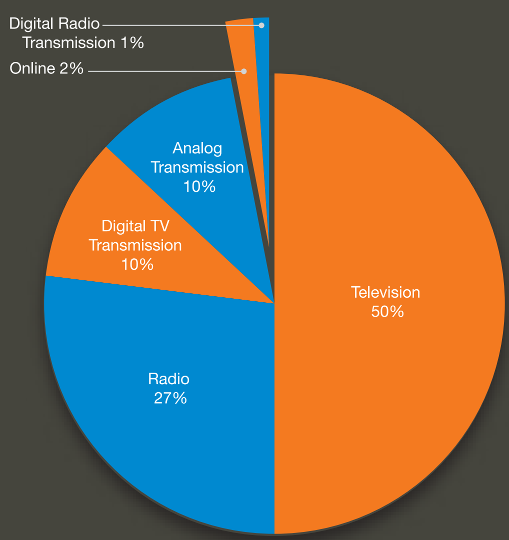
ABC Source of Funds 2009–10



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

This graph shows how funding is allocated to six specified Programs which relate to four Outcomes. Performance against these Outcomes is reported at page 103.

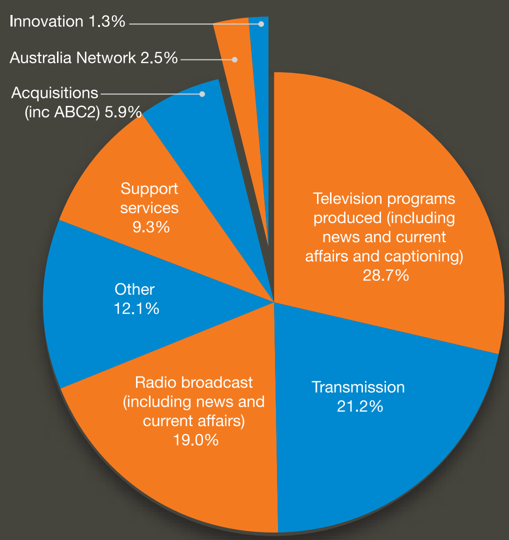
ABC Revenue from Government by Outcomes and Programs 2009–10



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

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

ABC Split of Actual Expenditure 2009–10



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

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

ABC Operational Revenue from Government

including Capital Indexed at 2009–10 levels (Dec 2009 6 mths CPI Index) 24.4% reduction from 1985–86 to 2010–11

Five-year Analysis

ABC Operating	**2010 $'000**	2009 $'000	2008 $'000	2007 $'000	2006 $'000
Cost of Services	**1 101 074**	1 078 755	1 041 391	976 459	929 236
Operating Revenue	**184 260**	234 222	219 641	185 206	187 015
Net Cost of Services (a)	**916 814**	844 533	821 750	791 253	742 221
Revenue from Government	**915 058**	858 411	833 963	809 532	774 254

Financial Position	**2010 $'000**	2009 $'000	2008 $'000	2007 $'000	2006 $'000
Current Assets	**237 927**	275 761	276 332	244 513	248 309
Non-Current Assets	**1 004 396**	948 920	978 828	801 727	795 930
Total Assets	**1 242 343**	1 224 681	1 255 160	1 046 240	1 044 239
Current Liabilities	**241 388**	230 403	174 080	150 428	147 567
Non-Current Liabilities	**24 161**	48 187	114 002	136 059	154 518
Total Liabilities	**265 549**	278 590	288 082	286 487	302 085
Total Equity	**976 774**	946 091	967 078	759 753	742 154

Ratios					
Current Ratio (b)	**0.99**	1.20	1.59	1.63	1.68
Equity (c)	**79%**	77%	77%	73%	71%

(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.

Auditor-General for Australia

Australian National
Audit Office

INDEPENDENT AUDITOR'S REPORT

To the Minister for Broadband, Communications and the Digital Economy

Scope

I have audited the accompanying financial statements of the Australian Broadcasting Corporation (the Corporation) for the year ended 30 June 2010, which comprise: a Statement by Directors and Chief Financial officer; Statement of Comprehensive Income; Balance Sheet; Statement of Changes in Equity; Cash Flow Statement; Schedule of Commitments; Schedule of Contingencies; and Notes to and Forming Part of the Financial Statements, including a Summary of Significant Accounting Policies.

The Directors' Responsibility for the Financial Statements

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

Auditor's Responsibility

My responsibility is to express an opinion on the financial statements based on my audit. I have conducted my audit in accordance with the Australian National Audit Office Auditing Standards, which incorporate the Australian Auditing Standards. These auditing standards require that I comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Corporation's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Corporation's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

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

Independence

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

Auditor's 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 2010 and its financial performance and cash flows for the year then ended.

Australian National Audit Office

Ian McPhee
Auditor-General

Melbourne
30 July 2010

Financial statements

5

Statement by Directors and Chief Financial Officer

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

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

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

Maurice Newman AC Chairman 30 July 2010	Mark Scott Managing Director 30 July 2010	David Pendleton Chief Financial Officer 30 July 2010

ABC

for the year ended 30 June 2010

	Notes	2010 $'000	2009 $'000
EXPENSES			
Employee benefits	3A	**428 364**	418 616
Suppliers	3B	**431 756**	438 956
Depreciation and amortisation	3C	**88 634**	85 228
Program amortisation	3D	**140 121**	128 197
Finance costs	3E	**2 981**	4 319
Write-down and impairment of assets	3F	**9 218**	3 439
Total expenses		**1 101 074**	1 078 755
OWN-SOURCE INCOME			
Revenue			
Sale of goods and rendering of services	4A	**151 339**	175 118
Interest	4B	**8 664**	11 072
Share of surplus/(deficit) of jointly controlled entities	4C	**468**	0
Other revenue	4D	**24 958**	29 636
Total revenue		**185 429**	215 826
Gains			
Net foreign exchange (loss)/gain	4E	**(336)**	625
Net (loss)/gain from disposal of assets	4F	**(833)**	17 771
Net (losses)/gains		**(1 169)**	18 396
Total own-source income		**184 260**	234 222
Net cost of services		**916 814**	844 533
REVENUE FROM GOVERNMENT	5	**915 058**	858 411
(Deficit)/surplus		**(1 756)**	13 878
OTHER COMPREHENSIVE INCOME			
Net revaluation of land and buildings		**26 598**	(5 358)
Changes in fair value cash flow hedges		**55**	(18)
Total other comprehensive income		**26 653**	(5 376)
Total comprehensive income		**24 897**	8 502

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

		2010	2009
NOTE	**(Deficit)/surplus before return of capital**	**(1 756)**	13 878
	Return of capital to the Australian Government	**(11 770)**	(40 739)
	Contributed to equity	**(13 526)**	(26 861)

Balance Sheet

as at 30 June 2010

	Notes	2010 $'000	2009 $'000
ASSETS			
Financial assets			
Cash and cash equivalents	6A	**5 677**	8 154
Receivables	6B	**131 773**	159 658
Accrued revenue	6C	**5 265**	9 126
Investments accounted for using the equity method	7	**17 062**	0
Total financial assets		**159 777**	176 938
Non-financial assets			
Land and buildings	8A	**661 869**	643 272
Infrastructure, plant and equipment	8B	**274 834**	278 334
Intangibles	8C	**28 332**	17 672
Inventories	8D	**99 906**	90 570
Other non-financial assets	8E	**17 605**	17 895
Total non-financial assets		**1 082 546**	1 047 743
Total assets		**1 242 323**	1 224 681
LIABILITIES			
Payables			
Suppliers	9A	**59 108**	55 935
Other	9B	**39 674**	44 142
Total payables		**98 782**	100 077
Interest-bearing liabilities			
Loans	10A	**31 000**	56 500
Total interest-bearing liabilities		**31 000**	56 500
Provisions			
Employees	11A	**134 617**	120 886
Other	11B	**1 150**	1 127
Total provisions		**135 767**	122 013
Total liabilities		**265 549**	278 590
NET ASSETS		**976 774**	946 091
EQUITY			
Contributed equity		**109 449**	103 663
Reserves		**578 040**	551 387
Retained surplus		**289 285**	291 041
Total equity		**976 774**	946 091
Current assets		**237 927**	275 761
Non-current assets		**1 004 396**	948 920
Current liabilities		**241 388**	230 403
Non-current liabilities		**24 161**	48 187

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

for the year ended 30 June 2010

	Contributed equity / capital		Retained surplus		Asset revaluation reserve		Hedging reserve		Total equity	
	2010 $'000	2009 $'000	**2010 $'000**	2009 $'000	**2010 $'000**	2009 $'000	**2010 $'000**	2009 $'000	**2010 $'000**	2009 $'000
Opening balance as at 1 July	**103 663**	133 152	**291 041**	277 163	**551 427**	556 785	**(40)**	(22)	**946 091**	967 078
Comprehensive income										
Net revaluation of land and buildings	**–**	–	**–**	–	**26 598**	(5 358)	**–**	–	**26 598**	(5 358)
Changes in fair value of cash flow hedges	**–**	–	**–**	–	**–**	–	**55**	(18)	**55**	(18)
(Deficit)/surplus	**–**	–	**(1 756)**	13 878	**–**	–	**–**	–	**(1 756)**	13 878
Total comprehensive income	**–**	–	**(1 756)**	13 878	**26 598**	(5 358)	**55**	(18)	**24 897**	8 502
Transactions with owner										
Distributions to owner										
Return of capital	**(11 770)**	(40 739)	**–**	–	**–**	–	**–**	–	**(11 770)**	(40 739)
Contributions by owner										
Equity injection	**17 556**	11 250	**–**	–	**–**	–	**–**	–	**17 556**	11 250
Total transactions with owner	**5 786**	(29 489)	**–**	–	**–**	–	**–**	–	**5 786**	(29 489)
Closing balance as at 30 June	**109 449**	103 663	**289 285**	291 041	**578 025**	551 427	**15**	(40)	**976 774**	946 091

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

Cash Flow Statement

for the year ended 30 June 2010

	Notes	2010 $'000 Inflows (Outflows)	2009 $'000 Inflows (Outflows)
OPERATING ACTIVITIES			
Cash received			
Government		**914 503**	858 411
Goods and services		**155 877**	189 904
Interest		**8 712**	10 877
Net GST received		**39 848**	30 448
Other		**24 958**	27 783
Realised foreign exchange gains		**75**	818
Total cash received		**1 143 973**	1 118 241
Cash used			
Employees		**(417 381)**	(409 447)
Suppliers		**(628 523)**	(617 694)
Finance costs		**(2 987)**	(4 322)
Total cash used		**(1 048 891)**	(1 031 463)
Net cash from operating activities	12	**95 082**	86 778
INVESTING ACTIVITIES			
Cash received			
Proceeds from sale of assets		**1 903**	40 110
Proceeds from investments and bills of exchange		**113 400**	124 142
Total cash received		**115 303**	164 252
Cash used			
Purchase of property, plant and equipment		**(88 285)**	(64 093)
Purchase of investments and bills of exchange		**(108 694)**	(141 300)
Total cash used		**(196 979)**	(205 393)
Net cash used in investing activities		**(81 676)**	(41 141)
FINANCING ACTIVITIES			
Cash received			
Equity contributed by Government		**17 556**	11 250
Total cash received		**17 556**	11 250
Cash used			
Repayment of loans		**(25 500)**	(23 500)
Return of capital		**(7 939)**	(31 130)
Total cash used		**(33 439)**	(54 630)
Net cash used in financing activities		**(15 883)**	(43 380)
Net (decrease)/increase in cash and cash equivalents		**(2 477)**	2 257
Cash and cash equivalents at beginning of year		**8 154**	5 897
Cash and cash equivalents at end of year	6A	**5 677**	8 154

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

as at 30 June 2010

	2010 $'000	2009 $'000
BY TYPE		
Capital commitments		
Buildings	**48 027**	462
Infrastructure, plant and equipment (1)	**20 469**	13 944
Total capital commitments	**68 496**	14 406
Other commitments		
Operating leases (2)	**96 605**	59 083
Other payables (3)	**1 657 417**	1 689 093
Attributable to joint ventures (4)	**6 996**	14 790
Total other commitments	**1 761 018**	1 762 966
Commitments receivable		
Net GST receivable on commitments	**(159 967)**	(153 680)
Other receivables (5)	**(97 363)**	(169 437)
Total commitments receivable	**(257 330)**	(323 117)
Net commitments by type	**1 572 184**	1 454 255

	2010 $'000	2009 $'000
BY MATURITY		
Capital commitments		
One year or less	**18 199**	13 475
From one to five years	**50 297**	931
Total capital commitments	**68 496**	14 406
Operating lease commitments		
One year or less	**22 381**	16 025
From one to five years	**66 316**	42 949
Over five years	**7 908**	109
Total operating lease commitments	**96 605**	59 083
Other payables commitments		
One year or less	**332 042**	279 954
From one to five years	**888 229**	886 921
Over five years	**437 146**	522 218
Total other payables commitments	**1 657 417**	1 689 093
Attributable to joint ventures		
One year or less	**6 996**	11 844
From one to five years	**–**	2 946
Total attributable to joint ventures	**6 996**	14 790
Commitments receivable		
One year or less	**(70 696)**	(119 593)
From one to five years	**(132 152)**	(139 916)
Over five years	**(54 482)**	(63 608)
Total commitments receivable	**(257 330)**	(323 117)
Net commitments by maturity	**1 572 184**	1 454 255

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

Nature of Lease	General description of leasing arrangement
• Motor vehicles—business and senior executive	Fully maintained operating lease over 24/36 months and/or 40 000/60 000 km; no contingent rentals; no renewal or purchase options available.
• Property leases—office and business premises	Lease payments subject to increase in accordance with CPI or other agreed increment; initial period of lease ranges from 1 year to 8 years; options to extend in accordance with lease.

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

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

Schedule of Contingencies

as at 30 June 2010

	Notes	**2010** **$'000**	2009 $'000
Contingent liabilities—guarantees			
Balance at beginning of year		**1 185**	1 150
Net change during the year		**–**	35
Total contingent liabilities—guarantees	14	**1 185**	1 185

The Corporation has no material contingent assets as at 30 June 2010 (2009 Nil).

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

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

1. Summary of Significant Accounting Policies

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

The financial report of the Australian Broadcasting Corporation for the year ended 30 June 2010 was authorised for issue by the Directors on 30 July 2010.

1.1 Objectives of the Corporation

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

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

The Corporation is structured to meet four outcomes:

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

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

1.2 Basis of Preparation of Financial Statements

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

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

- Finance Minister's Orders (FMO) for reporting periods ending on or after 1 July 2009; and
- Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) that apply for the year ended 30 June 2010.

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

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

Unless alternative treatment is specifically required by an accounting standard or the FMO, assets and liabilities are recognised in the Corporation's Balance Sheet when and only when it is probable that future economic benefits will flow to the Corporation and the amounts of the assets or liabilities can be reliably measured. However, assets and liabilities arising under agreements equally proportionately unperformed are not recognised unless required by an accounting standard. Liabilities and assets that are unrecognised are reported in the Schedule of Commitments and the Schedule of Contingencies (other than unquantifiable or remote contingencies, which are reported at Note 14: Contingent Assets and Liabilities).

ABC

1. Summary of Significant Accounting Policies continued

1.2 Basis of Preparation of Financial Statements continued

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

1.3 Significant Accounting Judgements, Estimates and Assumptions

Significant Accounting Judgements

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

Significant Accounting Estimates and Assumptions

The Corporation has applied the following estimates and assumptions:

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

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

1.4 Statement of Compliance

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 101 Presentation of Financial Statements and AASB 1049 Whole of Government and General Government Sector Financial Reporting. This standard introduces the notion of a "complete set of financial statements", which alters the structure of the financial statements and replaces the balance sheet with a statement of financial position and replaces the income statement with a statement of comprehensive income. The statement of comprehensive income includes all income and expense items, including those previously recognised in equity, such as asset revaluation increments. The Corporation has elected to retain the "balance sheet" consistent with the requirements of the FMO.

As a result of this standard, *AASB 2007-8 Amendments to Australian Accounting Standards arising from AASB 101* and *AASB 2008-9 Amendments to AASB 1049 for Consistency with AASB 101* were also issued and apply to reporting periods beginning on or after 1 January 2009 and have been adopted, as appropriate.

AASB 2007-6 Amendments to Australian Accounting Standards arising from AASB 123 and AASB 2009-1 Amendments to Accounting for Borrowing Costs of Not-for-Profit Public Sector Entities
AASB 2007-6 removed the option of expensing borrowing costs related to the qualifying assets of for profit entities. Not-for-profit public sector entities may elect to recognise borrowing costs as expenses in the period in which they are incurred regardless of how the borrowings are applied. *AASB 2009-1* includes the option for not-for profit public sector entities to expense borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset. The Corporation has continued to expense borrowing costs in accordance with the standard and the requirements of the FMO.

1. Summary of Significant Accounting Policies continued

1.4 Statement of Compliance continued

Adoption of new Australian Accounting Standard requirements continued

AASB 2008-5 Amendments to Australian Accounting Standards arising from the Annual Improvements Project [AASB 5, 7, 101, 102, 107, 108, 110, 116, 118, 119, 120, 123, 127, 128, 129, 131, 132, 134, 136, 138, 139, 140, 141, 1023 and 1038]. These amendments are mandatory for reporting periods beginning on or after 1 January 2009. There are many changes that affect a number of standards. The changes applicable to the Corporation include amending the classification requirements of current assets and current liabilities to be when assets are expected to be realised within 12 months and liabilities expected to be settled within 12 months and have been incorporated in the financial statements, as appropriate.

AASB 2009-2 Amendments to Australian Accounting Standards—Improving Disclosures about Financial Instruments arising from AASB 7. The amendment to the standard requires additional disclosure on the fair value measurement of financial instruments, including disclosure within a three-level hierarchy including quoted prices in active markets, valuation methodology using inputs observable in active markets and valuation methodology using unobservable inputs (specific additional disclosure is also required for this level). Enhanced disclosure on liquidity risk is required, primarily a separate liquidity risk analysis for derivative and non-derivative financial liabilities. It applies to reporting periods starting on or after 1 January 2009 and has been incorporated in the financial statements, as appropriate.

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. It is estimated that 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 is the first part of Phase 1 of the International Accounting Standards Board's project to replace *IAS 39 Financial Instruments: Recognition and Measurement (AASB 139 Financial Instruments: Recognition and Measurement)*. This standard will apply to reporting periods beginning on or after 1 January 2013. The standard will include changes to classification and measurement, impairment methodology and hedge accounting measures including reducing the categories of financial assets to two: amortised cost and fair value. The Corporation will be required to classify its held to maturity investments and loans and receivables at "amortised cost". The Corporation has elected not to early adopt this Standard to be consistent with the current FMO.

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 124 Related Party Disclosures. This standard will apply to reporting periods beginning on or after 1 January 2011. The standard has been modified to simplify and clarify the definition of a related party and partial exemptions have been included for government-related entities. The Corporation has chosen not to early adopt this standard to remain consistent with the current FMO.

AASB 2009-5 Further Amendments to Australian Accounting Standards arising from the Annual Improvements Process. This amendment provides for changes to presentation, disclosure, recognition and measurement to a number of standards. The main changes affecting the Corporation include changes to *AASB 117 Leases* which requires leases that include both land and buildings elements to be assessed separately for classification of each element as a finance lease or an operating lease while changes to *AASB 107 Statement of Cash Flows* requires only expenditures that result in a recognised asset in the Balance Sheet to be classified as investing activities. This standard is applicable to reporting periods beginning on or after 1 January 2011. The Corporation has chosen not to early adopt this standard to remain consistent with the current FMO.

1. Summary of Significant Accounting Policies continued

1.4 Statement of Compliance continued

Future Australian Accounting Standard requirements continued

AASB 2010-4 Further Amendments to the Australian Accounting Standards arising from the Annual Improvements Project [AASB 1, 7, 101, 134 and Interpretation 13]. The main amendments that affect the Corporation include removing the requirement to disclose each item of other comprehensive income in the statement of changes in equity and to disclose only other comprehensive income and changes to the fair value measurement of award credits under customer loyalty programmes. The amendments are applicable for reporting periods beginning on or after 1 January 2011. The Corporation has elected not to early adopt this standard to remain consistent with the current FMO.

There are other changes proposed to the Australian Accounting Standards but these are not expected to have a material impact on the Corporation's reporting in future periods.

1.5 Taxation

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 2010.

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

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

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

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

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

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

1.6 Foreign Currency Transactions

The Corporation enters into foreign currency hedging arrangements to protect its purchasing power in relation to foreign currency exposures.

Revenues and expenditures denominated in foreign currencies are converted to Australian dollars at the exchange rates prevailing at the date of the transaction, or at the hedged rate.

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

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

1. Summary of Significant Accounting Policies continued

1.7 Reporting by Outcomes and Segments

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

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

1.8 Revenue

Revenue from the sale of goods is recognised when:

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

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

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

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

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

Credit sales are on normal commercial terms.

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

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

Revenues from Government receivable are recognised at their nominal amounts.

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

1.9 Gains and losses

Sale of Assets

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

1.10 Grants

The Corporation receives grant monies from time to time.

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

1. Summary of Significant Accounting Policies continued

1.11 Transactions by the Government as Owner

Revenue from Government

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

Equity Injections

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

Other Distributions to Owners

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

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

Contributions

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

1.12 Employee Benefits

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

Liabilities for short-term employee benefits (as defined in *AASB 119 Employee Benefits*) and termination benefits expected to be settled within twelve months are measured at their nominal amounts.

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

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

Leave

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

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

The liability for long service leave for the Corporation has been determined by reference to the work of an actuary, Professional Financial Consulting Pty Ltd, as at 30 June 2010. 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 (ARIA) fund.

The CSS and PSS are defined benefit schemes for the Australian Government. The PSSap and ARIA are defined contribution schemes.

1. Summary of Significant Accounting Policies continued

1.12 Employee Benefits continued

Superannuation continued

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

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

The liability for superannuation recognised as at 30 June represents outstanding contributions for the last 8 days of the period.

1.13 Leases

A distinction is made between finance leases and operating leases. Finance leases effectively transfer from the lessor to the lessee substantially all the risks and benefits incidental to ownership of leased non-current assets. An operating lease is a lease that is not a finance lease. In operating leases, the lessor effectively retains substantially all such risks and benefits.

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

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

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

Provision for Make Good

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

Retail leased premises

A provision has been recognised for retail leases where the Corporation is obligated per the lease agreement to make good the site or where the Corporation believes there is some probability that it will incur costs to make good the site. The provision is calculated based on the estimated average cost to make good each site, plus an allowance for inflation and then multiplied by a factor representing the probability that make good costs will be incurred at some point in the next five years.

Other leased premises

A provision has been recognised for non-retail leased premises on the following basis:

Leases expiring in:	**Method**
Less than 6 months	100% of estimated costs
Greater than 6 months, but less than 1 year	75% of estimated costs
Greater than 1 year, but less than 2 years	50% of estimated costs
Greater than 2 years	Nil

A provision for those leases expiring later than two years has not been adopted as it is not possible to determine the probability of vacating the premises.

1.14 Borrowing Costs

All borrowing costs are expensed as incurred.

1. Summary of Significant Accounting Policies continued

1.15 Cash and Cash Equivalents

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

1.16 Financial Assets

The Corporation classifies its financial assets in the following categories:

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

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

Financial assets are recognised and derecognised upon trade date.

Effective Interest Method

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

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

Fair Value Through Profit or Loss

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

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

Assets in this category are classified as current assets.

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

Derivatives

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

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

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

1. Summary of Significant Accounting Policies continued

1.16 Financial Assets continued

Fair Value Through Profit or Loss continued

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

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

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

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

Held-to-Maturity Investments

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

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

Loans and Receivables

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

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

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

Impairment of Financial Assets

Financial assets are assessed for impairment at each balance date.

Financial assets held at amortised cost
If there is objective evidence that an impairment loss has been incurred for loans and receivables or held to maturity investments held at amortised cost, the amount of the loss is measured as the difference between the asset’s carrying amount and the present value of estimated future cash flows discounted at the asset’s original effective interest rate. The carrying amount is reduced by way of an allowance account. The loss is taken to profit or loss.

Held to maturity investments
Investments held to maturity by the Corporation have maturities less than 12 months and Standard & Poors credit ratings of A– or better and are deemed not to be impaired.

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. Summary of Significant Accounting Policies continued

1.17 Financial Liabilities

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

Other Financial Liabilities

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

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

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

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

Supplier and other payables are recognised at amortised cost. Liabilities are recognised to the extent that the goods or services have been received (and irrespective of having been invoiced). Standard ABC settlement terms are 30 days commercial.

1.18 Repairs and Maintenance

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

1.19 Joint Ventures

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

1.20 Contingent Assets and Contingent Liabilities

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

Contingent assets are disclosed when settlement is probable but not virtually certain and contingent liabilities are disclosed when settlement is greater than remote.

1.21 Acquisition of Assets

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

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

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

Asset Recognition Threshold

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

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

Basis of Revaluation

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

1. Summary of Significant Accounting Policies continued

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

Basis of Revaluation continued

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

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

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

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

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

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

Depreciation

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

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

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

	2010	2009
Buildings on freehold land	**50 years**	50 years
Leasehold buildings	**Life of Lease**	Life of Lease
Leasehold improvements	**5 to 99 years**	5 to 99 years
Infrastructure, plant and equipment	**3 to 15 years**	3 to 15 years

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

Assets Held for Sale

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

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

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

1. Summary of Significant Accounting Policies continued

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

Assets Held for Sale continued

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.

Any adjustment to the carrying amount of non-current assets that cease to be classified as held for sale is recognised in profit or loss in the period in which the assets no longer meet the criteria as held for sale.

1.23 Impairment of Non-Current Assets

All non-current assets except:

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

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

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

Where indications of impairment exist, the asset's recoverable amount is estimated and an impairment adjustment made if the asset's recoverable amount is less than its carrying amount.

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

1.24 Intangible Assets

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

Software is initially recognised at cost and amortised on a straight-line basis over anticipated useful lives between 3–6 years (2009 3–6 years). These assets are assessed for indications of impairment. The carrying amounts of impaired assets are written down to the higher of their net market selling price or depreciated replacement cost.

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

1.25 Inventories

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

1. Summary of Significant Accounting Policies continued

1.25 Inventories continued

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.

Previously, programs commissioned specifically for ABC2 were amortised equally over three years. From 1 July 2009, the amortisation of ABC2 commissioned programming was amended to be consistent with the amortisation of programming detailed above.

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

Purchased Programs

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

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

Write-down of Merchandise Inventory

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

Write-down of Inventory Held for Distribution

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

1.26 Provisions

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

2. Expenses and Revenue

	Notes	2010 $'000	2009 $'000
Expenses			
Artist fees		**4 187**	4 656
Auditor's remuneration	18	**205**	215
Communications		**20 770**	21 135
Computer costs		**7 383**	9 879
Consultants and contract labour		**25 920**	22 441
Depreciation and amortisation	3C	**88 634**	85 228
Employee benefits	3A	**428 364**	418 616
Finance costs	3E	**2 981**	4 319
Freight		**1 067**	1 789
Incidentals		**8 436**	9 124
Legal costs		**2 417**	2 963
Materials and minor items		**11 969**	13 408
Merchandising and promotion		**82 413**	89 627
Operating leases and occupancy		**27 818**	28 250
Program amortisation	3D	**140 121**	128 197
Program rights		**13 165**	13 462
Repairs, maintenance and hire		**18 509**	18 550
Satellite and transmission		**31 440**	33 267
Transmission services		**153 441**	145 047
Travel		**15 668**	17 368
Video production services		**5 311**	5 025
Workers compensation premiums		**1 637**	2 750
Write-down and impairment of assets	3F	**9 218**	3 439
Total expenses		**1 101 074**	1 078 755
Own-source income			
Co-production contributions		**4 180**	4 548
Interest	4B	**8 664**	11 072
Insurance settlement	4D	**723**	3 600
Merchandising		**79 257**	88 751
Net foreign exchange (loss)/gain—non-speculative	4E	**(336)**	625
Net (loss)/gain from disposal of assets	4F	**(833)**	17 771
Program sales		**6 857**	8 454
Rent and hire of facilities		**12 987**	17 360
Royalties		**45 381**	52 024
Share of surplus/(deficit) of jointly controlled entities	4C	**468**	0
Subsidies, grants and contract revenue	4D	**20 116**	20 336
Technology sales		**2 677**	3 981
Other	4D	**4 119**	5 700
Total own-source income		**184 260**	234 222
Revenue from Government	5	**915 058**	858 411
Total income		**1 099 318**	1 092 633
(Deficit)/surplus		**(1 756)**	13 878

3. Expenses

	Notes	2010 $'000	2009 $'000
3A Employee benefits			
Wages and salaries		**304 451**	301 497
Superannuation—defined contribution plans		**18 360**	14 691
Superannuation—defined benefit plans		**38 225**	37 488
Leave and other entitlements		**54 541**	45 636
Separation and redundancies		**3 161**	10 015
Other employee benefits		**9 626**	9 289
Total employee benefits		**428 364**	418 616
3B Suppliers			
Goods		**103 993**	115 286
Services—external parties		**305 897**	301 246
Services—related entities		**1 426**	421
Operating lease rentals		**17 736**	17 464
Workers' compensation premiums		**1 637**	2 750
Other		**1 067**	1 789
Total suppliers		**431 756**	438 956
3C Depreciation and amortisation			
Land and buildings		**37 608**	36 896
Leasehold improvements		**537**	69
Infrastructure, plant and equipment		**46 533**	44 742
Intangibles—computer software		**3 956**	3 521
Total depreciation and amortisation		**88 634**	85 228
3D Program amortisation			
Purchased		**47 893**	44 324
Produced		**92 228**	83 873
Total program amortisation		**140 121**	128 197
3E Finance costs			
Loans		**2 981**	4 319
Total finance costs	13	**2 981**	4 319
3F Write-down and impairment of assets			
Financial assets			
Receivables and advances		**654**	996
Non-financial assets			
Land and buildings		**7 500**	135
Infrastructure, plant and equipment		**51**	1 092
Inventory held for sale		**1 013**	1 216
Total write-down and impairment of assets		**9 218**	3 439

4. Own-Source Income

	Notes	2010 $'000	2009 $'000
4A Sale of goods and rendering of services			
Goods		**131 495**	149 229
Services		**19 844**	25 889
Total sale of goods and rendering of services		**151 339**	175 118
Cost of sales of goods		**74 796**	83 795
4B Interest			
Deposits		**8 664**	5 559
Bills receivable		**–**	5 513
Total interest	13	**8 664**	11 072
4C Share of surplus/(deficit) of jointly-controlled entities			
MediaHub Australia Pty Limited		**468**	–
Freeview Australia Pty Limited		**0**	0
National DAB Licence Company Limited		**0**	–
Total share of surplus/(deficit) of jointly-controlled entities	7	**468**	0
4D Other revenue			
Subsidies, grants and contract revenue		**20 116**	20 336
Insurance settlement		**723**	3 600
Other		**4 119**	5 700
Total other revenue		**24 958**	29 636
4E Net foreign exchange (loss)/gain			
Non-speculative		**(336)**	625
Total net foreign exchange (loss)/gain	13	**(336)**	625

4. Own-Source Income continued

	2010 $'000	2009 $'000
4F Net (loss)/gain from disposal of assets land and buildings		
Total proceeds from disposal	**–**	6
Carrying value of assets disposed	**–**	(146)
Cost of disposal	**–**	(1)
Net loss from disposal of land and buildings	**–**	(141)
Infrastructure, plant and equipment		
Total proceeds from disposal	**1 903**	265
Carrying value of assets disposed	**(2 605)**	(3 545)
Cost of disposal	**(130)**	(59)
Net loss from disposal of infrastructure, plant and equipment	**(832)**	(3 339)
Intangibles		
Total proceeds from disposal	**–**	–
Carrying value of assets disposed	**(1)**	(36)
Cost of disposal	**–**	–
Net loss from disposal of intangibles	**(1)**	(36)
Other assets		
Total proceeds from disposal	**–**	39 839
Carrying value of assets disposed	**–**	(16 998)
Cost of disposal	**–**	(1 554)
Net gain from disposal of other assets	**–**	21 287
Total proceeds from disposal	**1 903**	40 110
Total carrying value of assets disposed	**(2 606)**	(20 725)
Total costs of disposal	**(130)**	(1 614)
Net (loss)/gain from disposal of assets	**(833)**	17 771

5. Revenue from Government

	2010 $'000	2009 $'000
5A Revenue from Government—Outcome 1	**731 023**	683 384
5B Revenue from Government—transmission revenue		
Outcome 2—satellite and analog transmission	**93 538**	90 671
Outcome 3—digital transmission (a)	**86 112**	84 356
Outcome 4—digital radio transmission (a)	**4 385**	–
Total revenue from Government—transmission revenue	**184 035**	175 027
Total revenue from Government	**915 058**	858 411

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

(a) The Corporation returned **$11 770 000** (2009 $7 939 000) of revenue received from Government as a repayment of capital.

6. Financial assets

	Notes	2010 $'000	2009 $'000
6A Cash and cash equivalents			
Cash at bank and on hand		**5 373**	7 914
Salary sacrifice funds		**294**	240
Public funds held by third parties		**10**	–
Total cash and cash equivalents	13	**5 677**	8 154
6B Receivables			
Goods and services			
Goods and services		**7 506**	12 425
Less: Allowance for doubtful debts		**(187)**	(297)
Net goods and services receivables	13	**7 319**	12 128
Other receivables			
Held to maturity financial assets	13	**120 000**	141 300
Net GST receivable	13	**3 334**	4 079
Other receivables	13	**1 120**	2 151
Total other receivables		**124 454**	147 530
Total receivables (net)		**131 773**	159 658
Receivables are expected to be recovered in:			
No more than 12 months		**131 129**	158 957
More than 12 months		**644**	701
Total receivables (net)		**131 773**	159 658
Receivables (gross) are aged as follows:			
Not Overdue		**130 319**	154 951
Overdue by:			
– 0 to 30 days		**899**	2 509
– 31 to 60 days		**190**	780
– 61 to 90 days		**143**	242
– more than 90 days		**409**	1 473
Total receivables (gross)		**131 960**	159 955

In 2010, **$40 331** (2009 Nil) of the allowance for doubtful debts related to debts aged less than 90 days while the balance of the allowance for doubtful debts related to debts aged more than 90 days.

Other receivables include forward exchange contracts held as cash flow hedges of **$11 715** (2009 Nil) and forward exchange contracts at fair value through profit or loss of **$84 488** (2009 Nil).

	Notes	2010 $'000	2009 $'000
Reconciliation of the allowance for doubtful debts			
Opening balance		**(297)**	(180)
Amounts written off		**70**	173
Amounts recovered or reversed		**172**	3
Net increase recognised in deficit/surplus		**(132)**	(293)
Closing balance		**(187)**	(297)
6C Accrued revenue			
Goods and services		**4 817**	8 630
Interest receivable		**448**	496
Total accrued revenue	13	**5 265**	9 126

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

7. Investments Accounted for Using the Equity Method

	Notes	2010 $'000	2009 $'000
Investments accounted for using the equity method			
MediaHub Australia Pty Limited		**17 062**	–
Freeview Australia Pty Limited*		**0**	0
National DAB Licence Company Limited*		**0**	–
Total investments accounted for using the equity method	13	**17 062**	0

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

Summarised financial information of jointly controlled entities

	MediaHub $'000	Freeview $'000	DAB $'000	Total $'000
2010				
Balance sheet				
Financial assets	**1 997**	**406**	**17**	**2 420**
Non-financial assets	**42 086**	**72**	**–**	**42 158**
Financial liabilities	**11 687**	**479**	**16**	**12 182**
Net assets/(liabilities)	**32 396**	**(1)**	**1**	**32 396**
Statement of comprehensive income				
Income	**2 438**	**3 850**	**15**	**6 303**
Expense	**3 672**	**3 850**	**15**	**7 537**
Net surplus/(deficit)	**(1 234)**	**0**	**0**	**(1 234)**
Share of jointly controlled entities' net surplus/(deficit)				
Share of net surplus/(deficit) before tax	**(617)**	**0**	**0**	**(617)**
Income tax	**1 085**	**–**	**–**	**1 085**
Share of jointly controlled entities' net surplus/(deficit) after tax	**468**	**0**	**0**	**468**
2009				
Balance sheet				
Financial assets	–	585	–	585
Non-financial assets	–	20	–	20
Financial liabilities	–	467	–	467
Net assets	–	138	–	138
Statement of comprehensive income				
Income	–	2 635	–	2 635
Expense	–	2 635	–	2 635
Net surplus	–	0	–	0
Share of jointly controlled entities' net surplus after tax	–	0	–	0

No dividends were received from any of these entities in 2010 (2009 Nil).

MediaHub Australia Pty Limited (formerly ACN 137 880 758 Pty Limited)
The Corporation and WIN Television Network Pty Ltd (WIN) entered into a joint venture to build a custom designed play-out facility for television presentation. A joint venture entity, ACN 137 880 758 Pty Limited was incorporated on 24 June 2009 and both the ABC and WIN have an equal share. ACN 137 880 758 Pty Limited was renamed MediaHub Australia Pty Limited on 13 January 2010. Construction of the play-out facility commenced in September 2009 and was substantially complete by the time the company commenced operations in April 2010.

7. Investments Accounted for Using the Equity Method continued

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

National DAB Licence Company Limited
The Corporation has entered into a joint venture with SBS to hold the digital radio multiplex licence. A joint venture entity, National DAB Licence Company Limited was established on 20 March 2009 and both parties each hold one $1 share.

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

8. Non-Financial Assets

	2010 $'000	2009 $'000
8A Land and buildings		
Freehold land		
Fair value (a) and (b)	**175 990**	169 305
Total freehold land	**175 990**	169 305
Buildings on freehold land		
Fair value (a) and (b)	**446 605**	470 042
Accumulated depreciation	**(12 158)**	(22 389)
Total buildings on freehold land	**434 447**	447 653
Leasehold land		
Fair value (a)	**15 573**	3 062
Accumulated amortisation	**(18)**	(46)
Total leasehold land	**15 555**	3 016
Leasehold buildings		
Fair value (c)	**6 618**	6 998
Accumulated amortisation	**(64)**	(541)
Total leasehold buildings	**6 554**	6 457
Leasehold improvements		
Fair value (c)	**26 053**	24 564
Accumulated amortisation	**(12 692)**	(11 409)
Total leasehold improvements	**13 361**	13 155
Total land and buildings excluding capital work in progress	**645 907**	639 586
Capital work in progress at cost	**15 962**	3 686
Total land and buildings	**661 869**	643 272

8. Non-Financial Assets continued

	2010 $'000	2009 $'000
8B Infrastructure, plant and equipment		
Fair value (c)	**579 415**	544 689
Accumulated depreciation	**(332 083)**	(319 495)
Total infrastructure, plant and equipment excluding capital work in progress	**247 332**	225 194
Capital work in progress at cost	**27 502**	53 140
Total infrastructure, plant and equipment	**274 834**	278 334
8C Intangibles (d)		
Computer software at cost	**46 266**	41 277
Accumulated amortisation	**(30 223)**	(26 838)
Total intangibles excluding capital work in progress	**16 043**	14 439
Capital work in progress at cost	**12 289**	3 233
Total intangibles	**28 332**	17 672

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

(b) Land and buildings includes properties surplus to the Corporation's ongoing operational requirements. Separately disclosing the value and other details of such properties held for sale may compromise the sale process. During the year, one of these properties was withdrawn from the market until such time that the site's potential rezoning and the overall market environment becomes clearer. As a result, this site is no longer held for sale and the carrying value is included in Land and Buildings.

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

(d) The Corporation holds the right to use licences provided by the Australian Government in the broadcast of analogue and digital television and radio. These are held at fair value and due to the conditions attached to these licences, which are asset specific, their fair value is determined on the basis of discounted future cash flows. The Corporation has assessed its licences and considers that their fair value is Nil (2009 Nil).

8. Non-Financial Assets continued

Table A1
Reconciliation of the opening and closing balances of property, infrastructure, plant and equipment and intangibles (2009–10)

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

8. Non-Financial Assets continued

Table A2
Reconciliation of the opening and closing balances of property, infrastructure, plant and equipment and intangibles (2008–09)

	Land $'000	Buildings on freehold land $'000	Leasehold buildings and improvements $'000	Total Buildings $'000	Total land and buildings $'000	Infra-structure, plant and equipment $'000	Intangibles $'000	Total $'000
As at 1 July 2008								
Gross book value	186 673	460 468	27 537	488 005	674 678	534 823	36 992	1 246 493
Accumulated depreciation and amortisation	–	–	(414)	(414)	(414)	(315 326)	(23 374)	(339 114)
Net book value 1 July 2008	186 673	460 468	27 123	487 591	674 264	219 497	13 618	907 379
Additions								
By purchase—revenue from government	1 453	3 844	1 138	4 982	6 435	54 957	3 299	64 691
By purchase—other	–	–	1 491	1 491	1 491	119	1 079	2 689
Net revaluation increment/(decrement)	(15 759)	15 741	(5 340)	10 401	(5 358)	–	–	(5 358)
Depreciation and amortisation	(46)	(32 129)	(4 790)	(36 919)	(36 965)	(44 742)	(3 521)	(85 228)
Write-down and impairment	–	(135)	–	(135)	(135)	(1 092)	–	(1 227)
Disposals	–	(136)	(10)	(146)	(146)	(3 545)	(36)	(3 727)
Net book value 30 June 2009	172 321	447 653	19 612	467 265	639 586	225 194	14 439	879 219
Net book value as at 30 June 2009 represented by:								
Gross book value	172 367	470 042	31 562	501 604	673 971	544 689	41 277	1 259 937
Accumulated depreciation and amortisation	(46)	(22 389)	(11 950)	(34 339)	(34 385)	(319 495)	(26 838)	(380 718)
Closing net book value 30 June 2009	172 321	447 653	19 612	467 265	639 586	225 194	14 439	879 219

Table B
Assets under construction

	Land $'000	Buildings on freehold land $'000	Leasehold buildings and improvements $'000	Total Buildings $'000	Total land and buildings $'000	Infra-structure, plant and equipment $'000	Intangibles $'000	Total $'000
Carrying amount at 30 June 2010	**–**	**8 271**	**7 691**	**15 962**	**15 962**	**27 502**	**12 289**	**55 753**
Carrying amount at 30 June 2009	–	1 390	2 296	3 686	3 686	53 140	3 233	60 059

8. Non-Financial Assets continued

	Notes	2010 $'000	2009 $'000
8D Inventories			
Retail			
Inventory held for sale		**11 996**	12 584
Provision for stock obsolescence		**(8)**	(112)
Total retail		**11 988**	12 472
Broadcasting consumables			
Inventory not held for sale at cost		**72**	68
Total broadcasting consumables		**72**	68
TV programs held for distribution			
Purchased		**33 239**	31 976
Produced		**22 247**	31 865
In progress		**32 360**	14 189
Total TV programs held for distribution		**87 846**	78 030
Total inventories		**99 906**	90 570
Inventories are expected to be recovered in:			
No more than 12 months		**81 995**	84 996
More than 12 months		**17 911**	5 574
Total inventories		**99 906**	90 570

During 2010, **$37 043 234** (2009 $45 681 910) of inventory held for sale was recognised as an expense.
During 2010, **$1 793 786** (2009 $5 398 753) of inventory held for distribution was recognised as an expense.

		2010 $'000	2009 $'000
8E Other non-financial assets			
Prepaid property rentals		**198**	9
Prepaid royalties		**10 371**	8 911
Other prepayments		**7 036**	8 975
Total other non-financial assets		**17 605**	17 895
Total other non-financial assets are expected to be recovered in:			
No more than 12 months		**13 861**	14 528
More than 12 months		**3 744**	3 367
Total other non-financial assets		**17 605**	17 895

9. Payables

		2010 $'000	2009 $'000
9A Suppliers			
Trade creditors	13	**59 108**	55 935
Total suppliers		**59 108**	55 935
Supplier payables expected to be settled in:			
No more than 12 months		**59 103**	55 930
More than 12 months		**5**	5
Total supplier payables		**59 108**	55 935

9. Payables continued

	Notes	2010 $'000	2009 $'000
9B Other			
Interest payable	13	**11**	17
Other payables	13	**14 598**	10 908
Salaries and wages	13	**15 656**	18 321
Superannuation	13	**158**	241
Unearned revenue	13	**9 251**	14 655
Total other		**39 674**	44 142
Total other payables expected to be settled in:			
No more than 12 months		**38 401**	42 335
More than 12 months		**1 273**	1 807
Total other payables		**39 674**	44 142
Total payables		**98 782**	100 077

Other payables include forward exchange contracts held as cash flow hedges of **Nil** (2009 $57 982) and forward exchange contracts at fair value through profit or loss of **Nil** (2009 $42 232).

10. Interest bearing liabilities

		2010 $'000	2009 $'000
10A Loans			
Loans from Government	13	**31 000**	56 500
Total loans		**31 000**	56 500
Maturity schedule for loans:			
Payable within one year		**26 000**	25 500
Payable in one to five years		**5 000**	31 000
Total loans		**31 000**	56 500

The loans are provided on a long term fixed interest rate basis at a weighted average interest rate of **5.35%** (2009 5.29%). The loans are to be repaid in full on maturity, the dates of which range between 2011 and 2012. Interest is payable annually in arrears.

11. Provisions

	2010 $'000	2009 $'000
11A Employees		
Annual leave	**54 069**	48 910
Long service leave (a)	**80 548**	71 976
Total employees	**134 617**	120 886

(a) Independent actuarial valuations for the Corporation were performed by Professional Financial Consulting Pty Ltd as at 30 June 2010.

	2010 $'000	2009 $'000
Employee provisions are expected to be settled in:		
No more than 12 months	**117 194**	105 776
More than 12 months	**17 423**	15 110
Total employees	**134 617**	120 886

11. Provisions continued

	2010 $'000	2009 $'000
11B Other		
Make good	**1 150**	1 127
Total other	**1 150**	1 127
Other provisions are expected to be settled in:		
No more than 12 months	**690**	862
More than 12 months	**460**	265
Total other	**1 150**	1 127
Total provisions	**135 767**	122 013

12. Cash flow reconciliation

	2010 $'000	2009 $'000
Reconciliation of cash and cash equivalents between Balance Sheet and Cash Flow Statement		
Cash and cash equivalents per:		
Cash Flow Statement	**5 677**	8 154
Balance Sheet	**5 677**	8 154
Difference	**–**	–
Reconciliation of (deficit)/surplus to net cash from operating activities		
(Deficit)/surplus	**(1 756)**	13 878
Depreciation of fixed assets	**84 678**	81 707
Amortisation of intangibles	**3 956**	3 521
Transfer to employee entitlement provisions	**13 731**	6 109
Transfer to other provisions	**23**	1 127
Other	**–**	(1 853)
Impairment of:		
– receivables and advances	**654**	996
– land and buildings	**7 500**	135
– infrastructure, plant and equipment	**51**	1 092
– inventories	**1 013**	1 216
Share of (surplus)/deficit of jointly controlled entities	**(468)**	0
Loss/(gain) from disposal of assets	**833**	(17 771)
Unrealised foreign exchange loss	**411**	176
Changes in assets and liabilities		
Decrease in receivables	**5 655**	8 558
Decrease in accrued revenue	**3 861**	2 415
Decrease/(increase) in prepayments	**290**	(3 174)
Increase in inventories	**(10 349)**	(3 480)
Decrease in supplier payables	**(6 701)**	(17 238)
(Decrease)/increase in other payables	**(8 300)**	9 364
Net cash from operating activities	**95 082**	86 778

13. Financial Instruments

13.1 Capital Risk Management

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

13.2 Categories of Financial Instruments

	Notes	2010 $'000	2009 $'000
13.2A Categories of Financial Instruments			
Financial assets			
Cash and cash equivalents	6A	**5 677**	8 154
Net goods and services receivables	6B	**7 319**	12 128
Held to maturity financial assets	6B	**120 000**	141 300
Net GST receivable	6B	**3 334**	4 079
Other receivables	6B	**1 120**	2 151
Accrued revenue	6C	**5 265**	9 126
Investments accounted for using the equity method	7	**17 062**	0
Carrying amount of financial assets		**159 777**	176 938
Financial liabilities			
Loans from Government	10A	**31 000**	56 500
Trade creditors	9A	**59 108**	55 935
Interest payable	9B	**11**	17
Other payables	9B	**14 598**	10 908
Salaries and wages	9B	**15 656**	18 321
Superannuation	9B	**158**	241
Unearned revenue	9B	**9 251**	14 655
Carrying amount of financial liabilities		**129 782**	156 577
13.2B Net Income and Expense from Financial Assets and Liabilities			
Net income from financial assets			
Interest	4B	**8 664**	11 072
Net foreign exchange (loss)/gain	4E	**(336)**	625
Total net income from financial assets		**8 328**	11 697
Net expense related to financial liabilities			
Finance costs	3E	**2 981**	4 319
Total net expense related to financial liabilities		**2 981**	4 319

13.3 Financial Risk Management

The Corporation's financial risk management policies and procedures are established to identify and analyse the risks faced by the Corporation, to set appropriate risk limits and controls to monitor risks and adherence to limits. The Corporation's policies are reviewed regularly to reflect changes in the Corporation's activities. There has been no change in the policies from the previous period. 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 has been invested into short-term, highly liquid investments with maturities at acquisition date of greater than three months. These investments are included as "other receivables".

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

13. Financial Instruments continued

13.3 Financial Risk Management continued

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

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

13.4 Market Risk

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

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

13.5 Foreign Currency Risk

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

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

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

The following table details the effect on the profit and equity as at 30 June from a 14% (2009 12%) favourable/unfavourable change in the rate of the AUS dollar against the currencies to which the Corporation is exposed, with all other variables held constant.

Foreign Currency Sensitivity
for the period ended 30 June 2010

	2010 $'000	**2010 $'000**	2009 $'000	2009 $'000
Foreign Currency outstanding positions at 30 June	**Profit and Loss**	**Equity**	Profit and Loss	Equity
USD				
AUD / USD +14% (+12%)	**(355)**	**(25)**	(341)	(24)
AUD / USD –14% (–12%)	**355**	**25**	341	24
GBP				
AUD / GBP +14% (+12%)	**(188)**	**–**	(210)	(6)
AUD / GBP –14% (–12%)	**188**	**–**	210	6
EUR				
AUD / EUR +14% (+12%)	**(59)**	**–**	(110)	(9)
AUD / EUR –14% (–12%)	**59**	**–**	110	9

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

13. Financial Instruments continued

13.6 Hedging Instruments

Specific Hedges

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

The balance of the hedging reserve in equity reflects a net surplus of **$15 162** (2009 net deficit $39 383) on specific hedges of anticipated foreign currency purchases as at 30 June 2010. The Corporation's cash flow hedges were all effective.

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

	Sell Australian Dollars		**Average Exchange Rate**	
	2010	2009	**2010**	2009
	$'000	$'000		
Buy USD				
Less than 1 year	**1 351**	1 295	**0.8882**	0.7423
Buy GBP				
Less than 1 year	**982**	51	**0.5817**	0.4927
Buy EUR				
Less than 1 year	**76**	73	**0.6544**	0.5617

General Hedges

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

At balance date, the Corporation held forward exchange contracts to buy USD, GBP and EUR. Gains/losses arising from general hedges outstanding at year end have been taken to profit or loss. The net gain of **$130 713** (2009 net loss $52 528) on general hedges of anticipated foreign currency purchases from July 2009 to June 2010 has been recognised at balance date through profit or loss.

13.7 Interest Rate Risk

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

The Corporation is not exposed to interest rate risk on borrowings, as all borrowings are at fixed interest rates. The Corporation derives interest revenue from funds invested, which is impacted by interest rate fluctuations. Although, the Corporation is not dependent on interest revenue to continue operations, a **1.50%** (2009 0.75%) decrease in the interest rate would result in a decrease in interest revenue of **$2 975 224** (2009 $1 600 698) and a **1.50%** (2009 0.75%) increase in the interest rate would result in an increase in interest revenue of **$2 975 224** (2009 $1 600 698). The change in interest revenue is proportional to the change in interest rates.

13.8 Liquidity Risk

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

The Corporation is dependent upon revenue from Government. In excess of 83% (2009 79%) of normal activities are funded in this manner, and without this revenue, the Corporation would be unable to meet its obligations.

13. Financial Instruments continued

13.8 Liquidity Risk continued

Maturities for financial liabilities

	Carrying Amount	Contractual Cash Flows	1 year or less	1 to 5 years
	$'000	$'000	$'000	$'000
2010				
Financial liabilities				
Loans from Government	31 000	32 951	27 665	5 286
Trade creditors	59 108	59 108	59 103	5
Interest payable	11	11	11	–
Other payables	14 598	14 598	14 330	268
Salaries and wages	15 656	15 656	15 656	–
Superannuation	158	158	158	–
Unearned revenue	9 251	9 251	8 246	1 005
Total financial liabilities	129 782	131 733	125 169	6 564
2009				
Financial liabilities				
Loans from Government	56 500	57 841	26 051	31 790
Trade creditors	55 935	55 935	55 930	5
Interest payable	17	17	17	–
Other payables	10 908	10 908	10 431	477
Salaries and wages	18 321	18 321	18 321	–
Superannuation	241	241	241	–
Unearned revenue	14 655	14 655	13 325	1 330
Total financial liabilities	156 577	157 918	124 316	33 602

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

Loans from Government are provided on a long-term, fixed interest rate basis.

13.9 Credit Risk

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

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

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

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

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

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

13. Financial Instruments continued

13.9 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.

Categories of financial instruments	**Not Past Due nor Impaired 2010 $'000**	Not Past Due nor Impaired 2009 $'000	**Past Due or Impaired 2010 $'000**	Past Due or Impaired 2009 $'000
Financial assets				
Cash and cash equivalents	**5 677**	8 154	**–**	–
Goods and services receivables	**5 678**	7 124	**1 828**	5 301
Held to maturity financial assets	**120 000**	141 300	**–**	–
Net GST receivable	**3 334**	4 079	**–**	–
Other receivables	**1 120**	2 151	**–**	–
Accrued revenue	**5 265**	9 126	**–**	–
Investments accounted for using the equity method	**17 062**	–	**–**	–
Carrying amount of financial assets	**158 136**	171 934	**1 828**	5 301

Ageing of financial assets that are past due but not impaired

	0 to 30 days $'000	**31 to 60 days $'000**	**61 to 90 days $'000**	**90 plus days $'000**	**Total $'000**
2010					
Financial assets					
Goods and services receivables	899	190	143	409	1 641
Total past due financial assets	899	190	143	409	1 641
2009					
Financial assets					
Goods and services receivables	2 509	780	242	1 473	5 004
Total past due financial assets	2 509	780	242	1 473	5 004

13.10 Net Fair Values of Financial Assets and Liabilities

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

Cash, receivables, payables and short term borrowings

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

Loans from Government

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

13. Financial Instruments continued

13.10 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	
	2010	2009	**2010**	2009
	$'000	$'000	**$'000**	$'000
Financial Assets				
Forward exchange contracts	**146**	(92)	**146**	(92)
Financial Liabilities				
Loans from Government	**31 000**	56 500	**31 312**	57 841

13.11 Fair Value Measurements

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

As of 1 July 2009, 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 2010 was **$146 000** (2009 $92 000).

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

14. Contingent Assets and Liabilities

	2010	2009
	$'000	$'000
Quantifiable Contingencies		
Contingent liabilities		
Other guarantees (a)	**1 185**	1 185
Total contingent liabilities	**1 185**	1 185

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

Unquantifiable Contingencies

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

The Corporation has no material contingent assets as at 30 June 2010 (2009 Nil).

15. Directors' Remuneration

	2010	2009
	$	$
Remuneration received or due and receivable by Directors of the Corporation	**1 063 231**	987 429
The number of Directors of the Corporation included in these figures are shown below in the relevant remuneration bands:	**Number**	Number
$ Nil – $ 14 999	**1**	2
$ 30 000 – $ 44 999	**1**	–
$ 45 000 – $ 59 999	**5**	4
$ 135 000 – $ 149 999	**1**	1
$ 645 000 – $ 659 999	**1**	1
Total number of Directors of the Corporation	**9**	8

Included in remuneration is fringe benefits tax paid or payable to the ATO. Also included are eligible termination payments where applicable and performance payments paid or payable.

16. Related Party Disclosures

Directors of the Corporation

The Directors of the Corporation during the year were:

- Maurice Newman AC (Chairman)
- Mark Scott (Managing Director)
- Dr Janet Albrechtsen (Retired 24 February 2010)
- Peter Hurley
- Steven Skala AO
- Keith Windschuttle
- Michael Lynch CBE AM
- Dr Julianne Schultz AM
- Cheryl Bart AO (Appointed 3 June 2010)

The aggregate remuneration of Directors is disclosed in Note 15: Directors' Remuneration.

Transactions with entities in the wholly owned group

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

Music Choice Australia Pty Ltd and The News Channel Pty Limited
The companies are wholly owned subsidiaries of the Corporation that did not trade during the 2009–10 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 (formerly ACN 137 880 758 Pty Limited)
Two ABC employees are directors of MediaHub Australia Pty Limited with one also the Chairman of the Board. Neither are remunerated nor do they receive any other benefits from MediaHub Australia Pty Limited.

The Corporation paid user fees to MediaHub Australia Pty Limited in 2010 totalling **$807 515** (2009 Nil).

The Corporation received **$107 568** (2009 Nil) in service fees from MediaHub Australia Pty Limited as payment for ABC employees who have been seconded to MediaHub.

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

16. Related Party Disclosures continued

Transactions with Joint Venture Entities continued

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

The ABC contributes towards the operational costs of Freeview in proportion to its shareholding, and may also provide other operational services to Freeview from time to time. The ABC does not expect to receive any material income from Freeview. As at 30 June 2010, the Corporation had contributed **$611 200** (2009 $420 640) 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.

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

As at 30 June 2010, the Corporation had contributed **$7 500** (2009 Nil) towards the operational costs of National DAB Licence Company. These costs do not constitute a contribution of capital and have been recognised directly in the Corporation's Statement of Comprehensive Income.

17. Officers' Remuneration

The number of Officers who received or were due to receive	**2010 Number**	2009 Number
$310 000 – $324 999	**1**	–
$325 000 – $339 999	**–**	1
$340 000 – $354 999	**–**	1
$370 000 – $384 999	**1**	1
$385 000 – $399 999	**1**	–
$400 000 – $414 999	**1**	–
$415 000 – $429 999	**–**	1
$430 000 – $444 999	**1**	–
$715 000 – $729 999 (includes separation payment)	**–**	1
Total	**5**	5

Total expense recognised in relation to Officers' employment	**$**	$
Short-term employee benefits		
Salary (including leave taken)	**1 439 720**	1 752 095
Changes in employee benefit provisions	**24 447**	18 586
Performance bonus	**115 500**	130 000
Other	**82 755**	99 204
Total Short-term employee benefits	**1 662 422**	1 999 885
Superannuation (post-employment benefits)	**228 163**	169 235
Other long term benefits	**42 895**	48 076
Total	**1 933 480**	2 217 196

Officers' remuneration includes all Officers concerned with or taking part in the management of the Corporation, except the Managing Director. Details in relation to the Managing Director have been incorporated in Note 15: Directors' Remuneration.

There were no separation payments made to Officers in 2010 (2009 $516 795).

17. Officers' Remuneration continued

Average annualised remuneration packages for Officers employed at 30 June

	2010			2009		
	No.	**Base Salary (including annual leave)**	**Total Remuneration package[1]**	No.	Base Salary (including annual leave)	Total Remuneration package[1]
Total remuneration:		**$**	**$**		$	$
$265 000 – $279 999	**–**	**–**	**–**	1	262 927	267 419
$280 000 – $294 999	**–**	**–**	**–**	1	269 414	287 922
$295 000 – $309 999	**1**	**262 927**	**305 741**	–	–	–
$310 000 – $324 999	**–**	**–**	**–**	1	244 445	313 148
$325 000 – $339 999	**1**	**259 112**	**328 922**	–	–	–
$370 000 – $384 999	**1**	**277 496**	**382 214**	–	–	–
$385 000 – $399 999	**–**	**–**	**–**	2	308 984	389 476
$400 000 – $414 999	**2**	**321 143**	**404 722**	–	–	–
	5			5		

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

18. Auditor's Remuneration

	2010	2009
	$	$
Remuneration to the Auditor-General for auditing the financial statements for the reporting period	**204 700**	215 000

KPMG has been contracted by the Australian National Audit Office to provide audit services to the Corporation on their behalf. Fees for these services are included in the above. KPMG have not earned any further fees (2009 $7 232) where separately contracted by the Corporation.

19. Assets Held in Trust

	2010	2009
	$	$
The Corporation is trustee for a foundation with accumulated funds at 30 June as follows:	**Ian Reed Foundation**	
Balance carried forward from previous year	**588 814**	575 870
Interest received	**8 122**	12 951
Available for payments	**596 936**	588 821
Payments	**(13)**	(7)
Fund closing balance	**596 923**	588 814

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

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

20. Controlled Entities

	Place of incorporation	**Beneficial percentage held by economic entity**	Beneficial percentage held by economic entity
		2010	2009
Ultimate parent entity:			
Australian Broadcasting Corporation			
Controlled entities of Australian Broadcasting Corporation:			
Music Choice Australia Pty Ltd	Australia	**100%**	100%
The News Channel Pty Limited	Australia	**100%**	100%

Music Choice Australia Pty Ltd and The News Channel Pty Ltd have been dormant since 2000 and did not trade in the 2009–10 financial year. As a result, consolidated financial statements for the ABC Group have not been presented as the operations and results of the Corporation are reflective of those of the consolidated entity.

21. Reporting by Outcomes

Note 21A—Net Cost of Outcome Delivery

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

Note 21A—Net Cost of Outcome Delivery

	Outcome 1		**Outcome 2**		**Outcome 3**		**Outcome 4**		**Total**	
	2010 $'000	2009 $'000	**2010 $'000**	2009 $'000	**2010 $'000**	2009 $'000	**2010 $'000**	2009 $'000	**2010 $'000**	2009 $'000
Total Expenses	**927 492**	911 524	**93 721**	90 603	**77 545**	76 628	**2 316**	–	**1 101 074**	1 078 755
Income from non-government sector										
Other	**184 231**	234 194	**–**	–	**29**	28	**–**	–	**184 260**	234 222
Total income from non-government sector	**184 231**	234 194	**–**	–	**29**	28	**–**	–	**184 260**	234 222
Net cost of outcome delivery	**743 261**	677 330	**93 721**	90 603	**77 516**	76 600	**2 316**	–	**916 814**	844 533

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21. Reporting by Outcomes continued

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

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

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

	Outcome 1		Outcome 2		Outcome 3		Outcome 4		Total	
	2010 $'000	2009 $'000	**2010 $'000**	2009 $'000	**2010 $'000**	2009 $'000	**2010 $'000**	2009 $'000	**2010 $'000**	2009 $'000
Expenses										
Employee benefits	**428 364**	418 616	**–**	–	**–**	–	**–**	–	**428 364**	418 616
Suppliers	**258 174**	271 725	**93 721**	90 603	**77 545**	76 628	**2 316**	–	**431 756**	438 956
Depreciation and amortisation	**88 634**	85 228	**–**	–	**–**	–	**–**	–	**88 634**	85 228
Write-down and impairment of assets	**9 218**	3 439	**–**	–	**–**	–	**–**	–	**9 218**	3 439
Finance costs	**2 981**	4 319	**–**	–	**–**	–	**–**	–	**2 981**	4 319
Program amortisation	**140 121**	128 197	**–**	–	**–**	–	**–**	–	**140 121**	128 197
Total expenses	**927 492**	911 524	**93 721**	90 603	**77 545**	76 628	**2 316**	–	**1 101 074**	1 078 755
Income										
Revenue from government	**731 023**	683 384	**93 538**	90 671	**86 112**	84 356	**4 385**	–	**915 058**	858 411
Sale of goods and rendering of services	**151 339**	175 118	**–**	–	**–**	–	**–**	–	**151 339**	175 118
Interest	**8 664**	11 072	**–**	–	**–**	–	**–**	–	**8 664**	11 072
Net (loss)/gain from disposal of assets	**(833)**	17 771	**–**	–	**–**	–	**–**	–	**(833)**	17 771
Other	**25 061**	30 233	**–**	–	**29**	28	**–**	–	**25 090**	30 261
Total income	**915 254**	917 578	**93 538**	90 671	**86 141**	84 384	**4 385**	–	**1 099 318**	1 092 633
Assets										
Cash and cash equivalents	**5 677**	8 154	**–**	–	**–**	–	**–**	–	**5 677**	8 154
Receivables	**116 078**	147 096	**4 121**	4 410	**9 518**	8 152	**2 056**	–	**131 773**	159 658
Accrued revenue	**4 710**	9 126	**–**	–	**555**	–	**–**	–	**5 265**	9 126
Investments accounted for using the equity method	**17 062**	0	**–**	–	**–**	–	**–**	–	**17 062**	0
Land and buildings	**661 869**	643 272	**–**	–	**–**	–	**–**	–	**661 869**	643 272
Infrastructure, plant and equipment	**274 834**	278 334	**–**	–	**–**	–	**–**	–	**274 834**	278 334
Intangibles	**28 332**	17 672	**–**	–	**–**	–	**–**	–	**28 332**	17 672
Inventories	**99 906**	90 570	**–**	–	**–**	–	**–**	–	**99 906**	90 570
Other non-financial assets	**16 903**	17 215	**258**	152	**431**	528	**13**	–	**17 605**	17 895
Total assets	**1 225 371**	1 211 439	**4 379**	4 562	**10 504**	8 680	**2 069**	–	**1 242 323**	1 224 681
Liabilities										
Suppliers	**58 285**	55 184	**–**	–	**823**	751	**–**	–	**59 108**	55 935
Other payables	**27 001**	36 213	**1 478**	–	**9 126**	7 929	**2 069**	–	**39 674**	44 142
Loans	**31 000**	56 500	**–**	–	**–**	–	**–**	–	**31 000**	56 500
Provisions	**135 767**	122 013	**–**	–	**–**	–	**–**	–	**135 767**	122 013
Total liabilities	**252 053**	269 910	**1 478**	–	**9 949**	8 680	**2 069**	–	**265 549**	278 590

(a) The Corporation returned **$11 770 000** (2009 $7 939 000) of revenue received from Government as a repayment of capital.