



FINANCIAL STATEMENTS

INDEPENDENT AUDIT REPORT



To the Minister for Communications, Information Technology and the Arts

SCOPE

I have audited the financial statements of the Special Broadcasting Service Corporation for the year ended 30 June 2002. The financial statements include the consolidated financial statements of the consolidated entity comprising the Special Broadcasting Service Corporation and the entities it controlled at the year's end or from time to time during the financial year. The financial statements comprise:

- Statement by Directors;
- Statements of Financial Performance, Financial Position and Cash Flows;
- Schedules of Commitments and Contingencies; and
- Notes to and forming part of the Financial Statements.

The members of the Board are responsible for the preparation and presentation of the financial statements and the information they contain. I have conducted an independent audit of the financial statements in order to express an opinion on them to you.

The audit has been conducted in accordance with Australian National Audit Office Auditing Standards, which incorporate the Australian Auditing Standards, to provide reasonable assurance as to whether the financial statements are free of material misstatement. Audit procedures included examination, on a test basis, of evidence supporting the amounts and other disclosures in the financial statements and the evaluation of accounting policies and significant accounting estimates. These procedures have been undertaken to form an opinion as to whether, in all material respects, the financial statements are presented fairly in accordance with Accounting Standards and other mandatory professional reporting requirements in Australia and statutory requirements so as to present a view which is consistent with my understanding of the Corporation's and the consolidated entity's financial position, their financial performance and their cash flows.

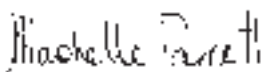
The audit opinion expressed in this report has been formed on the above basis.

AUDIT OPINION

In my opinion the financial statements:

- i) have been prepared in accordance with Finance Minister's Orders made under the *Commonwealth Authorities and Companies Act 1997*; and
- ii) give a true and fair view, in accordance with applicable Accounting Standards and other mandatory professional reporting requirements in Australia and the Finance Minister's Orders, of the financial position of the Special Broadcasting Service Corporation and the consolidated entity as at 30 June 2002, and their financial performance and cash flows for the year then ended.

Australian National Audit Office



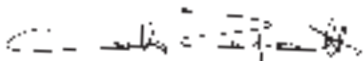
Mashelle Parrett
Executive Director

Delegate of the Auditor-General

Canberra
28 August 2002

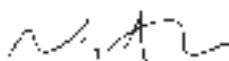
STATEMENT BY DIRECTORS

In our opinion, the attached financial statements for the year ended 30 June 2002 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*.



Signed
Carla Zampatti
Chairman

28 August 2002



Signed
Nigel Milan
Managing Director

28 August 2002

STATEMENT OF FINANCIAL PERFORMANCE

FOR THE YEAR ENDED 30 JUNE 2002

	Notes	Consolidated		Corporation	
		2002 \$'000	2001 \$'000	2002 \$'000	2001 \$'000
Revenues from ordinary activities					
Revenues from Government	5(a)	127,227	123,870	127,227	123,870
Sales of goods and services	5(b)	30,945	25,435	30,045	25,075
Interest	5(c)	2,335	2,944	2,190	2,821
Reversals of previous asset write-downs	5(d)	–	78	–	78
Net gains from sale of assets	5(e)	12	–	12	–
Net foreign exchange gains (non-speculative)	1(u),15(c)	20	–	20	–
Other	5(f)	7,112	24,324	8,112	24,324
Total revenues from ordinary activities		167,651	176,651	167,606	176,168
Expenses from ordinary activities (excluding borrowing costs expense)					
Employees	6(a)	55,873	52,373	55,873	52,373
Suppliers	6(d)	90,063	100,652	90,056	100,644
Depreciation and amortisation	6(e)	9,073	7,281	9,073	7,281
Write-down of assets	6(f)	126	436	126	436
Net losses from sale of assets	5(e)	–	53	–	53
Net foreign exchange losses (non-speculative)	1(u),15(c)	–	24	–	24
Total expenses from ordinary activities (excluding borrowing costs expense)		155,135	160,819	155,128	160,811
Borrowing costs expense	7	3,510	4,313	3,510	4,313
Share of net profits/(losses) of associates and joint ventures accounted for using the equity method	8(c)(xii)	211	326	–	–
Net operating surplus from ordinary activities	4	9,217	11,845	8,968	11,044
Net surplus attributable to the Commonwealth		9,217	11,845	8,968	11,044
Net credit to asset revaluation reserve	9(xiii), 9(d)	–	5,666	–	5,666
Total revenues, expenses and valuation adjustments attributable to the Commonwealth and recognised directly in equity	14	–	5,666	–	5,666
Total changes in equity other than those resulting from transactions with owners as owners.		9,217	17,511	8,968	16,710

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

STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2002

		Consolidated		Corporation	
	Notes	2002 \$'000	2001 \$'000	2002 \$'000	2001 \$'000
ASSETS					
Financial assets					
Cash	8(a)	4,057	2,547	3,212	2,420
Receivables	8(b)	9,861	7,850	14,198	11,516
Investments accounted for using the equity method	8(c)	2,849	2,639	–	–
Investments – other	8(c)	65,321	77,822	62,788	75,312
Total financial assets		82,088	90,858	80,198	89,248
Non financial assets					
Land and buildings	9(a),(d),(e)	47,471	46,851	47,471	46,851
Plant and equipment	9(b),(d),(e),(f)	28,741	30,190	28,741	30,190
Inventories	9(g)	21,908	15,419	21,908	15,419
Intangibles	9(c),(d),(e)	764	914	764	914
Other	9(h)	7,838	6,660	7,838	6,660
Total non-financial assets		106,722	100,034	106,722	100,034
Total assets		188,810	190,892	186,920	189,282
LIABILITIES					
Interest bearing liabilities					
Loans	10(a)	24,000	21,744	24,000	21,744
Leases	10(b)	104	500	104	500
Total interest bearing liabilities		24,104	22,244	24,104	22,244
Provisions					
Capital use charge	1(t)	–	115	–	115
Employees	11(a)	14,049	13,476	14,049	13,476
Total Provisions		14,049	13,591	14,049	13,591
Payables					
Suppliers	12(a)	8,927	7,243	8,892	7,239
Other	12(b)	49,311	62,663	49,311	62,663
Total payables		58,238	69,906	58,203	69,902
Total liabilities		96,391	105,741	96,356	105,737
NET ASSETS		92,419	85,151	90,564	83,545
EQUITY					
Parent entity interest					
Contributed equity	14	46,199	38,199	46,199	38,199
Reserves	14	15,722	15,722	15,722	15,722
Accumulated surpluses	14	30,498	31,230	28,643	29,624
Total parent entity interest		92,419	85,151	90,564	83,545
Total equity		92,419	85,151	90,564	83,545
Current assets		65,368	57,487	62,660	54,849
Non-current assets		123,442	133,405	124,260	134,433
Current liabilities		46,921	55,142	46,886	55,138
Non-current liabilities		49,470	50,599	49,470	50,599

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

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2002

		Consolidated		Corporation	
	Notes	2002 \$'000	2001 \$'000	2002 \$'000	2001 \$'000
OPERATING ACTIVITIES					
Cash received					
Sales of goods and services					
Government		2,281	935	2,281	935
Non-government		25,058	26,138	24,398	25,742
Appropriations (other than goods and services)	1(f), 5(a)	127,227	120,593	127,227	120,593
Interest		5,114	6,454	5,000	6,332
GST received from ATO		7,984	5,941	8,044	5,976
Total cash received		167,664	160,061	166,950	159,578
Cash used					
Employees		(55,300)	(52,572)	(55,300)	(52,572)
Suppliers		(111,554)	(100,990)	(111,548)	(100,980)
Borrowing costs		(3,208)	(4,313)	(3,208)	(4,313)
Total cash used		(170,062)	(157,875)	(170,056)	(157,865)
Net cash from (used by) operating activities	13	(2,398)	2,186	(3,106)	1,713
INVESTING ACTIVITIES					
Cash received					
Proceeds from sales of property, plant and equipment		26	9	26	9
Proceeds from sales of financial instruments		34,832	31,436	34,822	31,436
Dividends		–	1,100	–	–
Total cash received		34,858	32,545	34,848	31,445
Cash used					
Purchase of property, plant and equipment	9(d)	(8,426)	(23,023)	(8,426)	(23,023)
Purchase of financial instruments	8(c)	(23,122)	(26,393)	(23,122)	(23,883)
Total cash used		(31,548)	(49,416)	(31,548)	(46,906)
Net cash from (used by) investing activities		3,310	(16,871)	3,300	(15,461)
FINANCING ACTIVITIES					
Cash received					
Appropriations – contributed equity	5(a)	8,000	23,400	8,000	23,400
Proceeds from loans		24,000	–	24,000	–
Total cash received		32,000	23,400	32,000	23,400
Cash used					
Repayments of debt	10(a)	(20,821)	–	(20,821)	–
Payment to sinking fund	10(a)	–	(1,200)	–	(1,200)
Capital use charge paid	1(t)	(10,185)	(9,258)	(10,185)	(9,258)
Finance lease payments	10(b)	(396)	(366)	(396)	(366)
Total cash used		(31,402)	(10,824)	(31,402)	(10,824)
Net cash from financing activities		598	12,576	598	12,576
Net increase (decrease) in cash held		1,510	(2,109)	792	(1,172)
Cash at the beginning of the reporting period		2,547	4,656	2,420	3,592
Cash at the end of the reporting period		4,057	2,547	3,212	2,420

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

AS AT 30 JUNE 2002

NB: Commitments are GST inclusive where relevant.

- | | | | | | | | | | |
|------------------------------------|---|------------------------|--|------------------------------------|---|---------------------------------|---|-----------------------------|--|
| (i) | Transmission facilities commitments include future expenditure and amounts receivable for digital transmission services. | | | | | | | | |
| (ii) | <table border="0"> <tr> <td>Nature of lease</td> <td>General description of leasing arrangement:</td> </tr> <tr> <td>– Leases for office accommodation:</td> <td>Lease payments are subject to annual increases in line with the Consumer Price Index or Market Value. The leases are renewable.</td> </tr> <tr> <td>– Leases of computer equipment:</td> <td>The leases for computer equipment are for a period of three or four years. Options to extend leased terms are available at discounted prices.</td> </tr> <tr> <td>– Leases of motor vehicles:</td> <td>No contingent rentals exist, and no renewal or purchase options are available.</td> </tr> </table> | Nature of lease | General description of leasing arrangement: | – Leases for office accommodation: | Lease payments are subject to annual increases in line with the Consumer Price Index or Market Value. The leases are renewable. | – Leases of computer equipment: | The leases for computer equipment are for a period of three or four years. Options to extend leased terms are available at discounted prices. | – Leases of motor vehicles: | No contingent rentals exist, and no renewal or purchase options are available. |
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| – Leases of motor vehicles: | No contingent rentals exist, and no renewal or purchase options are available. | | | | | | | | |
| (iii) | As at 30 June 2002, other commitments comprises amounts in respect of program, production, operational costs, and net GST recoverable from the taxation authority, which relate to these commitments. | | | | | | | | |

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

SCHEDULE OF CONTINGENCIES

AS AT 30 JUNE 2002

	Note	Consolidated		Corporation	
		2002 \$'000	2001 \$'000	2002 \$'000	2001 \$'000
Contingent losses					
Claims for damages/costs	(iv)	250	260	250	260
Total contingent losses		250	260	250	260
Contingent gains					
Claims for damages/costs		–	–	–	–
Total contingent gains		–	–	–	–
Net contingencies		250	260	250	260

(iv) The Corporation is presently a defendant in several cases.
The amounts represent the Corporation's liability if unsuccessful.

SCHEDULE OF UNQUANTIFIABLE CONTINGENCIES

There are no unquantifiable contingencies as at 30 June 2002.

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

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2002

Note	Description
1.	Summary of significant accounting policies
2.	Reporting by segments and outcomes
3.	Economic dependency
4.	Operating surplus
5.	Operating revenues
	5(a) Revenues from Government
	5(b) Sales of goods and services
	5(c) Interest
	5(d) Reversals of previous asset write-downs
	5(e) Net gains from sale of assets
	5(f) Other operating revenue
6.	Operating expenses
	6(a) Employee expenses
	6(b) Remuneration of officers
	6(c) Remuneration of directors and related party disclosures
	6(d) Suppliers expenses
	6(e) Depreciation and amortisation
	6(f) Write-down of assets
7.	Borrowing Cost Expenses
8.	Financial assets
	8(a) Cash
	8(b) Receivables
	8(c) Investments
9.	Non-financial assets
	9(a) Land and buildings
	9(b) Plant and equipment
	9(c) Intangibles
	9(d) Analysis of property, plant, equipment and intangibles
	9(e) Summary of balances of assets at valuation
	9(f) Summary of balances of assets held under finance lease
	9(g) Inventories
	9(h) Other non-financial assets
10.	Interest Bearing Liabilities
	10(a) Loans
	10(b) Finance lease liabilities
11.	Provisions
	11(a) Employee provisions
12.	Payables
	12(a) Suppliers
	12(b) Other payables
13.	Cash flow reconciliation
14.	Equity
15.	Financial instruments
	15(a) Terms, conditions and accounting policies
	15(b) Interest rate risk
	15(c) Foreign currency risk
	15(d) Credit risk
	15(e) Net fair values of financial assets and liabilities

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of accounting

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

The statements have been prepared in accordance with the Finance Minister's Orders being the *Commonwealth Authorities and Companies (Financial Statements 2001–2002) Orders*. The Financial Statements have been prepared in accordance with Australian Accounting Standards and Accounting Interpretations issued by the Australian Accounting Standards Board, other authoritative pronouncements of the Board and the Consensus Views of the Urgent Issues Group. The financial statements have also been prepared having regard to Statements of Accounting Concepts, and the Explanatory Notes to Schedule 1 (including Finance Briefs) issued by the Department of Finance and Administration.

The Corporation and Consolidated Statements of Financial Performance and Financial Position have been prepared on an accrual basis, and are in accordance with historical cost convention, except for certain assets which, as noted, are at valuation (see note 9).

(b) Changes in accounting policy

Accounting policies are selected and applied in a manner which ensures that the resulting financial information satisfies the concepts of relevance and reliability, thereby ensuring that the substance of the underlying transactions or other events is reported. Significant accounting policies adopted in the preparation and presentation of the financial report are identified in this note.

The accounting policies used in the preparation of these financial statements are consistent with those used in 2000–01. Changes in accounting policy are identified in this note under their appropriate headings. In 2002 the method of estimating the amortisation of commissioned programs was reviewed – see notes 1(q)(i) and 6(d).

(c) Principles of consolidation

The consolidated financial statements are those of the economic entity comprising the Special Broadcasting Service Corporation (the parent entity) and Multilingual Subscriber Television Ltd (MST Ltd). The effect of all transactions between the entities in the economic entity and inter-entity balances are eliminated in full.

(d) Equity accounting of associated companies

The principles of equity accounting have been applied in respect of associated companies. Associated companies are those companies over which the economic entity exercises significant influence but not control.

Using the equity method, the Corporation has recognised through its controlled entity, Multilingual Subscriber Television Ltd (MST Ltd), the share of profit (loss) of its associate, PAN TV Ltd, as revenue (expense) in its Statement of Financial Performance, and its share of movements in reserves in consolidated reserves. Equity information is disclosed in notes 8(c) and 14. MST Ltd's investment in the associated entity, PAN TV Ltd, is accounted for in accordance with AASB 1016 "Accounting for investments in associates".

(e) Reporting by outcomes

A comparison of Budget and Actual figures by outcome specified in the Appropriation Acts relevant to the Corporation is presented in note 2.

(f) Appropriations

Under the accruals framework, Parliament appropriates moneys to the Corporation as revenue appropriations, as loan appropriations and as equity injections.

Revenue appropriations – Output Appropriations

Revenues from Government are revenues of the core operating activities of the Corporation. The full amount of the appropriation for departmental outputs for the year is recognised as revenue.

Non-revenue appropriations – Equity Injections

Amounts appropriated as equity injections are recognised directly in equity, to the extent that the appropriation has been received into the Corporation's bank account. All equity appropriations have been fully drawdown.

(g) Resources received free of charge

Resources received free of charge are recognised as revenues where their fair value can be reliably measured. Use of the resources is recognised as an expense. In 2002 no resources were provided free of charge.

(h) Other revenue

All revenues from the sales of goods and services relate to the core operating activities of the Corporation and the economic entity.

All other operating revenue arise from non-core operating activities except transmission services which is also included in miscellaneous revenue.

Revenue from the sale of goods and services is recognised when the economic entity has passed control of the goods to the buyer.

Revenue from the rendering of a service is recognised by reference to the stage of completion of the contract or other agreement.

Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets.

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

(i) Other payables

Prepayments received, which affect more than one financial period are matched with the related costs and recognised in the period to which they relate.

In 2000, the Corporation received \$70 million from the TV Fund and \$3.4 million (from government appropriation) to provide analogue extensions to regional Australia over the next twelve years. The amount received, including interest accrued on this amount, is recognised as revenue when related expenditure is incurred. Refer to notes 5(f), 6(d) and 8(c)(x).

(j) Employee benefits

(i) Provision for long service leave

The provision for long service leave is measured at the present value of estimated future cash flows to be made in respect of all employees at 30 June 2002. In determining the present value of the liability, attrition rates and pay increases have been taken into account. The amount expected to be payable within twelve months is shown as a current liability, and the balance as a non-current liability.

(ii) Provision for recreation leave

Provision is made for the value of entitlements accrued as at balance date and includes the annual leave bonus component payable in accordance with the SBS Award. The amount expected to be payable within twelve months is shown as a current liability, and the balance as a non-current liability.

(iii) Provision for redundancies

Provision is made for redundancies for employees or employee numbers identified at balance date, which can be reliably measured. The provision does not include long service leave or annual leave paid on termination. These are included in the respective provisions.

(iv) Sick leave

No provision is made for sick leave in the financial statements as sick leave taken by employees is expected to be less than future entitlements. This assessment is made for all employees on a group basis.

(v) Provision for superannuation on accrued recreation and long service leave

Provision is made for recognition of employer (CSS and PSS) superannuation contributions payable in respect of accrued leave liabilities. The provision is calculated using a percentage of employer CSS and PSS contributions on accrued leave estimated to be taken during the employees' period of service, and is applied to accrued leave liabilities. Refer also to note 1(k).

(k) Superannuation

- (i) Employees of the Corporation contribute directly to either (a) the Commonwealth Superannuation Scheme (CSS), or (b) the Public Sector Superannuation Scheme (PSS), by way of fortnightly salary deductions.
- (ii) Employees of the Corporation are employed under Section 54 of the *Special Broadcasting Service Act 1991*, and the Corporation is required to contribute the employer component of the Superannuation Schemes. Employer contribution rates were 19.3% of salary (CSS) and 10.2% of salary (PSS) as at 30 June 2002. Refer also to note 1(j).
- (iii) The Corporation also contributes superannuation in respect of contract staff engaged under Section 44 of the *Special Broadcasting Service Act 1991*, in accordance with the superannuation guarantee legislation. The contributions are included in the cost of contract (see note 6d).

(l) Leases

A distinction is made between finance leases, which effectively transfer from the lessor to the lessee substantially all the risks and benefits incidental to ownership of leased assets, and operating leases under which the lessor effectively retains all such risks and benefits.

Where a non-current asset is acquired by means of a finance lease, the asset is capitalised at the present value of the minimum lease payments at the inception of the lease, and a liability for lease payments recognised at the same amount. Lease payments are allocated between the principal component and the interest expense.

Finance lease assets are amortised on a straight line basis over their estimated useful lives to the Corporation.

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expense in the periods in which they are incurred.

(m) Cash flows

For the purpose of the Statement of Cash Flows, cash includes cash on hand and deposits held at call with banks.

(n) Financial instruments

Accounting policies in relation to financial instruments are disclosed in note 15.

(o) Acquisition of assets

Assets acquired are recorded at the cost on acquisition, being the purchase consideration determined as at the date of acquisition.

(p) Property, plant and equipment

Asset recognition threshold

Items are classified as non-current assets when:

- (i) the cost of acquisition is in excess of \$2000;
- (ii) they are non-consumable in nature; and
- (iii) the estimated useful life is in excess of 12 months.

Revaluations

The Corporation implements progressive revaluations of all property, plant and equipment over successive three year periods in accordance with the “deprival” method of valuation as required by Schedule 1.

The requirements of Schedule 1 are being implemented as follows:

- Freehold land was revalued as at 30 June 2001;
- Buildings on freehold land were revalued as at 30 June 2001;
- Leasehold improvements have been revalued as at 1 July 1999;
- Plant and equipment, whether at cost or under finance lease, were revalued at 30 June 2001; and
- Intangible assets were revalued as at 30 June 2001 (see note 9 xiii).

Property, plant and equipment, other than land, is recognised at its depreciated replacement cost.

Depreciation

Property, plant and equipment, other than freehold land, is depreciated over their estimated useful lives to the Corporation using the straight line method of depreciation.

Depreciation/amortisation rates (useful lives) and methods were reviewed during the 2001–02 financial year.

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

Class of non financial asset	2001–2002		2000–2001	
		Avg		Avg
Buildings	40 years	40	40 years	40
Leasehold improvements	Lease term		Lease term	
Plant & equipment	3 to 20 years	10	3 to 20 years	10
Intangibles	5 to 7 years	6	5 to 7 years	6

The aggregate amount of depreciation allocated for each class of asset during the reporting period is disclosed in note 6(e).

Recoverable amount test

The carrying amount of property, plant and equipment is reviewed annually to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of expected net cash flows which will be received from the assets' employment and subsequent disposal. The expected net cash flows from future appropriations by the Parliament, have been discounted to their present value in determining the recoverable amount.

No write-down to the recoverable amount has been made in 2002.

(q) Amortisation

(i) Current assets

Purchased program stocks are valued at cost and amortised 90% after first screening and 10% after second screening, or fully amortised upon expiration of rights. Commissioned programs are also valued at cost. In 2002 the method of amortising commissioned programs was reviewed and calculated on a straight line basis over the shorter period of four years or licence period. The amortisation of commissioned programs is \$3.120m in 2002. Using the previous basis (that is, amortising 90% in first screening) the total amortisation for commissioned programs in 2002 would have been \$7.721m. Internally produced programs screened in the current period are expensed as incurred.

Amortisation of program stocks and commissioned programs is shown in note 6(d).

(ii) Non-current assets

Leasehold improvements are amortised on a straight line basis over the shorter of either the unexpired period of the lease or the estimated useful life of the improvements.

Intangible assets are amortised on a straight line basis over their estimated useful lives.

(r) Taxation

The Corporation and its controlled entity, Multilingual Subscriber Television Ltd (MST Ltd), are not subject to income tax. A ruling was sought in 1998 from the Australian Tax Office, which confirmed the tax exempt status of MST Ltd.

The Corporation and its controlled entity, Multilingual Subscriber Television Ltd (MST Ltd), are subject to fringe benefits tax.

(s) Goods and Services Tax

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except:

- (i) where the amount of GST incurred is not recoverable from the taxation authority, it is recognised as part of the cost of acquisition of an asset or as part of an item of expense; or
- (ii) for receivables and payables which are recognised inclusive of GST.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables.

(t) **Capital Use Charge**

The Capital Use Charge (CUC) is a charge levied on Commonwealth General Government Sector agencies and authorities. The Capital use charge payment is based on the Departmental net assets of the Corporation as at 30 June. The rate of the charge is currently 11% (12% in 2001). The charge is adjusted to take into account asset gifts and revaluation increments during the financial year.

(u) **Foreign currency**

Transactions denominated in a foreign currency are converted at the effective exchange rate on the date of the transaction. Exchange gains and losses are reported in the Statement of Financial Performance.

(v) **Receivables**

Credit terms for receivables for goods and services are net 45 days for advertising debtors and 30 days for other debtors.

A provision is raised for doubtful debts based on a review of all outstanding amounts at year end. Bad debts are written off during the period in which they are identified.

(w) **Bank loans**

Bank loans are recognised at their principal amounts. Interest is expensed as it accrues.

(x) **Borrowing costs**

All borrowing costs are expensed as incurred.

(y) **Trade creditors**

Creditors and accruals are recognised at their nominal amounts, being the amounts at which the liabilities will be settled. Liabilities are recognised to the extent that the goods or services have been received, irrespective of having been invoiced. Settlement is usually made net 30 days.

(z) **Comparative figures**

Comparative figures are, where applicable, restated to reflect the current year presentation of the financial statements.

(aa) **Rounding**

Amounts are rounded to the nearest \$1,000 except in relation to the remuneration of directors, officers and auditors.

2. REPORTING BY OUTCOMES (CORPORATION ONLY)

Reporting by segments

The economic entity operates Radio and Television services within the broadcasting industry. Geographically the economic entity operates entirely within Australia. The Corporation is structured to meet one outcome:

Outcome 1: Provide multilingual and multicultural services that inform, educate and entertain all Australians and in so doing reflect Australia's multicultural society.

Total Cost/Contribution of Outcome

	Note	Outcome	
		Budget \$'000	Actual \$'000
Net Cost of Budget Outcome	(v)	114,950	118,259

(v) The "Net Cost to Budget Outcome" is the net cost of departmental outputs (excluding revenues from Government). It includes intra-government costs that are eliminated in calculating the overall Budget Outcome.

Major Departmental Revenues and Expenses by Output Group
(Output 1: Television & Output 2: Radio)

	Non-Specific	Output Group 1	Output Group 2	Total
	2002 \$'000	2002 \$'000	2002 \$'000	2002 \$'000
Operating Revenues				
Revenues from Government		96,246	30,981	127,227
Sale of goods and services		28,496	1,549	30,045
Other non-taxation revenue	2,190	7,931	213	10,334
Total operating revenue	2,190	132,673	32,743	167,606
Operating Expenses				
Employees		35,347	20,526	55,873
Suppliers		79,709	10,347	90,056
Depreciation and amortisation		7,880	1,193	9,073
Write-down of assets		88	38	126
Total operating expenses		123,024	32,104	155,128

Major Classes Departmental Assets and Liabilities by Output Group
(Output 1: Television & Output 2: Radio)

	Non-Specific	Output Group 1	Output Group 2	Total
	2002 \$'000	2002 \$'000	2002 \$'000	2002 \$'000
ASSETS				
Output specific departmental assets				
Receivables		10,242	265	10,507
Investments		49,017		49,017
Plant and equipment		24,473	4,268	28,741
Inventories		21,908		21,908
Intangibles		273	491	764
Other		7,089		7,089
Total specific departmental assets		113,002	5,024	118,026
Other non-specific departmental assets				
Cash	3,212			3,212
Receivables	3,788			3,788
Less provision for doubtful debts	(97)			(97)
Investments	13,771			13,771
Land and buildings	47,471			47,471
Other	749			749
Total other departmental assets	68,894			68,894
Total Assets	68,894	113,002	5,024	186,920

Major Classes Departmental Assets and Liabilities by Output Group
(Output 1: Television & Output 2: Radio) (continued)

	Non-Specific	Output Group 1	Output Group 2	Total
	2002 \$'000	2002 \$'000	2002 \$'000	2002 \$'000
LIABILITIES				
Output specific departmental Liabilities				
Leases		104		104
Employees		8,888	5,161	14,049
Suppliers		7,870	1,022	8,892
Other		49,061		49,061
Total specific departmental liabilities		65,923	6,183	72,106
Other non-specific departmental liabilities				
Loans	24,000			24,000
Other	250			250
Total other departmental liabilities	24,250			24,250
Total Liabilities	24,250	65,923	6,183	96,356

3. ECONOMIC DEPENDENCY

The Corporation is dependent on Parliamentary appropriations to be viable as a going concern.

4. OPERATING SURPLUS

The Corporation and its controlled entity's consolidated surplus before payment of the capital use charge is **\$9.217 million**. The operating result is a deficit of \$0.732 million after providing for the capital use charge paid.

5. OPERATING REVENUES

	Consolidated		Corporation	
	2002 \$'000	2001 \$'000	2002 \$'000	2001 \$'000
5(a) Revenues from Government				
Annual Appropriation Act No. 1 – basic appropriation	125,100	114,698	125,100	114,698
Annual Appropriation Act No. 2 – equity injection	8,000	23,400	8,000	23,400
Annual Appropriation Act No. 3 – appropriation – additional estimates	2,127	5,895	2,127	5,895
Parliamentary appropriations received	135,227	143,993	135,227	143,993
Less equity injections	(8,000)	(23,400)	(8,000)	(23,400)
Plus (less) appropriation prepayment received	–	3,400	–	3,400
Less appropriation received for prior year capital use charge receivable	–	(123)	–	(123)
Total Revenues from Government	127,227	123,870	127,227	123,870

		Consolidated		Corporation	
	Notes	2002 \$'000	2001 \$'000	2002 \$'000	2001 \$'000
5(b)	Sales of goods and services				
	Advertising and sponsorship	23,657	20,358	23,657	20,358
	Production services	4,994	3,622	4,994	3,622
	Sale of programs and merchandise	1,242	973	1,242	973
	Services to related corporations – associated company	1,052	482	152	122
	Total sales of goods and services	30,945	25,435	30,045	25,075
	Costs of sales of goods (vi)	–	5	–	5
(vi)	Costs of sales of goods in 2001 relate to a small merchandise inventory held by the Corporation. Program stocks are not inventory held for sale – see note 9(g).				
5(e)	Interest				
	Deposits	2,335	2,934	2,190	2,821
	Total interest	2,335	2,934	2,190	2,821
5(d)	Reversals of previous asset write-downs				
	Financial assets				
	Receivables				
	Goods and services – adjustment to provision for doubtful debts	–	78	–	78
	Total reversals of previous asset write-downs	–	78	–	78
5(e)	Net gains from sale of assets				
	Plant and equipment				
	Proceeds from sale	26	9	26	9
	Net book value at sale	(14)	(62)	(14)	(62)
	Net gain (loss)	12	(53)	12	(53)
	Less plant and equipment written off (non-sale) 6(f)	(32)	(425)	(32)	(425)
	Net loss on disposal of property, plant and equipment	(20)	(478)	(20)	(478)
5(f)	Other operating revenue				
	Revenue from TV Fund (analogue extensions) 1(i)	6,123	23,296	6,123	23,296
	Distribution from profits – controlled entity (vii)	–	–	1,000	–
	Rental Receipts	748	679	748	679
	Miscellaneous revenue	241	349	241	349
	Total other operating revenue	7,112	24,324	8,112	24,324

(vii) In 2002 \$1m was distributed to the Corporation from its controlled entity MST Ltd.

	Notes	Consolidated		Corporation	
		2002 \$'000	2001 \$'000	2002 \$'000	2001 \$'000
6. OPERATING EXPENSES					
6(a) Employee expenses					
Basic remuneration for services provided					
Salaries and related expenses		43,390	40,232	43,390	40,232
Employee leave benefits	1(j)	5,769	5,386	5,769	5,386
Superannuation expenses	1(k)	6,460	6,716	6,460	6,716
Total basic remuneration for services provided		55,619	52,334	55,619	52,334
Other employee expenses					
Separation and redundancy payments		254	39	254	39
Total employee expenses		55,873	52,373	55,873	52,373

6(b) Remuneration of officers

“Officers” are persons engaged by the economic entity who are concerned in, and take part in, the management of the Corporation or economic entity, other than a director. The definition does not include a designated office or position occupied by more than one person during the reporting period.

Remuneration of officers (detailed below) relates to members of the Executive. The remuneration of those officers who have occupied the position of Managing Director or a director of the economic entity during 2001–02 are not included to the extent that they were remunerated as directors of the Corporation or economic entity. Details in relation to those directors are included in note 6(c).

Officers	Consolidated		Corporation	
	2002	2001	2002	2001
Total remuneration in respect of Officers:	\$620,405	\$605,822	\$620,405	\$605,822

The above amounts include remuneration in respect of each officer or designated position which is \$100,000 or more during the reporting period. The amounts include a component for leave accrued, and are included in Employee expenses in note 6(a).

	Officers of the economic entity		Officers of the Corporation	
	2002 Number	2001 Number	2002 Number	2001 Number
The number of Officers whose total remuneration was between:				
\$160,001 – \$170,000	1	1	1	1
\$180,001 – \$190,000	–	1	–	1
\$190,001 – \$200,000	1	–	1	–
\$250,001 – \$260,000	1	–	1	–
\$260,001 – \$270,000	–	1	–	1

6(c) Remuneration of directors and related party disclosures

Directors

Remuneration of directors includes the remuneration of officers who are also directors of the Corporation or the economic entity. Their remuneration as directors of the Corporation is included below.

	Consolidated		Corporation	
	2002	2001	2002	2001
Total remuneration in respect of directors:	\$1,039,430	\$1,005,708	\$532,149	\$516,829
Superannuation included in the above remuneration:	\$85,035	\$57,145	\$49,688	\$33,338

The directors of the Corporation's controlled entity Multilingual Subscriber Television Limited (MST Ltd – see note 8c) are appointed from directors and officers of the Corporation. The remuneration paid by the Corporation to those directors is **\$915,822** (\$871,972 in 2001), including a component for leave accrued. They received no additional remuneration for their duties in relation to the controlled entity.

	Directors of the economic entity		Directors of the Corporation	
	2002 Number	2001 Number	2002 Number	2001 Number
The number of directors whose total remuneration was between:				
Nil – \$10,000	3	2	3	2
\$10,001 – \$20,000	5	5	5	5
\$30,001 – \$40,000	1	1	1	1
\$40,001 – \$50,000	1	1	1	1
\$240,001 – \$250,000	1	2	–	–
\$250,001 – \$260,000	1	–	–	–
\$340,001 – \$350,000	–	1	–	1
\$360,001 – \$370,000	1	–	1	–

The following persons held positions as directors of the Corporation during 2001–02:

Carla Zampatti (Chairman)	
Neville Roach (Deputy Chairman)	Robert Cronin (appointed 16/05/02)
Nigel Milan (Managing Director)	Joseph Elu
Nyra Bensimon (retired 15/04/02)	Edward Gregory
Jillian Broadbent (appointed 16/05/02)	Martine Pop (retired 15/04/02)
Peter Carroll	Gerald Stone

The following persons held positions as directors of the Corporation's controlled entity, MST Ltd, during 2001–02:

Carla Zampatti (Chairman)	Maureen Crowe
Nigel Milan	Tuong Quang Luu

Transactions with other related parties

Transactions with other related parties are disclosed in the relevant notes. Unless otherwise stated, transactions between related parties are on normal commercial terms and conditions, which are no more favorable than those available to other parties.

		Consolidated		Corporation	
	Notes	2002 \$'000	2001 \$'000	2002 \$'000	2001 \$'000
6(d)	Suppliers expenses				
	Operating lease rentals	1,804	1,527	1,804	1,527
	Supply of goods and services				
	Administrative expenses	20,476	20,416	20,473	20,412
	Analogue extensions 1(i)	6,123	26,552	6,123	26,552
	Amortisation of program stocks 1(q)	5,981	6,204	5,981	6,204
	Amortisation of commissioned programs 1(q)	3,120	4,046	3,120	4,046
	Other program purchases	10,788	9,492	10,788	9,492
	Broadcasting facilities	16,310	8,836	16,310	8,836
	Translators & transmitters	11,248	10,879	11,248	10,879
	Contract staff 1(k)	8,714	6,936	8,714	6,936
	Materials and minor items	2,996	4,004	2,996	4,004
	Production services	2,434	1,691	2,434	1,691
	Audit fees (viii)	69	69	65	65
	Total supply of goods and services	88,259	99,125	88,252	99,117
	Total suppliers expenses	90,063	100,652	90,056	100,644
(viii)	Audit fees				
	Fees for services paid or payable to the Auditor-General for auditing the economic entity's financial statements for the reporting period were \$69,000 (2001 \$69,000). No other services were provided during the reporting period.				
	Remuneration for auditing the financial statements	69	69	65	65
	Total audit fees	69	69	65	65
6(e)	Depreciation/amortisation of non-current assets				
	Depreciation/amortisation of property, plant, equipment and intangibles	8,694	6,723	8,694	6,723
	Amortisation of leased assets	379	558	379	558
	Total depreciation/amortisation of non-current assets	9,073	7,281	9,073	7,281
	The aggregate amounts of depreciation and amortisation allocated during the reporting period, as expense for each class of depreciable asset, are as follows:				
	Buildings on Freehold Land	1,162	923	1,162	923
	Leasehold Improvements	29	81	29	81
	Plant and Equipment	7,430	6,160	7,430	6,160
	Intangibles	452	117	452	117
	Total allocated	9,073	7,281	9,073	7,281

		Consolidated		Corporation	
	Notes	2002 \$'000	2001 \$'000	2002 \$'000	2001 \$'000
6(f)	Write-down of assets				
	Financial assets				
	Receivables				
	Goods and services – adjustment to provision for doubtful debts	44	–	44	–
	Goods and services – bad debts written off	50	11	50	11
	Non-financial assets				
	Plant and equipment – write-off on disposal (non-sale) 1(p), 5(e), 9(d)	32	425	32	425
	Total write-down of assets	126	436	126	436
7.	BORROWING COST EXPENSES				
	Bank loan	3,484	4,261	3,484	4,261
	Finance charges on lease liabilities	26	52	26	52
	Total borrowing cost expenses	3,510	4,313	3,510	4,313
8.	FINANCIAL ASSETS				
8(a)	Cash				
	Cash at bank and on hand	4,057	2,547	3,212	2,420
	Balance of cash as at 30 June shown in the Statement of Cash Flows	4,057	2,547	3,212	2,420
8(b)	Receivables				
	Goods and services – controlled entity 8(c)(xii)	–	–	3,667	3,667
	Distribution from profits – controlled entity 5(f)(vii)	–	–	1,000	–
	Goods and services – associated company	369	51	39	51
	Other goods and services (ix)	8,623	5,597	8,623	5,597
	Total goods and services receivables	8,992	5,648	13,329	9,315
	Interest	25	43	25	42
	Capital use charge receivable	121	–	121	–
	GST receivable	820	2,212	820	2,212
	Subtotal	9,958	7,903	14,295	11,569
	Less provision for doubtful debts	(97)	(53)	(97)	(53)
	Total receivables	9,861	7,850	14,198	11,516
(ix)	The majority of goods and services receivable relate to advertising agencies.				

		Consolidated		Corporation	
		2002	2001	2002	2001
		\$'000	\$'000	\$'000	\$'000
8(b)	Receivables (continued)				
	Receivables include receivables:				
	Not overdue	9,613	7,636	13,950	11,302
	Overdue by:				
	– less than 30 days	92	89	92	89
	– 30 to 60 days	35	58	35	58
	– 60 to 90 days	34	11	34	11
	– more than 90 days	184	109	184	109
	Total receivables (gross)	9,958	7,903	14,295	11,569
8(c)	Investments				
	Non-government securities (x)	65,321	77,822	62,788	75,312
	Shares in controlled entity – at cost (xi)	–	–	–	–
	Shares in associated company (xii)	2,849	2,639	–	–
	Total investments	68,170	80,461	62,788	75,312
(x)	In 1999–2000, the Corporation received revenue from the TV Fund to provide analogue extensions to regional Australia over the next 12 years. These funds have been invested in non-government securities. Refer also to note 1(i).				
(xi)	Investment in controlled entity				
	The Corporation subscribed for 5 shares (\$1 each) in Multilingual Subscriber Television Ltd (MST Ltd) in 1994–95. MST Ltd is a wholly owned subsidiary of SBS Corporation. It was incorporated for the purpose of the Corporation's involvement in Pay TV. In 2002 \$1m was distributed to the Corporation from profits of MST Ltd.				
Name of entity		Country of Incorporation		Contributions to Consolidated Surplus	
		2002	2001	2002	2001
				\$'000	\$'000
Parent Entity					
SBS Corporation	Australia			8,968	11,044
Directly controlled by SBS Corporation					
MST Ltd	Australia	100%	100%	249	801
				9,217	11,845

8(c) Investments (continued)

(xii) Investment in associated company and equity information

Name of entity	Principal Activity	Ownership Interest 2002	Ownership Interest 2002	Balance Date 2002	Balance Date 2001
PAN TV Ltd	Production and delivery of media services	40%	40%	30 June 2002	30 June 2001

The Corporation's controlled entity (MST Ltd) subscribed for 220,000 shares in PAN TV Ltd in 1994-95, the subscription price deemed to be paid in consideration for a range of services provided by the economic entity to PAN TV Ltd. The purchase consideration for the shares acquired was valued at \$3,667,333, having regard to the price paid by the other investing partners in PAN TV Ltd in acquiring their shares. The equity accounted value of this investment as at 30 June 2002 was \$2.850m (2001: \$2.639m) having regard to the performance of PAN TV Ltd in 2002.

The range of services valued at \$3,667,333, have been fully provided by the Corporation to PAN TV Ltd on behalf of MST Ltd. This amount is shown as a receivable by the Corporation from its controlled entity, MST Ltd, and eliminated on consolidation.

PAN TV Ltd currently provides a "World Movies" Channel to Foxtel, Optus Vision, and Austar under distribution agreements.

	2002 \$'000	2001 \$'000
Cost		
Carrying amount of investment in associated company (at cost)	3,667	3,667
Dividends receivable from associated company	—	—
	3,667	3,667
Equity		
Carrying amount of investment in associated company (at cost)	3,667	3,667
Less share of retained losses	(817)	(1,028)
Equity-accounted amount of investment	2,850	2,639
Share of associate's operating profit (loss) before income tax	310	580
Share of income tax expense attributable to operating profit	(99)	(254)
Share of operating profit (loss) after income tax	211	326
Accumulated results attributable to associate		
1 July 2001	(1,028)	(1,354)
30 June 2002	(817)	(1,028)
Movement in the equity accounted investment in associated company		
Investment in associated company 1 July 2001	2,639	2,313
New investments during the year	—	—
Share of operating profit after income tax	211	326
Dividend revenue from associated company	—	—
Disposals during the year	—	—
Investment in associated company 30 June 2002	2,850	2,639
Share of commitments		
Share of operating lease commitments	23	16

		Consolidated		Corporation	
	Notes	2002 \$'000	2001 \$'000	2002 \$'000	2001 \$'000
9. NON-FINANCIAL ASSETS					
9(a) Land and buildings	1(p)				
Freehold land – at independent valuation	(xiii)	9,700	9,700	9,700	9,700
Buildings – at independent valuation	(xiii)	46,375	46,375	46,375	46,375
Buildings – at cost		273	–	273	–
Less accumulated depreciation		(10,438)	(9,275)	(10,438)	(9,275)
		36,210	37,100	36,210	37,100
Leasehold improvements – at independent valuation	(xiii)	212	212	212	212
Leasehold improvements – at cost		1,539	–	1,539	–
Less accumulated amortisation		(190)	(161)	(190)	(161)
		1,561	51	1,561	51
Total land and buildings		47,471	46,851	47,471	46,851
9(b) Plant and equipment	1(p)				
Plant and equipment – at independent valuation	(xiii)	51,272	51,272	51,272	51,272
Plant and equipment – at cost		4,866	–	4,866	–
Less accumulated depreciation		(27,627)	(21,692)	(27,627)	(21,692)
		28,511	29,580	28,511	29,580
Plant and equipment under finance lease (at independent valuation)	1(l), 10(b), (xiii)	2,083	2,084	2,083	2,084
Less accumulated amortisation		(1,853)	(1,474)	(1,853)	(1,474)
		230	610	230	610
Total plant and equipment		28,741	30,190	28,741	30,190
9(c) Intangibles	1(p)				
Computer software at cost	(xiii)	2,151	2,110	2,151	2,110
Less accumulated amortisation		(1,387)	(1,196)	(1,387)	(1,196)
		764	914	764	914
Total intangibles		764	914	764	914
Total property, plant, equipment and intangibles		76,976	77,955	76,976	77,955

(xiii) All property, plant and equipment (except for leasehold improvements) were revalued in accordance with the deprival method of valuation at 30 June 2001 (see note 1p). Leasehold improvements were revalued in accordance with the deprival method of valuation as at 1 July 1999.

The revaluations for land and building were completed by independent valuers, based on market value for existing usage: Jim Power, AAPI, Certified Practising Valuer – Artarmon, NSW (land and building). Edward J Kinch MRICS AAPI (Senior Valuer) – Craigieburn, Victoria (land).

The revaluation for plant and equipment was made by an independent valuer Simon B O'Leary, AAPI, MSAA, based on the depreciated replacement cost of the equipment.

The revaluation for leasehold improvements was made by an independent valuer Mario Lancellotti, AAPI, based on the depreciated replacement cost of the improvements.

The valuation of computer software was completed at 30 June 2001. In 2001–02, Schedule 1 requires computer software to be carried at cost. In accordance with AASB 1041, the Corporation deemed the carrying amount for computer software at 30 June 2001 to be at cost.

9(d) Analysis of property, plant, equipment and intangibles
(Corporation and Consolidated entity)

Movement summary 2001-02 for all assets irrespective of valuation basis

	Land \$'000	Buildings \$'000	Total land & buildings \$'000	Plant & equipment \$'000	Computer software/ licences \$'000	Total \$'000
Gross value as at 1 July 2001	9,700	46,587	56,287	53,356	2,110	111,753
Additions – Purchase of Assets	–	1,812	1,812	6,021	307	8,140
Revaluations: write-ups/(write-downs)	–	–	–	–	–	–
Assets transferred in/(out)	–	–	–	–	–	–
Write-offs	–	–	–	(1,006)	(266)	(1,272)
Disposals	–	–	–	(150)	–	(150)
Gross value as at 30 June 2002	9,700	48,399	58,099	58,221	2,151	118,471
Accumulated depreciation/amortisation as at 1 July 2001	–	9,436	9,436	23,166	1,196	33,798
Depreciation/amortisation charge for the year	–	1,192	1,192	7,429	452	9,073
Revaluations: write-ups/(write-downs)	–	–	–	–	–	–
Assets transferred in/(out)	–	–	–	–	–	–
Write-offs	–	–	–	(979)	(261)	(1,240)
Disposals	–	–	–	(136)	–	(136)
Accumulated depreciation/amortisation as at 30 June 2002	–	10,628	10,628	29,480	1,387	41,495
Net book value as at 30 June 2002	9,700	37,771	47,471	28,741	764	76,976
Net book value as at 1 July 2001	9,700	37,151	46,851	30,190	914	77,955

The majority of assets written off have been identified as obsolete, dismantled or scrapped following the fixed assets stocktake in 2002.

9(e) Summary of balances of assets at valuation as at 30 June 2002
(Corporation and Consolidated entity)

	Land \$'000	Buildings \$'000	Total land & buildings \$'000	Plant & equipment \$'000	Computer software/ licences \$'000	Total \$'000
As at 30 June 2002						
Gross value	9,700	46,587	56,287	53,355	–	109,642
Accumulated depreciation/amortisation	–	(10,625)	(10,625)	(29,189)	–	(39,814)
Net book value	9,700	35,962	45,662	24,166	–	69,828
As at 30 June 2001						
Gross value	9,700	46,587	56,287	53,356	2,110	111,753
Accumulated depreciation/amortisation	–	(9,436)	(9,436)	(23,166)	(1,196)	(33,798)
Net book value	9,700	37,151	46,851	30,190	914	77,955

9(f) Summary of balances of assets held under finance lease as at 30 June 2002
(Corporation and Consolidated entity)

	Land \$'000	Buildings \$'000	Total land & buildings \$'000	Plant & equipment \$'000	Computer software/ licences \$'000	Total \$'000
As at 30 June 2002						
Gross value	–	–	–	2,083	–	2,083
Accumulated depreciation/amortisation	–	–	–	(1,853)	–	(1,853)
Net book value	–	–	–	230	–	230
As at 30 June 2001						
Gross value	–	–	–	2,084	–	2,084
Accumulated depreciation/amortisation	–	–	–	(1,474)	–	(1,474)
Net book value	–	–	–	610	–	610

Notes 1(l), 10(b) and 9(b) also refer to the finance lease agreements entered into by the Corporation.

		Consolidated		Corporation	
	Notes	2002 \$'000	2001 \$'000	2002 \$'000	2001 \$'000
9(g)	Inventories				
	All inventories are current assets.				
	Inventories not held for sale				
	Purchased program stocks – at cost	13,279	13,498	13,279	13,498
	Less accumulated amortisation	(8,669)	(9,976)	(8,669)	(9,976)
		4,610	3,522	4,610	3,522
	Commissioned programs (completed) – at cost	32,329	23,345	32,329	23,345
	Less accumulated amortisation	(18,434)	(15,517)	(18,434)	(15,517)
		13,895	7,828	13,895	7,828
	Commissioned programs – in progress	3,403	4,069	3,403	4,069
	Total inventories not held for sale	21,908	15,419	21,908	15,419
	Total inventories	21,908	15,419	21,908	15,419
9(h)	Other non-financial assets				
	Prepayments	7,838	6,660	7,838	6,660
	Total other non-financial assets	7,838	6,660	7,838	6,660
10. INTEREST BEARING LIABILITIES					
10(a)	Loans				
	Bank loans				
	Bank loans	24,000	39,000	24,000	39,000
	Less sinking fund (bank loan offset)	–	(17,256)	–	(17,256)
	Total loans	24,000	21,744	24,000	21,744
(xiv)	The balance of the bank loan of \$39m from ABN AMRO for the construction and enhancement of the premises at Artarmon was refinanced with a loan of \$24m. The Corporation has no other used or unused facility.				
	A sinking fund had been established to set aside moneys for the repayment of the loan from ABN AMRO.				
	At the reporting date, the loan from Westpac is due within one year and has been recognised as a current liability:				
	within one year:	24,000	21,744	24,000	21,744
	In one to five years	–	–	–	–
	In more than five years:	–	–	–	–
	Total loans	24,000	21,744	24,000	21,744

	Notes	Consolidated		Corporation	
		2002 \$'000	2001 \$'000	2002 \$'000	2001 \$'000
10(b) Finance lease liabilities	(xv)				
Lease liabilities recognised in the statement of assets and liabilities					
Current		86	396	86	396
Non-current		18	104	18	104
Total lease liabilities		104	500	104	500
Finance leases liabilities at the reporting date and related finance charges are payable as follows:					
No later than one year		90	422	90	422
In one to five years		19	108	19	108
In more than five years:		–		–	
Minimum lease payments		109	530	109	530
Less future finance charges		(5)	(30)	(5)	(30)
Total lease liabilities		104	500	104	500
(xv) The Corporation has entered into two separate finance lease agreements for the purpose of acquiring equipment for signal splitting to other states, and for digital editing and recording equipment (see notes 11 and 9f).					
11. PROVISIONS					
11(a) Employee Provisions					
Salaries and wages		1,392	1,298	1,392	1,298
Leave		12,473	11,979	12,473	11,979
Superannuation		184	199	184	199
Aggregate employee entitlement liability	(xvi)	14,049	13,476	14,049	13,476
(xvi) Employee provisions are categorised as follows					
Current		8,259	7,786	8,259	7,786
Non-current		5,790	5,690	5,790	5,690
Aggregate employee entitlement liability		14,049	13,476	14,049	13,476

		Consolidated		Corporation	
	Note	2002 \$'000	2001 \$'000	2002 \$'000	2001 \$'000
12. PAYABLES					
12(a) Suppliers					
Trade creditors		8,927	7,243	8,892	7,239
Total suppliers payables		8,927	7,243	8,892	7,239
12(b) Other payables					
Deferred Revenue		250	1,357	250	1,357
Prepayments received	(xvii)	49,061	61,306	49,061	61,306
Total other payables		49,311	62,663	49,311	62,663
(xvii) In 1999–2000, the Corporation received revenue from the TV Fund to provide analogue extensions to regional Australia over the next 12 years. Refer also to notes 1(i) and 8(c).					
13. CASH FLOW RECONCILIATION					
Reconciliation of operating surplus to net cash flows provided by operating activities.					
Net operating surplus		9,217	11,845	8,968	11,044
Depreciation and amortisation of property, plant and equipment		9,073	7,281	9,073	7,281
Decrease/(increase) in payables to suppliers for capital purchases		285	2,785	285	2,785
(Decrease)/increase in appropriation for capital use charge receivable		–	123	–	123
Write-off of assets		32	436	32	436
(Gain)/loss on disposal of property, plant and equipment		(12)	53	(12)	53
(Decrease)/increase in provision for doubtful debts		44	(78)	44	(78)
(Decrease)/increase in interest on capitalised investments		3,684	4,523	3,716	4,523
Decrease/(increase) in revenue prepaid for analogue extensions		(15,136)	(17,538)	(15,136)	(17,538)
Decrease/(increase) in interest on sinking fund investment		(923)	(1,069)	(923)	(1,069)
(Gain)/loss on investment in associated company		(211)	(326)	–	–
Changes in assets and liabilities:					
Decrease/(increase) in receivables		(1,934)	(2,518)	(2,605)	(2,517)
Decrease/(increase) in inventories		(6,489)	(3,311)	(6,489)	(3,311)
Decrease/(increase) in prepayments paid		(1,178)	(930)	(1,178)	(930)
(Decrease)/increase in liabilities to employees		573	(199)	573	(199)
(Decrease)/increase in payables to suppliers		1,684	(105)	1,653	(104)
(Decrease)/increase in prepayments received		(1,107)	1,214	(1,107)	1,214
Net cash from (used by) operating activities		(2,398)	2,186	(3,106)	1,713

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14. EQUITY

(Consolidated entity)

Item	Capital		Accumulated results		Asset revaluation reserve		Total reserves		TOTAL EQUITY	
	2002 \$000	2001 \$000	2002 \$000	2001 \$000	2002 \$000	2001 \$000	2002 \$000	2001 \$000	2002 \$000	2001 \$000
Balance 1 July 2001	38,199	14,799	31,230	28,758	15,722	10,056	15,722	10,056	85,151	53,613
Operating result			9,217	11,845					9,217	11,845
Net revaluation increases/decreases					-	5,666	-	5,666	-	5,666
Injection of Capital	8,000	23,400							8,000	23,400
Capital Use Charge			(9,949)	(9,373)					(9,949)	(9,373)
Balance 30 June 2002	46,199	38,199	30,498	31,230	15,722	15,722	15,722	15,722	92,419	85,151

(Corporation)

Item	Capital		Accumulated results		Asset revaluation reserve		Total reserves		TOTAL EQUITY	
	2002 \$000	2001 \$000	2002 \$000	2001 \$000	2002 \$000	2001 \$000	2002 \$000	2001 \$000	2002 \$000	2001 \$000
Balance 1 July 2001	38,199	14,799	29,624	27,953	15,722	10,056	15,722	10,056	83,545	52,808
Operating result			8,968	11,044					8,968	11,044
Net revaluation increases/decreases					-	5,666	-	5,666	-	5,666
Injection of Capital	8,000	23,400							8,000	23,400
Capital Use Charge			(9,949)	(9,373)					(9,949)	(9,373)
Balance 30 June 2002	46,199	38,199	28,643	29,624	15,722	15,722	15,722	15,722	90,564	83,545

15. FINANCIAL INSTRUMENTS

(a) Terms, conditions and accounting policies

Financial Instrument	Notes	Accounting Policies and Methods (including recognition criteria and measurement basis)	Nature of underlying instrument (including significant terms & conditions affecting the amount, timing and certainty of cash flows)
Financial assets		Financial assets are recognised when control over future economic benefits is established and the amount of the benefit can be reliably measured.	
Cash	8(a)	Cash at bank and on hand is recognised at its nominal value. Interest is credited to revenue as it accrues.	Funds, mainly from monthly drawdowns of appropriation placed in bank accounts with the Corporation's banker.
Receivables for goods & services	8(b)	The receivables are recognised at the nominal amounts less any provision for doubtful debts. A provision is raised for doubtful debts based on a review of all outstanding amounts at year end. Bad debts are written off during the period in which they are identified.	Credit terms for receivables for goods and services are net 45 days for advertising debtors and 30 days for other debtors.
Sinking fund (bank loan offset)	10(a)	The sinking fund represents funds invested with ABN AMRO. It was established to set aside moneys for the repayment of the bank loan of \$39m for the construction of the building at Artarmon. It was fully utilised to refinance the loan in 2002 – see note 10 (a).	Prior to refinancing the loan in 2002, funds invested were \$18,179,302 (including interest). The funds invested with ABN AMRO had an average effective interest rate of 7.0% p.a. Interest compounded semi-annually.
Non-government security	8(c)	SBS has a series of investments with banks and other financial institutions for funds not immediately required for operational expenditure (for example, analogue extension moneys received from the TV fund to meet expenditure in the next twelve years).	The investments are by purchase of negotiable certificates of deposits for varying periods between 1 month and 12 years. The weighted average effective interest rate of these investments is 5.6%.
Financial liabilities		Financial liabilities are recognised when a present obligation to another party is entered into and the amount of the liability can be reliably measured.	
Bank Loans	10(a) 15(b) (viii)	Bank loans are recognised at their principal amounts. Interest is expensed as it accrues.	SBS established a loan facility with ABN AMRO in 1992 for the purpose of funding its specialised broadcasting premises at Artarmon. The facility expired on 31 March 2002, and was refinanced at that time through an unsecured loan – refer to note 15(b)(viii)).
Finance Lease Liabilities	10(b)	Liabilities are recognised at the present value of the minimum lease payments at the beginning of the lease. The discount rates used are estimates of the interest rates implicit in the leases.	At reporting date, the Corporation had entered into two separate finance lease agreements. The terms of the leases are 5 years and 5.5 years. The interest rate implicit in the leases averaged 7.0%.
Trade Creditors	12(a)	Creditors and accruals are recognised at their nominal amounts, being the amounts at which the liabilities will be settled. Liabilities are recognised to the extent that the goods or services have been received (irrespective of having been invoiced).	Settlement is usually made net 30 days.

15(b) Interest rate risk

The economic entity has no unrecognised financial assets or liabilities as at 30 June 2002. Interest rate details of recognised financial assets and liabilities are disclosed below. Investment in the economic entity's associated company is excluded, in accordance with the Australian Accounting Standard (AAS 33) on *Presentation and Disclosure of Financial Instruments*. Equity information in respect of the economic entity's associated company is disclosed in notes 8(c).

Financial Instrument	Notes	Floating Interest Rate		Fixed Interest Rate						Non-Interest Bearing			Total		Weighted Average Effective Rate	
		Interest Rate		1 year or less		1 to 5 years		> 5 years								
		2002 \$000	2001 \$000	2002 \$000	2001 \$000	2002 \$000	2001 \$000	2002 \$000	2001 \$000	2002 \$000	2001 \$000	2002 \$000	2001 \$000	2002 \$000	2001 \$000	2002 \$000
Financial Assets																
Cash		4,057	2,547	-	-	-	-	-	-	-	-	4,057	2,547	3,7%	3,9%	
Receivables for goods and services	8(b)	-	-	-	-	-	-	-	-	-	9,861	7,850	7,850	n/a	n/a	
Sinking fund (bank loan offset)	10(a)	-	-	-	17,256	-	-	-	-	-	-	-	17,256	n/a	7,0%	
Non government security	8(c)	-	-	46,978	58,159	-	-	18,343	19,663	-	-	65,321	77,822	5,6%	5,5%	
Total Financial Assets (Recognised)		4,057	2,547	46,978	75,415	-	-	18,343	19,663	-	9,861	7,850	79,239	105,475		
Total Assets													188,810	190,892		

Financial Instrument	Notes	Floating Interest Rate		Fixed Interest Rate						Non-Interest Bearing			Total		Weighted Average Effective Rate	
		Interest Rate		1 year or less		1 to 5 years		> 5 years								
		2002 \$000	2001 \$000	2002 \$000	2001 \$000	2002 \$000	2001 \$000	2002 \$000	2001 \$000	2002 \$000	2001 \$000	2002 \$000	2001 \$000	2002 \$000	2001 \$000	2002 \$000
Financial Liabilities																
Bank Loans	10(a)	-	-	24,000	39,000	-	-	-	-	-	-	24,000	39,000	4,9%	10,9%	
Finance lease liabilities	10(b)	-	-	86	396	18	104	-	-	-	-	104	500	7,0%	7,0%	
Trade creditors	12(a)	-	-	-	-	-	-	-	-	8,927	7,243	8,927	7,243	n/a	n/a	
Total Financial Liabilities (Recognised)		-	-	24,086	39,396	18	104	-	-	8,927	7,243	33,031	46,743			
Total Liabilities												96,391	105,741			

- (viii) SBS entered into an interest rate hedge on 4 June 2002 to minimise the risk of interest rate movements on a Commonwealth loan which was to be provided after balance date (2 July 2002) – at the prevailing 10 year Government bond rate. The Commonwealth loan of \$24 million was to repay the balance owing on a loan raised in 1992 for its Attamoon premises. The specific hedge entered into by the Corporation (on 4 June 2002) effectively locked the interest rate on the loan at 6.23%.

15(c) Foreign currency risk

The economic entity enters into forward exchange contracts to hedge foreign currency purchases when they are significant. The Corporation did not enter into any specific foreign exchange contracts in 2002.

15(d) Credit risk

The economic entity's maximum exposures to credit risk at reporting date in relation to each class of recognised financial assets is the carrying amount of those assets, as reported in the Statement of Financial Position.

The economic entity has no significant exposures resulting from any concentration of credit risk.

15(e) Net fair values of financial assets and liabilities

The net fair values of cash, receivables for goods and services, Commonwealth loans and trade creditors approximate their carrying amounts. The net fair values of non government securities, bank loan and finance lease liabilities are based on discounted cash flows using current interest rates for liabilities with similar risk profiles, and are shown below.

	Notes	Carrying Amount		Net Fair Value	
		2002 \$'000	2001 \$'000	2002 \$'000	2001 \$'000
Financial assets					
Cash		4,057	2,547	4,057	2,547
Receivables for goods and services	8(b)	9,861	7,850	9,861	7,850
Non government securities	8(c)	65,321	77,822	65,744	78,144
Total financial assets		79,239	88,219	79,662	88,541
Financial liabilities					
Bank loans	10(a)	24,000	21,744	24,000	23,019
Finance lease liabilities	10(b)	104	500	104	501
Trade creditors	12(a)	8,927	7,243	8,927	7,243
Total financial liabilities		33,031	29,487	33,031	30,763