FINANCIAL STATEMENTS

FINANCIAL

INDEPENDENT AUDITOR'S REPORT

To the Minister for Communications, Information Technology and the Arts

Australian National Audit Office

Scope

I have audited the accompanying financial statements of Special Broadcasting Service Corporation (the Corporation) and the consolidated entity, which comprise: a statement by the Directors, income statement, balance sheet, statement of changes in equity, cash flow statement, schedules of commitments and contingencies, a summary of significant accounting policies, and other explanatory notes.

The Responsibility of the Board of Directors for the Financial Statements

The members of the Board are responsible for the preparation and fair presentation of the financial statements in accordance with Finance Minister's Orders made under the *Commonwealth Authorities and Companies Act 1997* and Australian Accounting Standards (including 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. My audit has been conducted in accordance with the Australian National Audit Office Auditing Standards, which incorporate 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 Board, 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 ethical requirements of the Australian accounting profession.

Auditor's Opinion

In my opinion, the financial statements of the Special Broadcasting Service Corporation and the consolidated entity:

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

b) give a true and fair view of the matters required by the Finance Minister's Orders including the Special Broadcasting Service Corporation's and the consolidated entity's financial position as at 30 June 2007 and of its financial performance and its cash flows for the year then ended.

Australian National Audit Office

P Hinchey
Senior Director
Delegate of the Auditor-General

Sydney
10 August 2007

STATEMENT BY DIRECTORS

In our opinion, the attached financial statements for the year ended 30 June 2007 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.*

In our opinion, at the date of this statement, there are reasonable grounds to believe that the 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.

Carla Zampatti AO
Chairman
10 August 2007

Shaun Brown
Managing Director
10 August 2007

Jonathan Torpy
Chief Financial Officer
10 August 2007

INCOME STATEMENT
for the year ended 30 June 2007

	Notes	Consolidated 2007 $'000	Consolidated 2006 $'000	Corporation 2007 $'000	Corporation 2006 $'000
INCOME					
Revenue					
Revenue from Government	5(a)	**177,526**	176,472	**177,526**	176,472
Sale of goods and rendering of services	5(b)	**50,449**	54,225	**50,449**	54,225
Interest	5(c)	**2,838**	1,932	**2,830**	1,927
Rents		**857**	852	**857**	852
Royalties		**2,017**	1,256	**2,017**	1,256
Other revenues	5(d)	**6,828**	7,029	**6,828**	7,029
Total Revenue		**240,515**	241,766	**240,507**	241,761
Gains					
Reversals of previous asset write-downs	5(e)	**11**	16	**11**	16
Total Gains		**11**	16	**11**	16
TOTAL INCOME		**240,526**	241,782	**240,518**	241,777
EXPENSES					
Employee benefits	6(a)	**67,558**	67,326	**67,558**	67,326
Suppliers	6(d)	**163,477**	162,198	**163,470**	162,192
Depreciation and amortisation	6(e)	**7,949**	10,092	**7,949**	10,092
Finance costs	6(f)	**1,064**	1,191	**1,064**	1,191
Write-down and impairment of assets	6(g)	**323**	142	**323**	142
Net foreign exchange losses (non-speculative)		**16**	16	**16**	16
Net losses from sale of assets	7	**—**	—	**—**	—
TOTAL EXPENSES		**240,387**	240,965	**240,380**	240,959
Share of net profits / (losses) of associates and joint ventures accounted for using the equity method	8(d)(xii)	**454**	65	**–**	–
Surplus before income tax		**593**	882	**138**	818
Income tax expense	1(r), 10(c)	**–**	–	**–**	–
Surplus		**593**	882	**138**	818

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

BALANCE SHEET
as at 30 June 2007

		Consolidated		Corporation	
	Notes	**2007 $'000**	2006 $'000	**2007 $'000**	2006 $'000
ASSETS					
Financial assets					
Cash and cash equivalents	8(a)	**2,509**	3,755	**2,488**	3,730
Trade and other receivables	8(b)	**14,733**	18,529	**15,933**	19,728
Investments accounted for using the equity method	8(d)(xii)	**3,539**	3,084	**—**	—
Investments	8(c)	**60,371**	64,542	**60,284**	64,460
Total financial assets		**81,152**	89,910	**78,705**	87,918
Non-financial assets					
Land and buildings	9(a),(d)	**66,753**	59,405	**66,753**	59,405
Plant and equipment	9(b),(d)	**11,655**	15,314	**11,655**	15,314
Intangibles	9(c),(d)	**3,883**	2,379	**3,883**	2,379
Inventories	9(e)	**55,125**	43,216	**55,125**	43,216
Other non-financial assets	9(f)	**16,040**	16,574	**16,040**	16,574
Total non-financial assets		**153,456**	136,888	**153,456**	136,888
TOTAL ASSETS		**234,608**	226,798	**232,161**	224,806
LIABILITIES					
Payables					
Suppliers	10(a)	**17,670**	14,692	**17,666**	14,688
Other payables	10(b)	**41,439**	47,809	**41,439**	47,809
Total payables		**59,109**	62,501	**59,105**	62,497
Interest bearing liabilities					
Loans	11(a)	**13,779**	16,074	**13,779**	16,074
Total Interest bearing liabilities		**13,779**	16,074	**13,779**	16,074
Provisions					
Employee provisions	12(a)	**16,187**	16,871	**16,187**	16,871
Other provisions	12(b)	**2,182**	2,062	**2,182**	2,062
Total provisions		**18,369**	18,933	**18,369**	18,933
TOTAL LIABILITIES		**91,257**	97,508	**91,253**	97,504
NET ASSETS		**143,351**	129,290	**140,908**	127,302
EQUITY					
Contributed equity		**78,934**	73,739	**78,934**	73,739
Reserves		**36,654**	27,662	**36,654**	27,662
Retained surplus		**27,763**	27,889	**25,320**	25,901
TOTAL EQUITY		**143,351**	129,290	**140,908**	127,302
Current assets		**108,614**	102,176	**108,593**	102,150
Non-current assets		**125,994**	124,622	**123,568**	122,656
Current liabilities		**45,830**	45,355	**45,826**	45,351
Non-current liabilities		**45,427**	52,153	**45,427**	52,153

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

STATEMENT OF CHANGES IN EQUITY

for the year ended 30 June 2007

(Consolidated)	Accumulated results 2007 $'000	Accumulated results 2006 $'000	Asset revaluation reserve 2007 $'000	Asset revaluation reserve 2006 $'000	Contributed Equity/Capital 2007 $'000	Contributed Equity/Capital 2006 $'000	Total Equity 2007 $'000	Total Equity 2006 $'000
Opening Balance								
Balance carried forward from previous period	**27,889**	27,153	**27,662**	27,662	**73,739**	67,889	**129,290**	122,704
Income and expenses								
Revaluation adjustment	**—**	—	**8,992**	—	**—**	—	**8,992**	—
Sub-total income and expenses recognised directly in equity	**—**	—	**8,992**	—	**—**	—	**8,992**	—
Surplus for the period	**593**	882	**—**	—	**—**	—	**593**	882
Total income and expenses (all attributable to the Australian Government)	**593**	882	**—**	—	**—**	—	**593**	882
Transactions with owners								
Distributions to owners								
Returns of Capital (see note below)	**(719)**	(146)	**—**	—	**—**	—	**(719)**	(146)
Contributions by owners								
Appropriations (equity injection)	**—**	—	**—**	—	**5,195**	5,850	**5,195**	5,850
Sub-total transactions with owners	**(719)**	(146)	**—**	—	**5,195**	5,850	**4,476**	5,704
Closing Balance at 30 June	**27,763**	27,889	**36,654**	27,662	**78,934**	73,739	**143,351**	129,290
Less: minority interests	**—**	—	**—**	—	**—**	—	**—**	—
Closing balance attributable to the Australian Government	**27,763**	27,889	**36,654**	27,662	**78,934**	73,739	**143,351**	129,290

In 2007 an amount of $0.719m (2006: $0.146m) was returned to the Consolidated Revenue Fund (and charged to equity) in line with Government policy to fund only the amounts required for the conversion to digital transmission. These amounts relate to unspent appropriations received in prior financial years. An additional amount of $3.283m (2006: $4.009m) was provided for (as unearned appropriation revenue) for the repayment of unspent digital funds from appropriations received in the current year - see note 5(a).

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

CASH FLOW STATEMENT

for the year ended 30 June 2007

	Notes	Consolidated 2007 $'000	Consolidated 2006 $'000	Corporation 2007 $'000	Corporation 2006 $'000
OPERATING ACTIVITIES					
Cash received					
Goods and services		**56,628**	51,919	**56,628**	51,919
Appropriations	1(g), 5(a)	**180,809**	180,481	**180,809**	180,481
Interest		**5,228**	4,450	**5,225**	4,446
Net GST received		**10,137**	7,872	**10,136**	7,868
Total cash received		**252,802**	244,722	**252,798**	244,714
Cash used					
Employees		**(68,203)**	(65,042)	**(68,203)**	(65,042)
Suppliers		**(182,724)**	(178,810)	**(182,716)**	(178,799)
Borrowing costs		**(918)**	(1,078)	**(918)**	(1,078)
Other - return of appropriation		**(4,009)**	(1,960)	**(4,009)**	(1,960)
Total cash used		**(255,854)**	(246,890)	**(255,846)**	(246,879)
NET CASH USED BY OPERATING ACTIVITIES	13	**(3,052)**	(2,168)	**(3,048)**	(2,165)
INVESTING ACTIVITIES					
Cash received					
Proceeds from sales of property, plant and equipment		**10**	8	**10**	8
Investments		**43,931**	20,456	**43,931**	20,456
Total cash received		**43,941**	20,464	**43,941**	20,464
Cash used					
Purchase of property, plant and equipment	9(d)	**(4,476)**	(4,064)	**(4,476)**	(4,064)
Investments	8(c)	**(39,840)**	(18,574)	**(39,840)**	(18,494)
Total cash used		**(44,316)**	(22,638)	**(44,316)**	(22,558)
NET CASH USED BY INVESTING ACTIVITIES		**(375)**	(2,174)	**(375)**	(2,094)
FINANCING ACTIVITIES					
Cash received					
Appropriations - contributed equity		**5,195**	5,850	**5,195**	5,850
Total cash received		**5,195**	5,850	**5,195**	5,850
Cash used					
Repayments of borrowings	11(a)	**(2,295)**	(2,162)	**(2,295)**	(2,162)
Other - Return of Contributed Equity (Capital)		**(719)**	(146)	**(719)**	(146)
Total cash used		**(3,014)**	(2,308)	**(3,014)**	(2,308)
NET CASH FROM FINANCING ACTIVITIES		**2,181**	3,542	**2,181**	3,542
Net decrease in cash held		**(1,246)**	(800)	**(1,242)**	(717)
Cash at the beginning of the reporting period		**3,755**	4,555	**3,730**	4,447
Cash at the end of the reporting period	8(a)	**2,509**	3,755	**2,488**	3,730

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

SCHEDULE OF COMMITMENTS
as at 30 June 2007

	Notes	Consolidated 2007 $'000	Consolidated 2006 $'000	Corporation 2007 $'000	Corporation 2006 $'000
BY TYPE					
Commitments receivable					
Transmission facilities	(i)	**560,950**	492,294	**560,950**	492,294
Operating leases		**3,686**	1,124	**3,686**	1,124
Advertising and sponsorship		**9,941**	7,553	**9,941**	7,553
Services to related corporations		**50**	50	**50**	50
Other commitments	(iii)	**70,198**	67,207	**70,194**	67,202
Total commitments receivable		**644,825**	568,228	**644,821**	568,223
Capital commitments payable					
Land and Buildings		**12**	91	**12**	91
Infrastructure, plant and equipment		**179**	1,014	**179**	1,014
Total capital commitments payable		**191**	1,105	**191**	1,105
Other commitments payable					
Transmission facilities	(i)	**755,597**	710,939	**755,597**	710,939
Operating leases	(ii)	**15,186**	18,066	**15,137**	18,009
Other commitments	(iii)	**52,322**	52,283	**52,322**	52,283
Total other commitments payable		**823,105**	781,288	**823,056**	781,231
NET COMMITMENTS BY TYPE		**178,471**	214,165	**178,426**	214,113

NB: Commitments are GST inclusive where relevant.

(i) Transmission facilities commitments include future expenditure and amounts receivable for digital transmission services.

(ii)

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.

(iii) As at 30 June 2007, 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 schedule should be read in conjunction with the accompanying notes.

SCHEDULE OF COMMITMENTS
as at 30 June 2007
(continued)

	Consolidated		Corporation	
	2007 $'000	2006 $'000	**2007 $'000**	2006 $'000
BY MATURITY				
Commitments receivable				
Operating leases receivable				
One year or less	**898**	750	**898**	750
From one to five years	**2,788**	374	**2,788**	374
Over five years	**—**	—	**—**	—
Sub-total operating leases receivable	**3,686**	1,124	**3,686**	1,124
Other commitments receivable				
One year or less	**76,041**	65,804	**76,037**	65,799
From one to five years	**270,443**	243,383	**270,443**	243,383
Over five years	**294,655**	257,917	**294,655**	257,917
Sub-total other commitments receivable	**641,139**	567,104	**641,135**	567,099
Total commitments receivable	**644,825**	568,228	**644,821**	568,223
Capital commitments payable				
One year or less	**191**	1,105	**191**	1,105
From one to five years	**—**	—	**—**	—
Over five years	**—**	—	**—**	—
Total capital commitments payable	**191**	1,105	**191**	1,105
Operating leases payable				
One year or less	**2,563**	2,288	**2,522**	2,250
From one to five years	**6,642**	11,831	**6,634**	11,812
Over five years	**5,981**	3,947	**5,981**	3,947
Total operating leases payable	**15,186**	18,066	**15,137**	18,009
Other commitments payable				
One year or less	**117,890**	105,734	**117,890**	105,734
From one to five years	**366,905**	344,789	**366,905**	344,789
Over five years	**323,124**	312,699	**323,124**	312,699
Total other commitments payable	**807,919**	763,222	**807,919**	763,222
NET COMMITMENTS BY MATURITY	**178,471**	214,165	**178,426**	214,113

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

SCHEDULE OF CONTINGENCIES

as at 30 June 2007

		Guarantees		Claims for damages or costs		Indemnities		Total	
(Consolidated)	Notes	2007 $'000	2006 $'000	2007 $'000	2006 $'000	2007 $'000	2006 $'000	2007 $'000	2006 $'000
CONTINGENT ASSETS									
Balance from previous period		—	—	—	—	—	—	—	—
New		—	—	—	—	—	—	—	—
Re-measurement		—	—	—	—	—	—	—	—
Assets crystallised		—	—	—	—	—	—	—	—
Expired		—	—	—	—	—	—	—	—
Total Contingent Assets	(iv)	—	—	—	—	—	—	—	—
CONTINGENT LIABILITIES									
Balance from previous period		—	—	95	423	—	—	95	423
New		—	—	60	95	—	—	60	95
Re-measurement		—	—	—	—	—	—	—	—
Liabilities crystallised		—	—	—	—	—	—	—	—
Obligations expired		—	—	(95)	(423)	—	—	(95)	(423)
Total Contingent Liabilities	(iv)	—	—	60	95	—	—	60	95
NET CONTINGENT LIABILITIES		—	—	60	95	—	—	60	95

(iv) Details of contingent liabilities and assets, including those not disclosed above because they cannot be quantified or are considered remote, are shown in Note 16: Contingent liabilities and assets.

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 2007

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of preparation of the financial report

The Financial Statements and notes 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 Financial Statements have been prepared in accordance with the Finance Minister's Orders (FMOs) for the reporting periods ending on or after 1 July 2006, and Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board (AASB), that apply for the reporting period.

The financial report has been prepared on an accrual basis, and is in accordance with historical cost convention, except for certain assets at fair value (see note 9).

Unless an alternative treatment is specifically required by an Accounting Standard or the FMOs, assets and liabilities are recognised in the Balance Sheet when and only when it is probable that future economic benefits will flow to the Entity 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 unrealised are reported in the Schedule of Commitments and the Schedule of Contingencies (other than unquantifiable contingencies - see note 16).

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

(b) Significant accounting judgements and estimates

The fair value of land and buildings has been taken to be the market value of similar properties as determined by an independent valuer. In some instances, the Corporation's properties are used for specific purposes and may in fact realise more or less in the market.

In 2007, an amount of $3.283m (2006: $4.009m) was estimated as the amount to be returned to the Consolidated Revenue Fund in line with Government policy to fund only the amounts required for the conversion to digital transmission - see note 10(b)(xiv).

No 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 accounting period.

(c) Statement of compliance

The financial report complies with Australian Accounting Standards, which include Australian Equivalents to International Financial Reporting Standards (AEIFRS).

Australian Accounting Standards also require a statement of compliance with International Financial Reporting Standards (IFRSs) to be made where the financial report complies with these standards. Some Australian equivalents to IFRSs and other Australian Accounting Standards contain requirements specific to not-for-profit entities that are inconsistent with IFRS requirements. The Corporation is a not-for-profit entity and has applied these requirements, so while this financial report complies with Australian Accounting Standards including AEIFRSs, it cannot make this statement.

(d) 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.

(e) 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, MST Ltd, the share of profit/(loss) of its associate, PAN TV Ltd, as revenue/(expense) in its Income Statement, and its share of movement.

Equity information is disclosed in note 8(d). MST Ltd's investment in the associated entity, Pan TV Ltd is accounted for in accordance with AASB 128 "Investments in Associates".

(f) Reporting by outcomes

The results by outcome specified in the Appropriation Acts relevant to the Corporation are presented in note 14.

(g) 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, except for amounts returned or payable to the Consolidated Revenue Fund in accordance with Finance Minister's Orders. In 2007, in line with Government policy to fund only amounts required for the conversion to digital transmission, an amount of $3.283m (2006: $4.009m) was recognised as unearned appropriation - see note 10(b)(xiv).

Non-revenue appropriations - Equity Injections and Loans
Amounts appropriated as equity injections are recognised as increases in "Contributed Equity". All equity appropriations have been fully drawn down. Loan appropriations are recognised as increases in borrowings, when the appropriation is drawn down. In 2003, the Corporation was appropriated $24m of loan funding to refinance the balance of an existing loan - see note 11(a).

(h) Resources received free of charge

Services 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 2007 no resources were provided free of charge.

(i) 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 revenues arise from non-core operating activities, except funds received for analogue extensions which are also included in other operating revenue - see note 1(j).

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.

(j) 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. In 2005, the Corporation received a further $4.606 million to extend analogue services to regions with a population of 3,000 to 5,000, and also received $0.125 million under the Commonwealth's Television Black Spots - Alternative Technical Solutions Program. The amounts received, including interest accrued on these amounts, are recognised as revenue when related expenditure is incurred. Refer to notes 5(d), 6(d) and 8(c)(x).

(k) 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 2007. In determining the present value of the liability, attrition rates and pay increases have been taken into account. Amounts for which the Corporation expects to have no unconditional right to defer settlement within twelve months is shown as a current liability.

(ii) Provision for annual leave

Provision is made for the value of benefits accrued as at reporting date and includes the annual leave bonus component payable in accordance with the SBS Award. The amounts expected to be payable within twelve months is shown as a current liability, and measured at their nominal amounts. The nominal amount is calculated having regards to the rates expected to be paid on settlement of the liability. No annual leave benefit has been assessed as payable after twelve months.

(iii) Provision for separation and redundancy

Provision is made for separation and redundancy payments to employees identified at the reporting date, which can be reliably measured. The Corporation has formally identified the terminations and informed those employees affected that it will carry out the terminations. 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 benefits. This assessment is made for all employees on a group basis.

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

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

(l) Superannuation

(i) Employees of the Corporation contribute directly to either (a) the Commonwealth Superannuation Scheme (CSS), (b) the Public Sector Superannuation Scheme (PSS), or (c) from 1 July 2005 new employees may elect to contribute to the Public Sector Superannuation Accumulation Plan (PSSap), by way of fortnightly salary deductions.

(ii) Employees of the Corporation are employed under Section 54 of the *Special Broadcasting Service Act 1991*. In 2007 the Corporation was required to contribute the employer component of the Superannuation Schemes. Employer contribution rates were 21.2% of salary (CSS), 10.3% of salary (PSS), and 15.4% for the Public Sector Superannuation Accumulation Plan (PSSap). This will change to 22.9% for CSS, and remain at 10.3% (PSS) and 15.4% (PSSap) from 1 July 2007.

(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 6(d).

(m) Cash

Cash means notes and coins held and any deposits held at call with a bank or financial institution, and excludes amounts invested on term deposits not immediately required for operational expenditure - see note 1(n)

(n) Financial instruments

The economic entity 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). They are held-to-maturity investments (term deposits) which are measured at amortised cost using the effective interest method - see 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 $2,000;
(ii) they are non-consumable in nature; and
(iii) the estimated useful life is in excess of 12 months.

Revaluations
The Corporation implements revaluations of all property, plant and equipment at fair value (except for computer software - see further below), in accordance with AASB 116 "Property, Plant and Equipment". The revaluations are implemented over successive five year periods, or over a reduced period to ensure that the carrying amounts of assets do not materially differ from 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.

An annual assessment is made each year to ensure that the carrying amount of assets is not materially different from fair valuation as at balance date.

Revaluation adjustments are made on a class basis. All non-current assets are at independent valuation, except for leasehold improvements at Federation Square, Melbourne (leased from November 2002), and computer software.

In accordance with AASB 116, intangibles are carried at cost as no active market exists for the Corporation's intangible assets.

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 2006-07 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	**2006 - 2007**	**Average**	2005 - 2006	Average
Buildings	**40 years**	**40**	40 years	40
Leasehold improvements	**Lease term**	**15**	Lease term	15
Plant and equipment	**3 to 20 years**	**7**	3 to 20 years	7
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).

Impairment of non-current assets
In 2007, after writing off a number of assets identified as obsolete and/or disposed, no indicators of impairment were found for the Corporation's assets (at fair value or at cost) - see note 6(g).

(q) Amortisation

(i) Current assets

Overseas program purchases are amortised on a straight line basis over the shorter of three years or licence period (for movies), or over the shorter period of two years or licence period (for documentaries and other overseas purchased programs).

Locally commissioned programs are valued at cost, and amortised on a straight line basis over the shorter of four years or licence period. Some programs are fully amortised in the current period or over one year.

(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.

The Corporation, under its lease agreement at Federation Square, has an obligation to restore ("makegood") leasehold improvements at the end of the lease term. This obligation is recognised as part of the capitalised cost of the leasehold improvements to be amortised.

Intangible assets (computer software) are amortised on a straight line basis over their estimated useful lives.

(r) Taxation

The Corporation is not subject to income tax. Its controlled entity, MST Ltd, is subject to income tax. No income tax was payable in 2007 (2006: nil) - see note 10(c). The Corporation and its controlled entity, MST Ltd, are subject to fringe benefits tax (FBT) and goods and services tax (GST) - see note 1(s) below.

(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) Foreign currency

The Financial Report is presented in Australian dollars, and transactions denominated in a foreign currency are converted at the effective exchange rate on the date of the transaction. Exchange gains and and losses are reported in the Income Statement.

(u) Receivables

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

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

(v) Loans

Bank loans and loans from the Government are recognised at their principal amounts. Interest is expensed as it accrues.

(w) Finance costs

All finance costs are expensed as incurred. The Corporation, under its lease agreement at Federation Square, has an obligation to restore ("makegood") leasehold improvements at the end of the lease term. This obligation is recognised as a liability for the cost of restoration at the end of the term, and is discounted to its net present value. The increase in the net present value through the passage of time, or "unwinding" of the discounted value", is recognised as a finance cost - see note 6(f)(viii).

(x) 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.

(y) Comparative figures

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

(z) Rounding

The Financial Report is presented with values rounded to the nearest thousand dollars unless otherwise specified.

2. ADOPTION OF NEW AUSTRALIAN ACCOUNTING STANDARDS

The following amendments, revised standards or interpretations have become effective but have had no financial impact or do not apply to the operations of the Corporation.

Amendments:

- 2005-1 Amendments to Australian Accounting Standards [AASBs 1, 101, 124]
- 2005-4 Amendments to Australian Accounting Standards [AASB 139, AASB 132, AASB 1, AASB 1023 and AASB 1038]
- 2005-5 Amendments to Australian Accounting Standards [AASB 1 and AASB 139]
- 2005-6 Amendments to Australian Accounting Standards [AASB 3]
- 2005-9 Amendments to Australian Accounting Standards [AASB 4, AASB 1023, AASB 139 and AASB 132]
- 2006-1 Amendments to Australian Accounting Standards [AASB 121]
- 2006-3 Amendments to Australian Accounting Standards [AASB 1045]

Interpretations:

- UIG 4 Determining whether an Arrangement contains a Lease
- UIG 5 Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds
- UIG 7 Applying the Restatement Approach under AASB 129 Financial Reporting in Hyperinflationary Economies
- UIG 8 Scope of AASB 2
- UIG 9 Reassessment of Embedded Derivatives

Other standards, amendments to standards or interpretations issued as at reporting date, but not yet effective, have also been assessed as having no material financial impact on future reporting periods:

- 2005-10 Amendments to Australian Accounting Standards [AASB 132, AASB 101, AASB 114, AASB 117, AASB 133, AASB 139, AASB 1, AASB 4, AASB 1023 and AASB 1038].
- UIG 10 Interim Financial Reporting and Impairment

AASB 7 Financial Instruments (effective for reporting periods beginning on or after 1 January 2007 - the 2007-08 financial year): AASB 7 requires greater disclosure for financial instruments than that required presently. These changes have no financial impact, but will impact on the disclosure presented in future financial reports.

3. ECONOMIC DEPENDENCY

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

4. EVENTS AFTER BALANCE DATE

In 2007, SBS announced its intention to outsource services for elements of its broadcast system, including digital media management and playout of its channels. The financial impact of this decision has not been brought to account in the 2007 Financial Report, as financial arrangements had not been finalised as at balance date.

5. INCOME

	Notes	Consolidated 2007 $'000	Consolidated 2006 $'000	Corporation 2007 $'000	Corporation 2006 $'000
5(a) REVENUE FROM GOVERNMENT					
Appropriation:					
Departmental outputs	17	**177,526**	176,472	**177,526**	176,472
Total revenue from Government		**177,526**	176,472	**177,526**	176,472
Reconciliation of appropriation reported in the Income Statement to cash payments made from Consolidated Revenue Fund (CRF)					
Appropriation Acts 1 and 3		**180,809**	180,481	**180,809**	180,481
Less: Unearned appropriation revenue (Provision for return of appropriation to CRF)	10(b)(xiv)	**(3,283)**	(4,009)	**(3,283)**	(4,009)
TOTAL REVENUE FROM GOVERNMENT		**177,526**	176,472	**177,526**	176,472
5(b) SALE OF GOODS AND RENDERING OF SERVICES					
Goods - sale of programs and merchandise		**2,837**	2,458	**2,837**	2,458
Services		**47,612**	51,767	**47,612**	51,767
Total sales of goods and services		**50,449**	54,225	**50,449**	54,225
Rendering of services:					
Advertising and sponsorship		**41,742**	46,523	**41,742**	46,523
Production services		**5,347**	4,557	**5,347**	4,557
Controlled company	(v)	**—**	—	**300**	480
Associated company		**523**	687	**223**	207
Total rendering of services		**47,612**	51,767	**47,612**	51,767
Provision of goods to:					
Related entities		**356**	747	**356**	747
External entities		**2,481**	1,711	**2,481**	1,711
Total sales of goods		**2,837**	2,458	**2,837**	2,458
Rendering of services to:					
Related entities		**960**	1,972	**960**	1,972
External entities		**46,652**	49,795	**46,652**	49,795
Total rendering of services		**47,612**	51,767	**47,612**	51,767
TOTAL SALES OF GOODS & SERVICES		**50,449**	54,225	**50,449**	54,225

(v) In 2007 $0.300m (2006: $0.480m) was paid to the Corporation by its controlled entity MST Ltd for management fees relating to PAN TV Ltd - see note 8(d) (xii).

5. INCOME (Continued)

	Notes	Consolidated 2007 $'000	Consolidated 2006 $'000	Corporation 2007 $'000	Corporation 2006 $'000
5(c) INTEREST					
Deposits		**2,838**	1,932	**2,830**	1,927
TOTAL INTEREST		**2,838**	1,932	**2,830**	1,927
5(d) OTHER REVENUES					
Revenue from TV Fund (analogue extensions) and Television Black Spots - Alternative Technical Solutions Program	1(j)	**6,461**	6,475	**6,461**	6,475
Miscellaneous revenue		**367**	554	**367**	554
TOTAL OTHER REVENUES		**6,828**	7,029	**6,828**	7,029
5(e) REVERSALS OF PREVIOUS ASSET WRITE-DOWNS					
Financial assets					
Receivables					
Goods and services - adjustment to allowance for doubtful debts		**11**	16	**11**	16
TOTAL REVERSALS OF PREVIOUS ASSET WRITE-DOWNS		**11**	16	**11**	16

6. OPERATING EXPENSES

	Consolidated 2007	Consolidated 2006	Corporation 2007	Corporation 2006
6(a) EMPLOYEE BENEFITS AND AVERAGE STAFFING LEVEL				
Average staffing level				
The average staffing levels for the consolidated entity and the Corporation during the year were	**768**	795	**768**	795

6. OPERATING EXPENSES (Continued)

	Notes	Consolidated 2007 $'000	Consolidated 2006 $'000	Corporation 2007 $'000	Corporation 2006 $'000
6(a) EMPLOYEE BENEFITS AND AVERAGE STAFFING LEVEL (Continued)					
Employee Benefits					
Wages and salaries		**51,120**	50,210	**51,120**	50,210
Superannuation	1(l)	**6,981**	7,322	**6,981**	7,322
Leave and other entitlements	1(k)	**7,734**	7,404	**7,734**	7,404
TOTAL BASIC REMUNERATION FOR SERVICES PROVIDED		**65,835**	64,936	**65,835**	64,936
Other Employee Benefits					
Separations and redundancies		**1,723**	2,390	**1,723**	2,390
TOTAL EMPLOYEE BENEFITS		**67,558**	67,326	**67,558**	67,326

6(b) EXECUTIVE REMUNERATION

"Senior executives" are persons engaged by the economic entity who are concerned in, or take part in, the management of the Corporation or economic entity, other than as a director.

Remuneration of senior executives (detailed below) relates to members of the Executive, whose remuneration for the financial year is $130,000 or more. The remuneration of those senior executives who have occupied the position of Managing Director or a director of the economic entity during 2006-07 are not included. Details in relation to those directors are included in note 6(c).

	Consolidated 2007	Consolidated 2006	Corporation 2007	Corporation 2006
Senior executives				
Total remuneration in respect of senior executives	**$1,655,683**	$367,345	**$1,655,683**	$367,345

	Economic entity 2007 Number	Economic entity 2006 Number	Corporation 2007 Number	Corporation 2006 Number
The number of senior executives whose total remuneration was between:				
$145,000 - $159,999	**1**	1	**1**	1
$205,000 - $219,999	**—**	1	**—**	1
$250,000 - $264,999	**1**	—	**1**	—
$265,000 - $279,999	**1**	—	**1**	—
$280,000 - $294,999	**1**	—	**1**	—
$325,000 - $339,999	**1**	—	**1**	—
$340,000 - $354,999	**1**	—	**1**	—

6. OPERATING EXPENSES (Continued)

6(c) REMUNERATION OF DIRECTORS AND RELATED PARTY DISCLOSURES

Directors

Remuneration of directors includes the remuneration of senior executives who are also directors of the Corporation or the economic entity.

	Consolidated		Corporation	
	2007	2006	**2007**	2006
Total remuneration in respect of directors:	**$1,674,710**	$1,477,025	**$707,571**	$861,637
Superannuation included in the above remuneration:	**$143,723**	$182,090	**$55,568**	$78,030

The directors of the Corporation's controlled entity MST Ltd (see note 8(d)) are appointed from directors and officers of the Corporation. The remuneration paid by the Corporation to those directors in 2006-07, during the period that they were directors of MST Ltd, is **$1,433,279** ($983,527 in 2005-06), including superannuation, performance pays, termination benefits, and leave accrued. They received no additional remuneration for their duties in relation to the controlled entity.

	Economic entity		Corporation	
	2007 Number	2006 Number	**2007 Number**	2006 Number
The number of directors whose total remuneration was between:				
Nil - $14, 999	**—**	2	**—**	2
$15,000 - $29,999	**6**	5	**6**	5
$30,000 - $44,999	**1**	1	**1**	1
$45,000 - $59,999	**1**	1	**1**	1
$270,000 - $284,999	**1**	—	**—**	—
$300,000 - $314,999	**1**	2	**—**	—
$315,000 - $329,999	**—**	1	**—**	1
$345,00 - $359,999	**—**	1	**—**	1
$375,000 - $389,999	**1**	—	**—**	—
$465,000 - $479,999	**1**	—	**1**	—

The following persons held positions as directors of the Corporation during 2006-07:

Carla Zampatti (Chairman)
Gerald Stone (Deputy Chairman)
Shaun Brown (Managing Director)
Patricia Azarias
Jillian Broadbent
Peter Carroll
Robert Cronin
Edward Gregory
Christopher Pearson

The following persons held positions as directors of the Corporation's controlled entity, MST Ltd, during 2006-07:

Carla Zampatti (Chairman)
Shaun Brown (Managing Director) - began 17 August 2006
Tuong Quang Luu - ceased 5 August 2006
Bruce Meagher - began 17 August 2006
Jonathan Torpy

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 favourable than those available to other parties.

6. OPERATING EXPENSES (Continued)

		Notes	Consolidated 2007 $'000	Consolidated 2006 $'000	Corporation 2007 $'000	Corporation 2006 $'000
6(d)	**SUPPLIERS**					
	Goods					
	Amortisation of overseas program acquisitions	1(q)	**11,710**	8,119	**11,710**	8,119
	Amortisation of commissioned programs	1(q)	**12,790**	11,904	**12,790**	11,904
	Other program purchases		**9,711**	17,648	**9,711**	17,648
	Materials and minor items		**3,227**	3,246	**3,227**	3,246
	Office supplies		**1,766**	1,355	**1,766**	1,355
	Sub-total goods		**39,204**	42,272	**39,204**	42,272
	Services					
	Broadcasting facilities		**69,651**	65,502	**69,651**	65,502
	Administrative expenses		**31,260**	30,343	**31,258**	30,341
	Operating lease rentals	(vii)	**2,192**	2,228	**2,192**	2,228
	Workers' compensation premiums		**636**	691	**636**	691
	Analogue extensions	1(j)	**6,461**	6,474	**6,461**	6,474
	Contract staff	1(l)	**11,339**	11,223	**11,339**	11,223
	Production services		**2,643**	3,381	**2,643**	3,381
	Audit fees	(vi)	**91**	84	**86**	80
	Sub-total services		**124,273**	119,926	**124,266**	119,920
	TOTAL SUPPLIER EXPENSES		**163,477**	162,198	**163,470**	162,192
	Provision of goods - related entities		**—**	—	**—**	—
	Provision of goods - external entities		**39,204**	42,272	**39,204**	42,272
	Rendering of services - related entities		**4,106**	4,074	**4,101**	4,070
	Rendering of services - external entities		**117,339**	112,933	**117,337**	112,931
	Sub-total supplier expenses		**160,649**	159,279	**160,642**	159,273
	Operating lease rentals	(vii)	**2,192**	2,228	**2,192**	2,228
	Workers' compensation premiums		**636**	691	**636**	691
	TOTAL SUPPLIER EXPENSES		**163,477**	162,198	**163,470**	162,192

(vi) 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 **$90,500** (2006: $83,700). No other services were provided during the reporting period.

(vii) Operating lease rentals comprise minimum lease payments only.

6. OPERATING EXPENSES (Continued)

	Notes	Consolidated 2007 $'000	Consolidated 2006 $'000	Corporation 2007 $'000	Corporation 2006 $'000
6(e) DEPRECIATION AND AMORTISATION					
Depreciation					
Infrastructure, plant and equipment		**5,543**	7,784	**5,543**	7,784
Buildings		**1,796**	1,787	**1,796**	1,787
Total depreciation		**7,339**	9,571	**7,339**	9,571
Amortisation					
Intangibles - computer software		**610**	521	**610**	521
TOTAL DEPRECIATION & AMORTISATION		**7,949**	10,092	**7,949**	10,092
The aggregate amounts of depreciation and amortisation expensed for each class of depreciable asset are as follows:					
Buildings on Freehold Land		**1,261**	1,252	**1,261**	1,252
Leasehold Improvements		**535**	535	**535**	535
Plant and Equipment		**5,543**	7,784	**5,543**	7,784
Intangibles - computer software		**610**	521	**610**	521
TOTAL DEPRECIATION & AMORTISATION		**7,949**	10,092	**7,949**	10,092
6(f) FINANCE COSTS					
Commonwealth loan		**944**	1,078	**944**	1,078
Unwinding of discount	(viii)	**120**	113	**120**	113
TOTAL FINANCE COSTS EXPENSE		**1,064**	1,191	**1,064**	1,191
6(g) WRITE-DOWN AND IMPAIRMENT OF ASSETS					
Financial assets					
Receivables					
Goods and services - bad debts written off		**6**	16	**6**	16
Sub-total write-down of financial assets		**6**	16	**6**	16
Non-financial assets					
Plant and equipment - write-offs	1(p)	**317**	126	**317**	126
Sub-total write-down of assets		**317**	126	**317**	126
TOTAL WRITE-DOWN OF ASSETS		**323**	142	**323**	142

(viii) The "unwinding of discount" relates to the increase in provision for restoration costs ("makegood" leasehold improvements at Federation Square, at the end of the lease term) as the discounted net present value increases, through the passage of time.

7. NET LOSSES FROM SALE OF ASSETS

	Notes	Consolidated 2007 $'000	Consolidated 2006 $'000	Corporation 2007 $'000	Corporation 2006 $'000
Plant and equipment					
Proceeds from disposal		**(10)**	(8)	**(10)**	(8)
Net book value of assets disposed		**10**	8	**10**	8
TOTAL NET LOSS FROM SALE OF ASSETS		**—**	—	**—**	—

8. FINANCIAL ASSETS

8(a) CASH AND CASH EQUIVALENTS

	Notes	Consolidated 2007 $'000	Consolidated 2006 $'000	Corporation 2007 $'000	Corporation 2006 $'000
Cash on hand or on deposit		**2,509**	3,755	**2,488**	3,730
TOTAL CASH AND CASH EQUIVALENTS		**2,509**	3,755	**2,488**	3,730

8(b) TRADE AND OTHER RECEIVABLES

	Notes	Consolidated 2007 $'000	Consolidated 2006 $'000	Corporation 2007 $'000	Corporation 2006 $'000
Goods and services - controlled entity	8(d)(xii)	**—**	—	**1,530**	1,728
Goods and services - associated company		**513**	673	**183**	145
Other goods and services	(ix)	**11,496**	15,793	**11,496**	15,793
Less allowance for doubtful debts		**(10)**	(21)	**(10)**	(21)
Total goods and services receivables		**11,999**	16,445	**13,199**	17,645
Interest receivable		**77**	92	**77**	92
GST receivable from the Australian Taxation Office		**2,657**	1,992	**2,657**	1,991
TOTAL RECEIVABLES (NET)		**14,733**	18,529	**15,933**	19,728
Receivables are represented by:					
Current		**14,733**	18,529	**14,733**	18,528
Non-current		**—**	—	**1,200**	1,200
TOTAL TRADE AND RECEIVABLES (NET)		**14,733**	18,529	**15,933**	19,728
TOTAL RECEIVABLES (NET)		**14,733**	18,529	**15,933**	19,728
Receivables are aged as follows:					
Current (not overdue)		**12,982**	16,517	**14,182**	17,716
Overdue by:					
- less than 30 days		**831**	1,148	**831**	1,148
- 30 to 60 days		**331**	609	**331**	609
- 61 to 90 days		**393**	186	**393**	186
- more than 90 days		**206**	90	**206**	90
		1,761	2,033	**1,761**	2,033
Total receivables (gross)		**14,743**	18,550	**15,943**	19,749
The allowance for doubtful debts is aged as follows:					
Overdue by:					
- more than 90 days		**10**	21	**10**	21
Total allowance for doubtful debts		**10**	21	**10**	21

(ix) The majority of goods and services receivables relate to advertising agencies.

8. FINANCIAL ASSETS (Continued)

	Notes	Consolidated 2007 $'000	Consolidated 2006 $'000	Corporation 2007 $'000	Corporation 2006 $'000
8(c) INVESTMENTS					
Term deposits - by Corporation	(x)	**60,284**	64,460	**60,284**	64,460
Term deposits - by controlled entity		**87**	82	**—**	—
TOTAL INVESTMENTS		**60,371**	64,542	**60,284**	64,460
Investments are represented by:					
Current		**21,500**	10,500	**21,500**	10,500
Non-current		**38,871**	54,042	**38,784**	53,960
TOTAL INVESTMENTS		**60,371**	64,542	**60,284**	64,460

(x) The economic entity has a series of investments with banks and other financial institutions. The Corporation's investments are made under s18 of the *Commonwealth Authorities and Companies Act 1997 (CAC Act)*. Its controlled entity, MST Ltd, is incorporated under the Corporations Law and not subject to s18 of the CAC Act.

In 1999-2000, the Corporation received revenue from the TV Fund to provide analogue extensions to regional Australia over the next 12 years. In 2005 the Corporation received $4.606m to extend analogue services to regions with a population of 3,000 to 5,000, and $0.125 million under the Commonwealth's Television Black Spots - Alternative Technical Solutions Program. The amounts received, including interests accrued on these amounts, have been invested in non-government securities. Refer also to note 1(j).

8(d) OTHER INVESTMENTS

(xi) **Investment in controlled entity**
The Corporation subscribed for 5 shares ($1 each) in 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.
No dividend was distributed in 2007 (2006: nil).

Name of Entity	Country of Incorporation	Interest of Corporation 2007	Interest of Corporation 2006	Contributions to consolidated surplus 2007 $'000	Contributions to consolidated surplus 2006 $'000
Parent Entity					
SBS Corporation	Australia			**138**	818
Directly controlled by SBS Corporation					
MST Ltd	Australia	**100%**	100%	**455**	64
				593	882

8. FINANCIAL ASSETS (Continued)

(xii) Investment in associated company and equity information

Name of Entity	Principal Activity	Ownership Interest 2007	Ownership Interest 2006	Balance Date 2007	Balance Date 2006
PAN TV Ltd	Production and delivery of media services	**40%**	40%	**30 June 2007**	30 June 2006

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 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 was initially shown as a receivable by the Corporation from its controlled entity, MST Ltd, and has been reduced to $1.2m as at 30 June 2007. The amount receivable is eliminated on consolidation.

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

The equity accounted value of this investment as at 30 June 2007 was $3.539m (2006: $3.085m) having regard to the performance of PAN TV Ltd in 2007. A revaluation of this investment was undertaken in 2003 by Deloitte Touche Tohmatsu, the revaluation amount being more than its current carrying value of $3.539m. As there are no indications of impairment to this investment, the carrying value has been maintained at $3.539m.

	2007 $'000	2006 $'000
Cost		
Carrying amount of investment in associated company (at cost)	**3,667**	3,667
	3,667	3,667
Equity		
Carrying amount of investment in associated company (at cost)	**3,667**	3,667
Less share of retained losses	**(128)**	(582)
Equity-accounted amount of investment	**3,539**	3,085
Share of associate's operating profit before income tax	**621**	136
Share of income tax expense attributable to operating profit	**(167)**	(71)
Share of operating profit after income tax	**454**	65
Accumulated results attributable to associate		
1 July	**(582)**	(647)
30 June	**(128)**	(582)
Movement in the equity accounted investment in associated company		
Investment in associated company 1 July	**3,085**	3,020
Share of operating profit/(loss) after income tax	**454**	65
Investment in associated company 30 June	**3,539**	3,085
Share of commitments		
Share of operating lease commitments	**45**	52

9. NON-FINANCIAL ASSETS

	Notes	Consolidated 2007 $'000	Consolidated 2006 $'000	Corporation 2007 $'000	Corporation 2006 $'000
9(a) LAND AND BUILDINGS					
Freehold land - at fair value	1(p)				
Freehold land (at 2007 independent valuation)	(xiii)	**21,250**	19,250	**21,250**	19,250
Total freehold land		**21,250**	19,250	**21,250**	19,250
Buildings on freehold land - at fair value					
Buildings (at 2007 independent valuation)	(xiii)	**39,900**	49,655	**39,900**	49,655
Buildings (at fair value)		**—**	510	**—**	510
Less accumulated depreciation		**—**	(16,148)	**—**	(16,148)
Total buildings on freehold land		**39,900**	34,017	**39,900**	34,017
Leasehold improvements - at fair value	(xiii)				
Leasehold improvements (at fair value)		**7,856**	7,856	**7,856**	7,856
Less accumulated amortisation		**(2,253)**	(1,718)	**(2,253)**	(1,718)
Total leasehold improvements		**5,603**	6,138	**5,603**	6,138
TOTAL LAND AND BUILDINGS (NON-CURRENT)		**66,753**	59,405	**66,753**	59,405
9(b) PLANT AND EQUIPMENT					
Plant and equipment (at 2004 independent valuation)		**69,029**	69,697	**69,029**	69,697
Plant and equipment (at fair value)		**2,171**	2,171	**2,171**	2,171
Less accumulated depreciation		**(59,545)**	(56,554)	**(59,545)**	(56,554)
TOTAL PLANT AND EQUIPMENT (NON-CURRENT)		**11,655**	15,314	**11,655**	15,314
9(c) INTANGIBLE ASSETS					
Computer software (at cost)	(xiii)	**6,828**	4,782	**6,828**	4,782
Less accumulated amortisation		**(2,945)**	(2,403)	**(2,945)**	(2,403)
TOTAL INTANGIBLE ASSETS (NON-CURRENT)		**3,883**	2,379	**3,883**	2,379
TOTAL NON-FINANCIAL ASSETS (NON-CURRENT)		**82,291**	77,098	**82,291**	77,098

(xiii) Intangibles relate to computer software purchased.

In 2007, independent valuers conducted revaluations of all land and buildings (except leasehold improvements) - as at 30 June 2007. Revaluation increments of $2m (land) and $6.992m (buildings) were credited to the asset revaluation reserve and included in the equity section (asset revaluation reserve) of the Balance Sheet.

All non-current assets are at independent valuation except for leasehold improvements and computer software.

In accordance with AASB 116 "Property, Plant and Equipment", intangibles are carried at cost as no active market exists for the Corporation's intangible assets.

The revaluations have been implemented as follows:

- Freehold land was revalued as at 30 June 2007;
- Buildings on freehold land were revalued as at 30 June 2007; and
- Plant and equipment were revalued as at 30 June 2004.

The revaluation for plant and equipment was made at fair value by an independent valuer Simon B O'Leary, AAPI, MSAA (Australian Valuation Office).

The revaluations for land and building were completed by independent valuers at fair value:

- G. Nelson, AAPI and A. Saveski, TAAPI, Registered Valuers, Australian Valuation Office - Artarmon, NSW (land and building)
- S. Boyd, AAPI, Certified Practising Valuer, Fitzroys Pty Ltd - Craigieburn, Victoria (land).

An annual assessment is also made each year to ensure that the carrying amount of assets is not materially different from fair valuation as at balance date. In 2007, there were no indicators of impairment for non-financial assets.

9. NON-FINANCIAL ASSETS (Continued)

9(d) ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT, AND INTANGIBLES (CONSOLIDATED)

Reconciliation of the opening and closing balances of property, plant and equipment (2006-07)

	Land $'000	Buildings $'000	Total Land & Buildings $'000	Plant & Equipment $'000	Intangibles see (xiii) $'000	Total $'000
As at 1 July 2006						
Gross Book Value	19,250	58,021	77,271	71,868	4,782	153,921
Accumulated depreciation/amortisation	—	(17,866)	(17,866)	(56,554)	(2,403)	(76,823)
Opening net book value	19,250	40,155	59,405	15,314	2,379	77,098
Additions - by purchase	—	152	152	2,184	2,141	4,477
Revaluations through equity	2,000	6,992	8,992	—	—	8,992
Depreciation/amortisation expense	—	(1,796)	(1,796)	(5,543)	(610)	(7,949)
Disposals						
From disposal of operations	—	—	—	—	—	—
Other disposals	—	—	—	(300)	(27)	(327)
As at 30 June 2007						
Gross Book Value	**21,250**	**47,756**	**69,006**	**71,200**	**6,828**	**147,034**
Accumulated depreciation/amortisation	**—**	**(2,253)**	**(2,253)**	**(59,545)**	**(2,945)**	**(64,743)**
CLOSING NET BOOK VALUE	**21,250**	**45,503**	**66,753**	**11,655**	**3,883**	**82,291**

Reconciliation of the opening and closing balances of property, plant and equipment (2005-06)

	Land $'000	Buildings $'000	Total Land & Buildings $'000	Plant & Equipment $'000	Intangibles see (xiii) $'000	Total $'000
As at 1 July 2005						
Gross Book Value	19,250	57,549	76,799	70,872	4,192	151,863
Accumulated depreciation/amortisation	—	(16,079)	(16,079)	(50,421)	(2,103)	(68,603)
Opening net book value	19,250	41,470	60,720	20,451	2,089	83,260
Additions - by purchase	—	472	472	2,782	811	4,065
Revaluations through equity	—	—	—	—	—	—
Depreciation/amortisation expense	—	(1,787)	(1,787)	(7,784)	(521)	(10,092)
Disposals						
From disposal of operations	—	—	—	—	—	—
Other disposals	—	—	—	(135)	—	(135)
As at 30 June 2006						
Gross Book Value	**19,250**	**58,021**	**77,271**	**71,868**	**4,782**	**153,921**
Accumulated depreciation/amortisation	**—**	**(17,866)**	**(17,866)**	**(56,554)**	**(2,403)**	**(76,823)**
CLOSING NET BOOK VALUE	**19,250**	**40,155**	**59,405**	**15,314**	**2,379**	**77,098**

9. NON-FINANCIAL ASSETS (Continued)

		Notes	Consolidated 2007 $'000	Consolidated 2006 $'000	Corporation 2007 $'000	Corporation 2006 $'000
9(e)	**INVENTORIES**					
	All inventories are current assets					
	Inventories held for distribution					
	Purchased program stocks - at cost		**33,917**	21,593	**33,917**	21,593
	Less accumulated amortisation	1(q), 6(d)	**(23,790)**	(9,572)	**(23,790)**	(9,572)
			10,127	12,021	**10,127**	12,021
	Commissioned programs (completed) - at cost		**49,605**	39,155	**49,605**	39,155
	Less accumulated amortisation	1(q), 6(d)	**(21,161)**	(15,322)	**(21,161)**	(15,322)
			28,444	23,833	**28,444**	23,833
	Commissioned programs - in progress		**16,554**	7,362	**16,554**	7,362
	Total inventories held for distribution		**55,125**	43,216	**55,125**	43,216
	TOTAL INVENTORIES		**55,125**	43,216	**55,125**	43,216
9(f)	**OTHER NON-FINANCIAL ASSETS**					
	Prepayments		**15,903**	16,409	**15,903**	16,409
	Deferred interest rate hedge		**137**	165	**137**	165
	TOTAL OTHER NON-FINANCIAL ASSETS		**16,040**	16,574	**16,040**	16,574
	Other non-financial assets are represented by:					
	Current		**14,778**	15,175	**14,778**	15,175
	Non-current		**1,262**	1,399	**1,262**	1,399
	TOTAL OTHER NON-FINANCIAL ASSETS		**16,040**	16,574	**16,040**	16,574

10. PAYABLES

	Notes	Consolidated 2007 $'000	Consolidated 2006 $'000	Corporation 2007 $'000	Corporation 2006 $'000
10(a) SUPPLIERS					
Trade creditors		**17,670**	14,692	**17,666**	14,688
TOTAL SUPPLIERS PAYABLES		**17,670**	14,692	**17,666**	14,688
10(b) OTHER PAYABLES					
Prepayments received		**1,438**	3,005	**1,438**	3,005
Unearned appropriation	(xiv)	**3,283**	4,009	**3,283**	4,009
Other deferred revenue	(xv)	**36,718**	40,795	**36,718**	40,795
TOTAL OTHER PAYABLES		**41,439**	47,809	**41,439**	47,809
Total payables are represented by:					
Current		**11,190**	13,514	**11,190**	13,514
Non-current		**30,249**	34,295	**30,249**	34,295
TOTAL OTHER PAYABLES		**41,439**	47,809	**41,439**	47,809
10(c) CURRENT TAX PAYABLE	1(r)				
Accounting profit of controlled company		**455**	64	**—**	—
Tax expense at the applicable rate of 30%		**(136)**	(19)	**—**	—
Tax effect of revenues not subject to income tax					
Share of net profits of associate accounted for using equity method		**136**	19	**—**	—
TOTAL INCOME TAX EXPENSE		**—**	—	**—**	—
TOTAL CURRENT TAX PAYABLE		**—**	—	**—**	—

(xiv) The unspent portion of appropriation received in 2007 to fund the Corporation's conversion to digital transmission is $3.283m (2006: $4.009m). In line with Government policy (to fund only the amounts required for the conversion to digital), the unrequired funds have been provided for - to return to the CRF.

(xv) In 1999-2000, the Corporation received revenue from the TV Fund to provide analogue extensions to regional Australia over the next 12 years. In 2005 the Corporation received an additional $4.606m to extend analogue services to regions with a population of 3,000 to 5,000, and also received $0.125m under the Commonwealth's Television Black Spots - Alternative Technical Solutions Program. The amounts received, including interest, are recognised as revenue when related expenditure is incurred. Refer to notes 1(j), 5(d), and 8(c)(x).

11. INTEREST BEARING LIABILITIES

	Notes	Consolidated 2007 $'000	Consolidated 2006 $'000	Corporation 2007 $'000	Corporation 2006 $'000
11(a) LOANS					
Loans from Government	(xvi)	**13,779**	16,074	**13,779**	16,074
TOTAL LOAN LIABILITY		**13,779**	16,074	**13,779**	16,074
Maturity schedule for loans payable:					
Within one year:		**2,437**	2,295	**2,437**	2,294
In one to five years:		**11,342**	10,685	**11,342**	10,685
In more than five years:		**—**	3,094	**—**	3,094
TOTAL LOAN LIABILITY		**13,779**	16,074	**13,779**	16,074

12. PROVISIONS

	Notes	Consolidated 2007 $'000	Consolidated 2006 $'000	Corporation 2007 $'000	Corporation 2006 $'000
12(a) EMPLOYEE PROVISIONS					
Salaries and wages		**436**	448	**436**	448
Leave		**14,709**	14,668	**14,709**	14,668
Superannuation		**92**	58	**92**	58
Separations and redundancies	(xvii)	**950**	1,697	**950**	1,697
TOTAL EMPLOYEE PROVISIONS		**16,187**	16,871	**16,187**	16,871
Employee provisions are represented by:					
Current		**14,533**	14,854	**14,533**	14,854
Non-current		**1,654**	2,017	**1,654**	2,017
TOTAL EMPLOYEE PROVISIONS		**16,187**	16,871	**16,187**	16,871
12(b) OTHER PROVISIONS					
Provision for "makegood"	(xviii)	**2,182**	2,062	**2,182**	2,062
TOTAL OTHER PROVISIONS		**2,182**	2,062	**2,182**	2,062

(xvi) The Corporation received a loan from Government on 2 July 2002 to refinance the balance of the Corporation's private sector loan for the construction and enhancement of the premises at Artarmon - see note 15(b)(xix).

(xvii) Provision is made for separation and redundancy payments to employees identified at the reporting date, which can be reliably measured - see 1(k)(iii).

(xviii) The Corporation, under its lease agreement at Federation Square, has an obligation to restore ("makegood") leasehold improvements at the end of the lease term. The increase in provision in 2007 relates to the "unwinding" of its discounted value through the passage of time - see note 6(f)(viii).

13. CASH FLOW RECONCILIATION

	Consolidated		Corporation	
	2007 $'000	2006 $'000	**2007 $'000**	2006 $'000
RECONCILIATION OF CASH AND CASH EQUIVALENTS AS PER BALANCE SHEET TO CASH FLOW STATEMENT				
Report cash and cash equivalents as per:				
Cash Flow Statement	**2,509**	3,755	**2,488**	3,730
Balance Sheet	**2,509**	3,755	**2,488**	3,730
Difference	**—**	—	**—**	—
RECONCILIATION OF OPERATIONG RESULT TO NET CASH FROM OPERATING ACTIVITIES				
Operating Result	**593**	882	**138**	818
Non-cash Items				
Depreciation and amortisation of property, plant & equipment	**7,949**	10,092	**7,949**	10,092
Write-off of assets	**317**	126	**317**	126
Increase / (decrease) in allowance for doubtful debts	**(11)**	(16)	**(11)**	(16)
Increase in interest capitalised (investments)	**2,393**	2,511	**2,398**	2,511
(Increase) in revenue prepaid for analogue extensions	**(6,391)**	(6,940)	**(6,391)**	(6,940)
(Gain) / loss on investment in associated company	**(454)**	(65)	**—**	—
Changes in assets and liabilities				
Decrease / (increase) in receivables	**3,807**	(7,670)	**3,806**	(7,669)
Decrease / (increase) in inventories	**(11,909)**	(7,997)	**(11,909)**	(7,997)
Decrease / (increase) in prepayments paid	**534**	(3,107)	**534**	(3,107)
Increase / (decrease) in employee provisions	**(684)**	2,284	**(684)**	2,284
Increase / (decrease) in other provisions ("makegood")	**120**	113	**120**	113
Increase / (decrease) in supplier payables	**2,977**	4,249	**2,978**	4,250
Increase / (decrease) in provision for return of appropriation	**(726)**	2,049	**(726)**	2,049
Increase in prepayments for analogue extensions	**—**	125	**—**	125
Increase in other prepayments received	**(1,567)**	1,196	**(1,567)**	1,196
NET CASH USED BY OPERATING ACTIVITIES	**(3,052)**	(2,168)	**(3,048)**	(2,165)

14. REPORTING OF OUTCOMES

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.

NET COST OF OUTCOME DELIVERY

	Outcome 1	
	2007 $'000	2006 $'000
Expenses		
Administered expenses	**—**	—
Departmental expenses	**240,387**	240,965
Total expenses	**240,387**	240,965
Costs recovered from provisions of goods and services to the non-government sector		
Administered Departmental	**—**	—
Departmental	**—**	—
Total costs recovered	**—**	—
Other External Revenues		
Departmental		
Sale of goods and services - to external parties	**49,133**	51,506
Sale of goods and services - to related parties	**1,316**	2,719
Interest	**2,838**	1,932
Reversals of previous asset write-downs	**11**	16
Other revenues - from external parties	**9,702**	9,137
Other revenues - from related parties	**454**	65
Total other external revenues	**63,454**	65,375
NET COST / (CONTRIBUTION) OF OUTCOME	**176,933**	175,590

The net costs shown include intra-government costs that would be eliminated in calculating the overall Budget Outcome.

14. REPORTING OF OUTCOMES (Continued)

Major Classes of Departmental Revenues and Expenses by Output Groups and Outputs

Output 1: Television
Output 2: Radio
Output 3: Analogue Transmission and Distribution
Output 4: Digital Transmission and Distribution

	Output 1		Output 2		Output 3		Output 4		Total	
	2007 $'000	2006 $'000	**2007 $'000**	2006 $'000	**2007 $'000**	2006 $'000	**2007 $'000**	2006 $'000	**2007 $'000**	2006 $'000
Operating Expenses										
Employees	**43,575**	43,118	**23,463**	23,749	**208**	184	**312**	275	**67,558**	67,326
Suppliers	**81,921**	84,746	**7,952**	7,498	**23,906**	23,573	**49,698**	46,381	**163,477**	162,198
Depreciation and amortisation	**6,471**	8,227	**1,478**	1,865	**—**	—	**—**	—	**7,949**	10,092
Finance costs	**766**	858	**298**	333	**—**	—	**—**	—	**1,064**	1,191
Write-down of assets	**291**	132	**32**	10	**—**	—	**—**	—	**323**	142
Other	**16**	9	**—**	7	**—**	—	**—**	—	**16**	16
TOTAL OPERATING EXPENSES	**133,040**	137,090	**33,223**	33,462	**24,114**	23,757	**50,010**	46,656	**240,387**	240,965
Funded by:										
Revenues from Government	**86,375**	83,385	**22,960**	29,298	**17,240**	17,546	**50,951**	46,243	**177,526**	176,472
Sales of goods and services	**48,009**	51,769	**2,440**	2,456	**—**	—	**—**	—	**50,449**	54,225
Interest	**2,242**	1,430	**596**	502	**—**	—	**—**	—	**2,838**	1,932
Other	**3,483**	2,721	**223**	23	**6,461**	6,474	**—**	—	**10,167**	9,218
TOTAL OPERATING INCOME	**140,109**	139,305	**26,219**	32,279	**23,701**	24,020	**50,951**	46,243	**240,980**	241,847

All direct costs are charged to the outputs (Television, Radio, Analogue and Digital). Indirect and shared costs are attributed or apportioned to Television and Radio (Outputs 1 and 2) on the basis of staff numbers or usage (e.g. office space used).

15. FINANCIAL INSTRUMENTS (Consolidated)

15(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 and services	8(b)	The receivables are recognised at the nominal amounts less any allowance for doubtful debts. An allowance for doubtful debts, based on a review of all outstanding amounts, is raised 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.
Investments - Term deposits	8(c), 8(d)	The economic entity 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 future years).	The investments are held-to-maturity term deposits for periods up to 12 years. The weighted average effective interest rate of these investments is 6.0% (2006: 5.9%).
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.	
Loan from Government	11(a) 15(b)(xix)	Loans from Government are recognised at their principal amounts. Interest is expensed as it accrues.	SBS established a loan facility with the private sector in 1992 for the purpose of funding its specialised broadcasting premises at Artarmon. The facility expired in 2002, and was refinanced through an unsecured loan from Government at the prevailing 10 year Government bond rate (6.02%) - refer to note 15(b)(xix).
Suppliers (Trade Creditors)	10(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 2007. 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 (AASB 139) on Financial Instruments: Recognition and Measurement. Equity information in respect of the economic entity's associated company is disclosed in note 8(d).

Financial Instrument	Notes	Floating Interest Rate		Fixed Interest Rate Maturing In						Non-Interest Bearing		Total		Weighted Average Effective Rate	
				1 year or less		1 to 5 years		>5 years							
		2007 $'000	2006 $'000	2007 $'000	2006 $'000	2007 $'000	2006 $'000	2007 $'000	2006 $'000	2007 $'000	2006 $'000	2007 $'000	2006 $'000	2007 %	2006 %
Financial Assets															
Cash	8(a)	2,509	3,755	—	—	—	—	—	—	—	—	2,509	3,755	5.2%	4.9%
Receivables for goods and services	8(b)	—	—	—	—	—	—	—	—	14,733	18,529	14,733	18,529	n/a	n/a
Term Deposits	8(c), 8(d)	—	—	33,994	26,483	22,865	27,395	3,512	10,664	—	—	60,371	64,542	6.0%	5.9%
TOTAL FINANCIAL ASSETS		2,509	3,755	33,994	26,483	22,865	27,395	3,512	10,664	14,733	18,529	77,613	86,826		
TOTAL ASSETS												234,608	226,798		
Financial Liabilities															
Loan from Government	11(a)	—	—	2,437	2,296	11,342	10,685	—	3,093	—	—	13,779	16,074	6.0%	6.0%
Suppliers (Trade creditors)	10(b)	—	—	—	—	—	—	—	—	17,670	14,692	17,670	14,692	n/a	n/a
TOTAL FINANCIAL LIABILITIES		—	—	2,437	2,296	11,342	10,685	—	3,093	17,670	14,692	31,449	30,766		
TOTAL LIABILITIES												91,257	97,508		

(xix) SBS entered into an interest rate hedge on 4 June 2002 to minimise the risk of interest rate movements on a loan from Government which was to be provided after balance date (2 July 2002) - at the prevailing 10 year Government bond rate (6.02%). The Commonwealth loan of $24m was to repay the balance owing on a loan raised in 1992 for its Artarmon 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. FINANCIAL INSTRUMENTS (Continued)

15(c) FOREIGN CURRENCY RISK

The Corporation did not enter into any specific foreign exchange hedge contracts in 2007. The majority of contracts, including overseas program purchases, are entered into in Australian dollars. The Corporation's risk is limited to those overseas program rights, in particular sports events, entered into in foreign currency.

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 Balance Sheet.

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

15(e) FAIR VALUES OF FINANCIAL ASSETS AND LIABILITIES

The fair values of cash, receivables for goods and services, and trade creditors approximate their carrying amounts. The fair values of term deposits and Commonwealth loan are based on discounted cash flows using current interest rates for liabilities with similar risk profiles, and are shown below.

There are no unrecognised financial assets or liabilities.

		Carrying Amount		Net Fair Value	
	Notes	2007 $'000	2006 $'000	2007 $'000	2006 $'000
FINANCIAL ASSETS					
Cash	8(a)	**2,509**	3,755	**2,509**	3,755
Receivables for goods and services (net)	8(b)	**14,733**	18,529	**14,733**	18,529
Investments	8(c)	**60,371**	64,542	**59,420**	64,151
TOTAL FINANCIAL ASSETS		**77,613**	86,826	**76,662**	86,435
FINANCIAL LIABILITIES					
Loan from Government	11(a)	**13,779**	16,074	**13,659**	16,192
Suppliers - Trade Creditors	10(a)	**17,670**	14,692	**17,670**	14,691
TOTAL FINANCIAL LIABILITIES		**31,449**	30,766	**31,329**	30,883

16. CONTINGENT LIABILITIES & ASSETS

Quantifiable Contingencies	Consolidated		Corporation	
	2007 $'000	2006 $'000	2007 $'000	2006 $'000
CONTINGENT LIABILITIES				
Claims for damages or costs	**60**	95	**60**	95
TOTAL CONTINGENT LIABILITIES	**60**	95	**60**	95
CONTINGENT ASSETS				
Claims for damages/costs	**—**	—	**—**	—
TOTAL CONTINGENT ASSETS	**—**	—	**—**	—
NET CONTINGENT LIABILITIES	**60**	95	**60**	95

The Corporation is presently a defendant in several cases.

The amounts above represent the Corporation's liability if unsuccessful and where they can be reliably estimated.

Unquantifiable contingencies
In other cases, it is not possible to estimate the amounts of any eventual payments that may be required in relation to these claims, and they have not been included in the above amounts.

17. APPROPRIATIONS

Table A

Acquittal of Authority to Draw Cash from the Consolidated Revenue Fund for Ordinary Annual Services Appropriations

Particulars	Administered Expenses Outcome 1 2007 $'000	Administered Expenses Outcome 1 2006 $'000	Departmental Outputs 2007 $'000	Departmental Outputs 2006 $'000	Total 2007 $'000	Total 2006 $'000
Balance carried from previous period	–	–	–	–	–	–
Appropriation Act:						
Appropriation Act (No.1)	–	–	**180,809**	176,975	**180,809**	176,975
Appropriation Act (No.3)	–	–	–	3,506	–	3,506
Departmental adjustments by the Finance Minister (Appropriation Acts)	–	–	–	–	–	–
Comcover receipts (Appropriation Act s13)	–	–	–	–	–	–
Advance to the Finance Minister	–	–	–	–	–	–
Reductions:						
- prior years	–	–	–	–	–	–
- current year	–	–	–	–	–	–
FMA Act:						
Refunds credited (FMA s30)	–	–	–	–	–	–
Appropriations to take account of recoverable GST (FMA s30A)	–	–	–	–	–	–
Annotations to 'net appropriations' (FMA s31)	–	–	–	–	–	–
Adjustment of appropriations on change of entity function (FMA s32)	–	–	–	–	–	–
Total appropriation available for payments	–	–	**180,809**	180,481	**180,809**	180,481
Cash payments made during the year (GST inclusive)	–	–	**180,809**	180,481	**180,809**	180,481
Appropriations credited to Special Accounts (excluding GST)	–	–	–	–	–	–
Balance of Authority to Draw Cash from the Consolidated Revenue Fund for Ordinary Annual Services Appropriations	–	–	–	–	–	–
Represented by:						
Cash at bank and on hand	–	–	–	–	–	–
Departmental appropriations receivable	–	–	–	–	–	–
Undrawn, unlapsed administered appropriations	–	–	–	–	–	–
TOTAL	–	–	–	–	–	–

17. APPROPRIATIONS (Continued)

Table B

Acquittal of Authority to Draw Cash from the Consolidated Revenue Fund for Other than Ordinary Annual Services Appropriations

Particulars	Non-operating				Total	
	Equity		Loans			
	2007 $'000	2006 $'000	**2007 $'000**	2006 $'000	**2007 $'000**	2006 $'000
Balance carried from previous period	**—**	—	**—**	—	**—**	—
Appropriation Act:						
Appropriation Act (No.2)	**5,195**	5,850	**—**	—	**5,195**	5,850
Appropriation Act (No.4)	**—**	—	**—**	—	**—**	—
Departmental Adjustments	**—**	—	**—**	—	**—**	—
Advance to the Finance Minister	**—**	—	**—**	—	**—**	—
Reductions:						
- prior years	**—**	—	**—**	—	**—**	—
- current year	**—**	—	**—**	—	**—**	—
FMA Act:						
Refunds credited (FMA s30)	**—**	—	**—**	—	**—**	—
Appropriations to take account of recoverable GST (FMA s30A)	**—**	—	**—**	—	**—**	—
Adjustment of appropriations on change of entity function (FMA s32)	**—**	—	**—**	—	**—**	—
Total appropriation (STET) available for payments	**5,195**	5,850	**—**	—	**5,195**	5,850
Cash payments made during the year (GST inclusive)	**5,195**	5,850	**—**	—	**5,195**	5,850
Appropriations credited to Special Accounts (GST exclusive)	**—**	—	**—**	—	**—**	—
Balance of Authority to Draw Cash from the Consolidated Revenue Fund for Other Than Ordinary Annual Services Appropriations	**—**	—	**—**	—	**—**	—
Represented by:						
Cash	**—**	—	**—**	—	**—**	—
Appropriation receivable	**—**	—	**—**	—	**—**	—
Undrawn, unlapsed administered appropriations	**—**	—	**—**	—	**—**	—
TOTAL	**—**	—	**—**	—	**—**	—