

Notes to the Financial Statements (continued)

7. Expenses

		Telstra Group	
		Year ended 30 June	
	Note	2012 \$m	2011 \$m
Labour			
Included in our labour expenses are the following:			
Employee redundancy		162	224
Share based payments		31	12
Defined benefit plan expense	24	223	268
Cost of goods sold		2,551	2,644
Other expenses			
Impairment losses:			
- impairment in value of inventories		37	43
- impairment in value of trade and other receivables		370	421
- impairment in value of property, plant and equipment	13	21	38
- impairment in value of intangibles (a)	14	8	51
- impairment in value of goodwill (a)	14	182	121
		618	674
Reversal of impairment losses:			
- reversal of impairment in value of trade and other receivables	10	(74)	(80)
- reversal of impairment in value of amount owed by joint ventures		-	(147)
		(74)	(227)
Rental expense on operating leases		583	561
Net foreign currency translation losses/(gains)		5	(1)
Service contracts and other agreements		2,135	2,359
Promotion and advertising		327	334
General and administration		985	902
Other operating expenses		450	445
		5,029	5,047
Depreciation of property, plant and equipment	13	3,305	3,454
Amortisation of intangible assets		1,107	1,005
		4,412	4,459
Finance costs			
Interest on borrowings	17(e)	1,132	1,186
Unwinding of discount on liabilities recognised at present value		18	20
Loss on fair value hedges - effective (b)		9	27
Gain on cash flow hedges - ineffective		(2)	(6)
(Gain)/loss on transactions not in a designated hedge relationship/de-designated from fair value hedge relationships (c)		(14)	125
Other		7	14
		1,150	1,366
Less: interest on borrowings capitalised (d)		(128)	(104)
		1,022	1,262
Research and development expenses		5	6