



## 2012-2013 Q4 Budgetary Management Report

<b>TO:</b>	Board of Directors / Audit Committee
<b>MEETING:</b>	June 18, 2013
<b>FROM:</b>	Suzanne Morris, Vice-President and Chief Financial Officer
<b>PURPOSE:</b>	Quarterly information report on budgetary results at March 31, 2013
<b>DATE:</b>	June 11, 2013

### SIGNIFICANT POINTS:

- N/A





**QUARTERLY BUDGETARY MANAGEMENT REPORT  
For the fiscal year ending March 31st, 2013**

June 18<sup>th</sup>, 2013

Confidential for Internal Purposes

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## **QUARTERLY FINANCIAL MANAGEMENT REPORT**

**For the fiscal year ended March 31, 2013.**

### **Financial Reporting Basis**

CBC/Radio-Canada is required to submit Annual Reports to the Minister of Canadian Heritage containing audited consolidated financial statements prepared in accordance with International Financial Reporting Standards ("IFRS"). The Corporation also prepares quarterly financial reports on the same basis.

In addition, for management purposes, CBC/Radio-Canada reports its financial results on a budget basis, which differs from IFRS. Certain non-cash items such as accrued pension plan expenses and other employee future benefits and amortisation are not recognised on a budget basis.

### **Financial Review and Analysis Content**

The review and analysis of CBC/Radio-Canada's financial results for the fiscal year ended March 31, 2013 is presented here on a budget basis.

This report presents and analyses segmented results of operations for the fiscal year ended March 31, 2013, compared to the budget and 2011/2012 actual results. Segmented results are presented for English and French media services, Media-Related and Support Activities.

In addition, an overview of the capital budget is presented for the fiscal year ended March 31, 2013.

The Financial statements prepared on a IFRS basis for the period ended March 31, 2013 and compared with the results for the same period in 2011/2012 are presented separately in the 2012/2013 Annual Report.

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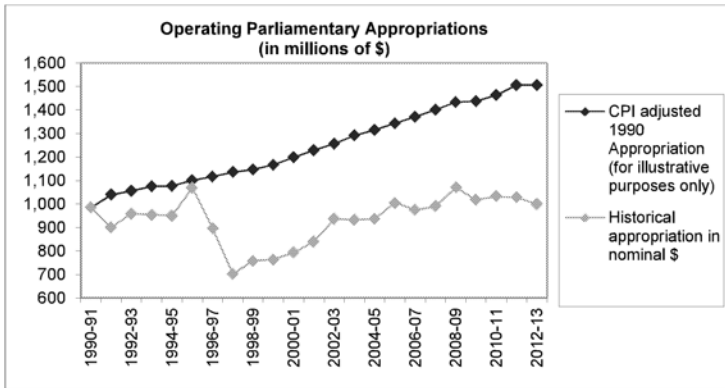
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**Financial Highlights**  
**For the Fiscal Year ending March 31**

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### Sources of Funds For the Fiscal Year ending March 31



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**Expenditures**  
**For the Fiscal Year ending March 31**



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**Overview for the fiscal year ended March 31  
(in \$000's)**

	Comparison to Budget			Comparison to Prior Year		
	2012/2013 Actuals	2012/2013 Budget	Variance	2012/2013 Actuals	2011/2012 Actuals	Variance
<b>SOURCE OF FUNDS</b>						
<b>Government Funding and Carryover</b>						
Parliamentary Appropriation						
Prior Year Carryover						
<b>Government Funding and Carryover</b>						
<b>Transfer (to)/from Capital</b>						
Transfer from Capital						
Regular activities						
<b>Transfer (to)/from Capital</b>						
<b>Local Programming Improvement Fund</b>						
English Television						
French Television						
<b>Local Programming Improvement Fund</b>						
<b>Revenues</b>						
<b>Advertising Revenues</b>						
English Services						
French Services						
<b>Advertising Revenues</b>						
<b>Miscellaneous Revenues-Regular Operations</b>						
English Services						
French Services						
Others						
<b>Miscellaneous Revenues-Regular Operations</b>						
<b>Revenues-Specialty Services:</b>						
CBC News Network						
<b>bold</b>						
Réseau de l'information						
Explora						
<b>Revenues-Specialty Services</b>						
<b>Total Revenues</b>						
<b>TOTAL SOURCE OF FUNDS</b>						
<b>APPLICATION OF FUNDS</b>						
<b>Expenditures</b>						
English Services						
French Services						
Media-Related Activities						
Support Activities						
<b>TOTAL APPLICATION OF FUNDS</b>						
<b>NET POSITION</b>						

\* The March 20, 2013 Board presentation assumed a forecast net position c

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Overview Comments

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**Consolidated English Services  
For the Fiscal Year ending March 31  
(\$000's)**

	Comparison to Budget			Comparison to Prior Year		
	2012/2013 Actuals	2012/2013 Budget	Variance	2012/2013 Actuals	2011/2012 Actuals	Variance
<b>SOURCE OF FUNDS</b>						
Parliamentary Appropriation						
Prior Year Carryover						
<b>Government Funding and Carryover</b>						
<b>Local Programming Improvement Fund</b>						
<b>Revenues</b>						
English Television - Advertising - Television						
English Television - Advertising - Digital Services						
English Television - Advertising - Contrats/Value-added						
English Television - Miscellaneous						
CBC News Network - Advertising						
CBC News Network - Subscriber and other revenue						
<b>bold</b> - Advertising						
<b>bold</b> - Subscriber and other revenue						
Merchandising - Miscellaneous						
English Radio - Miscellaneous						
<b>Total Revenues</b>						
<b>TOTAL SOURCE OF FUNDS</b>						
<b>APPLICATION OF FUNDS</b>						
English Television - Programming and Production						
English Television - Technical						
English Television - Regional Operations						
CBC News Network						
<b>bold</b>						
English Radio - Programming and Production						
English Radio - Technical						
English Radio - Regional Operations						
Sales and Marketing						
Merchandising						
Programming and Other Commitments						
Media Management						
<b>TOTAL APPLICATION OF FUNDS</b>						
<b>NET POSITION</b>						

\* The March 20, 2013 Board presentation assumed a forecast net position of

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**Consolidated English Services Results Comments**

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**Consolidated French Services  
For the Fiscal Year ending March 31  
(\$000's)**

	Comparison to Budget	Comparison to Prior Year
<b>SOURCE OF FUNDS</b>		
Parliamentary Appropriation		
Prior Year Carryover		
<b>Total Government Funding and Carryover</b>		
<b>Local Programming Improvement Fund</b>		
<b>Revenues</b>		
French Television - Advertising - Television		
French Television - Advertising - Digital Services		
French Television - Advertising - Contrats/Value-added		
French Television - Miscellaneous		
Réseau de l'information - Advertising		
Réseau de l'information - Subscriber and Other Revenue		
Explora - Advertising		
Explora - Miscellaneous		
Merchandising - Miscellaneous		
French Radio and Radio Canada International - Miscellaneous		
<b>Total Revenues</b>		
<b>TOTAL SOURCE OF FUNDS</b>		
<b>APPLICATION OF FUNDS</b>		
French Television - Programming and Production		
French Television - Technical		
French Television - Regional Operations		
Réseau de l'information		
Explora		
French Radio - Programming and Production		
French Radio - Technical		
French Radio - Regional Operations		
Radio Canada International		
Revenue Group (excluding RDI)		
Merchandising		
Programming and Other Commitments		
Media Management		
<b>TOTAL APPLICATION OF FUNDS</b>		
<b>NET POSITION</b>		

\* The March 20, 2013 Board presentation assumed a forecast net position of

Consolidated French Services Results Comments

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**Media-Related Activities  
For the Fiscal Year ending March 31  
(\$000's)**

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	Comparison to Budget	Comparison to Prior Year
<b>SOURCE OF FUNDS</b>		
Parliamentary Appropriation		
Prior Year Carryover		
<b>Government Funding and Carryover</b>		
<b>Transfer (to)/from Capital</b>		
Transfer from Capital		
Regular activities		
<b>Transfer (to)/from Capital</b>		
<u>Revenues</u>		
CBC Transmission and Distribution		
Real Estate Services		
Mobile Productions - External Rentals		
Ottawa Production Centre		
Sirius-Program Sales		
Other Miscellaneous Revenues		
<b>Total Revenues</b>		
<b>TOTAL SOURCE OF FUNDS</b>		
<b>APPLICATION OF FUNDS</b>		
Technology Strategy Board		
Broadcast and Telecommunication		
CBC Transmission and Distribution		
Real Estate Services		
Mobile Productions		
Mobile Productions - Recoveries from medias		
Ottawa Production Centre		
Content Management		
Corporate Reserve		
<b>TOTAL APPLICATION OF FUNDS</b>		
<b>NET POSITION</b>		

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**Media-Related Activities Results Comments**

Overall results



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<b>Corporate Reserve</b> (in millions of \$)	<b>2012/2013</b> <b>Annual Basis</b> <b>(April to March)</b>		
	<b>Actuals</b>	<b>Budget</b>	<b>Variance</b>

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**Support Activities**  
**For the Fiscal Year ending March 31**  
**(\$000's)**

	Comparison to Budget			Comparison to Prior Year		
	2012/2013 Actuals	2012/2013 Budget	Variance to Budget	2012/2013 Actuals	2011/2012 Actuals	Variance in Actuals
<b>SOURCES OF FUNDS</b>						
Parliamentary Appropriation	108,900					
Prior Year Carryover	438					
<b>Total Government Funding and Carryover</b>	<b>109,338</b>					
<b>Miscellaneous Revenues</b>						
Corporate Research	315					
Canadian Claimant Group Royalties	4,866					
CRRRA	3,003					
Interest and other administration revenues	1,988					
Capital Recoveries	3,330					
<b>Total Miscellaneous Revenues</b>	<b>13,502</b>					
<b>TOTAL SOURCE OF FUNDS</b>	<b>122,840</b>					
<b>APPLICATION OF FUNDS</b>						
Office of the President and CEO	1,439					
Office of the Chairperson and Board of Directors	573					
Branding, Communications and Corporate Affairs	5,518					
Office of VP Strategy and Business Partnerships	222					
Internal Audit	1,439					
Training and Development	2,650					
People and Culture	14,743					
Severance Pay and Other Personnel Costs	15,405					
Dental Plan, EAP and Crisis Management	3,677					
Information Technology	31,193					
Business Development	913					
Regulatory Affairs	1,711					
Corporate Research	5,654					
General Counsel and Corporate Secretariat	9,891					
Corporate Finance and Administration	11,069					
Insurance, Forms, Taxes, Foreign Exchange, etc.	2,712					
Shared Services	10,623					
International Relations	0					
Ombudsman - Toronto	331					
Ombudsman - Montreal	359					
<b>TOTAL APPLICATION OF FUNDS</b>	<b>120,122</b>					
<b>NET POSITION</b>	<b>2,718</b>					

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**Support Activities Results Comments**

Overall results

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**Reconciliation of Net Results of Operations IFRS to Budget Basis**

The Corporation receives a significant portion of its funding through Parliamentary appropriations, based primarily on cash flow requirements. Expenses recognized in the Condensed Consolidated Statement of Income in one year may be funded through Parliamentary appropriations in other years. Accordingly, the Corporation's net results of operations for the year on a budget basis differ from those on an International Financial Reporting Standards basis. The differences are outlined below:

<b>For the year ended March 31</b>	<b>2013</b>	<b>2012</b>
	<i>(thousands of dollars)</i>	
<b>Net results for the year on an IFRS basis</b>	<b>41,892</b>	<b>40,864</b>
<b>Items not generating operating funds</b>		
Amortization of deferred capital funding	(151,366)	(130,270)
(Gain)/Loss on disposal of property and equipment	(12,314)	517
Parliamentary appropriation for working capital	(4,000)	(4,000)
Specialty services consolidated results	(18,298)	(18,691)
Dilution gain Sirius	-	(25,775)
Dividend income from merger transaction (Sirius)	-	929
Accretion of promissory notes and Stock options	(136)	(66)
Operating to capital transfers	(9,944)	(17,016)
Other	(1,101)	(1,654)
	<b>(197,159)</b>	<b>(196,026)</b>
<b>Items not requiring operating funds</b>		
Depreciation and impairment of property and equipment and amortization of intangible assets	169,992	145,352
Indirect costs allocated to programming assets	2,833	(1,840)
Pension plans and other employee future benefits	(41,873)	(30,088)
Annual leave	788	(61)
Specialty services consolidated results	17,201	17,650
Gain on investment in Sirius	(1,701)	(21)
Decommissioning liability	5,124	-
Other	2,022	446
	<b>154,386</b>	<b>131,438</b>

**Capital**

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2012/2013 Capital Budget Overview as at March 31, 2013

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(\$000's)

<u>Investment Class</u>	<u>Capital Plan</u>	<u>Actual Expenditures</u>	<u>Surplus/ (Deficit)</u>	<u>Surplus as % of Capital Plan</u>
Mission Critical				
Efficiency Projects				
Transmission Strategy				
Growing the Business				
Legal and Regulatory				
Payback Initiatives				
Minor Capital				
Corporate Contingency				
Impact of approved plan being higher than available capital **				
<b>Total</b>				

<u>Component</u>	<u>Capital Plan</u>	<u>Actual Expenditures</u>	<u>Surplus/ (Deficit)</u>	<u>Surplus as % of Capital Plan</u>
English Television (ETN)				
French Television (FTN)				
English Radio (ERN)				
French Radio (FRN)				
English New Media (ENM)				
French New Media (FNM)				
Information Technology (IT)				
Real Estate (RE)				
Capital Leases				
Telecommunication (TEL)				
Transmission Division (T&D)				
Human Resources (HR)				
Corporate Components				
Fleet Management				
Mobile Division				
Minor Capital				
Enterprise Wide (EW):				
<i>On-Air Stabilization</i>				
<i>Saint John, NB Relocation</i>				
<i>Others</i>				
Corporate Contingency				
Impact of approved plan being higher than available capital **				
<b>Total</b>				
	<i>% of Available Capital</i>			
* Includes repayment of bonds payable for TBC lease				
** As indicated in the March 2013 Board of Directors presentation, the approved capital plan exceeds available resources in order to compensate for unplanned delays on projects and reduce excessive year-end surpluses, greater than 5% of the capital appropriation.				

**2012/2013 Capital Budget Overview as at March 31, 2013**  
**Variance Analysis by Component**

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CAPITAL INVESTMENT PLAN  
Board of Directors Approved Projects > \$5 million - Notes  
Forecasted Expenditures to Project Completion (including relayed operating expenditures)  
**Status Update**

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### Board approved projects with forecasted deficits as at March 31, 2013

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Projects	Component	Original Budget Approved by Board Resolution	Total Budget Approved by BOD Resolution	Other sources of funds	Budget Released	Total Forecasted Expenditures as at March 31, 2013	Total Forecasted Surplus/ (Deficit), including other sources of funds	Supplemental Funds Required
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At its meeting in September 2009, the Board of Directors approved a new practice for governance and monitoring of variances on Board approved projects. The new practice permits Management to continue activity on Board approved projects with small projected deficits, where the individual project deficits are  $\leq 10\%$  and  $\leq \$1.5$  million, and the total of all small projected deficits does not exceed \$2 million on all active projects.

As at March 31, 2013, only two projects will exceed the total budget approved by resolution of the Board of Directors, well within the governance practice defined above.