

**Board of Directors**  
(November 22, 2011)

**Subject matter**

2011/2012 Quarterly Budgetary Financial Report – Results for the six months ended September 30, 2011.

**Background**

N/A

**Information on the matter**

See attached.

**For decision**

**For information**    **X**

**Prepared by**

Name:            Suzanne Morris  
Date:             November 16, 2011

**Management recommendation**

N/A

**Last discussed at the Board**

Date:                August 24, 2011  
Decision made:    Reviewed 2011/2012 Quarterly Financial Management Report -  
                                June 2011 results.

**Next steps**

Results for the nine months ended December 31st, 2011 will be presented in February 2012

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**QUARTERLY BUDGETARY MANAGEMENT REPORT**  
**For the six months ended September 30, 2011**

November, 2011

Confidential for Internal Purposes

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## **QUARTERLY FINANCIAL MANAGEMENT REPORT**

**For the six month period ended September 30, 2011 and 2010**

### **Financial Reporting Basis**

CBC/Radio-Canada is required to publish quarterly financial reports and to submit Annual Reports to the Minister of Canadian Heritage containing consolidated financial statements prepared in accordance with International Financial Reporting Standards (“IFRS”).

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

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

This report presents and analyses segmented results of operations for the six months ended September 30, 2011, compared to the year-to-date budget, and to the year-to-date results for the same period in 2010/2011 on budget basis. Results are also provided for the second quarter ended September 30, 2011 compared to the quarter ended September 30, 2010. Segmented results are presented for English and French media services, Media-Related and Support Activities. Year-end forecasts are also included in this quarterly report.

The Financial statements, prepared in accordance with IFRS for the period ended September 30, 2011 and compared with the results for the same period in 2010/2011, are presented separately in the Second Quarter Financial Report. A reconciliation of the budget basis of reporting to IFRS results is included in this management report.

In addition, a cash forecast and an overview of the capital budget are presented for the six months ended September 30, 2011.

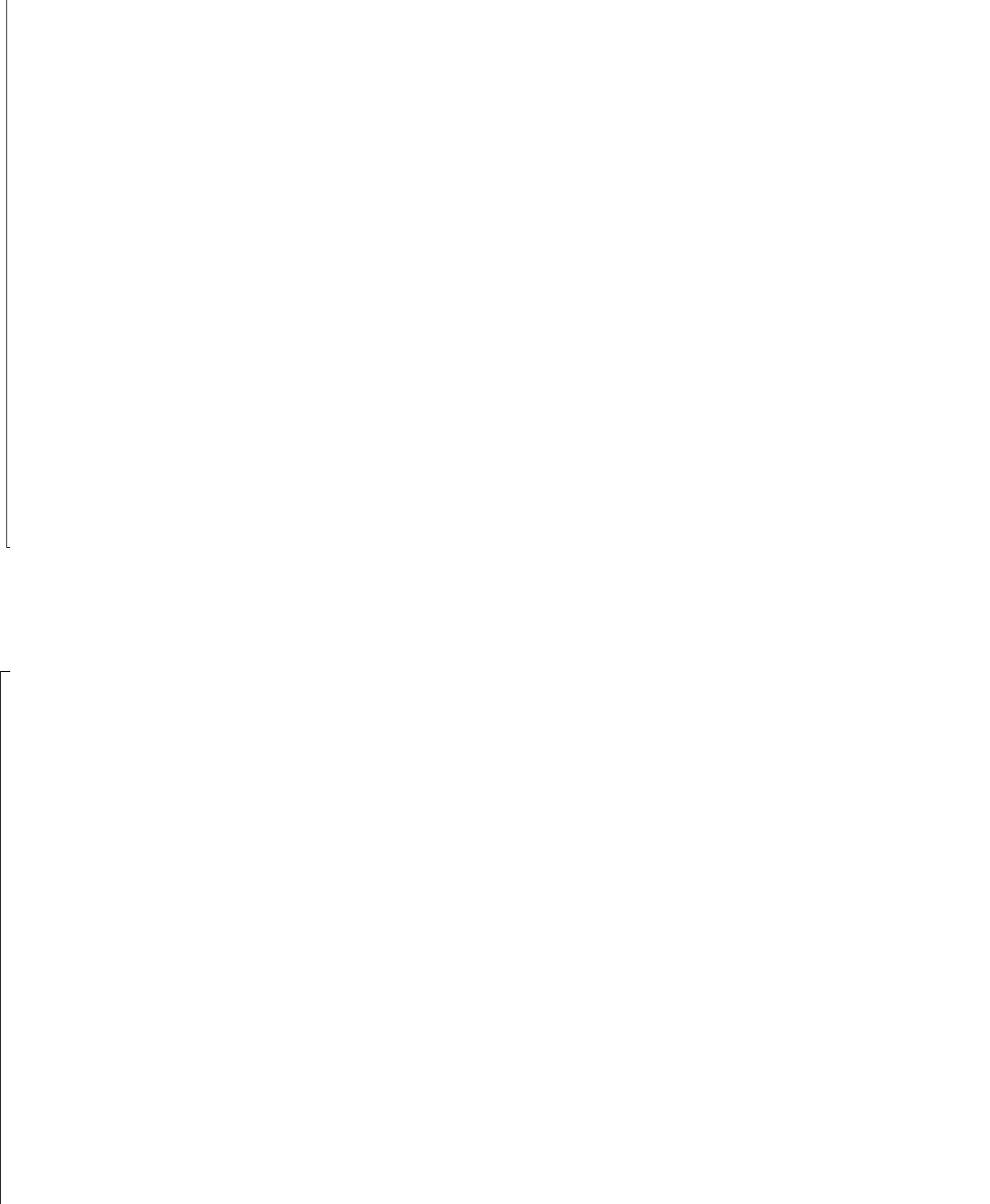
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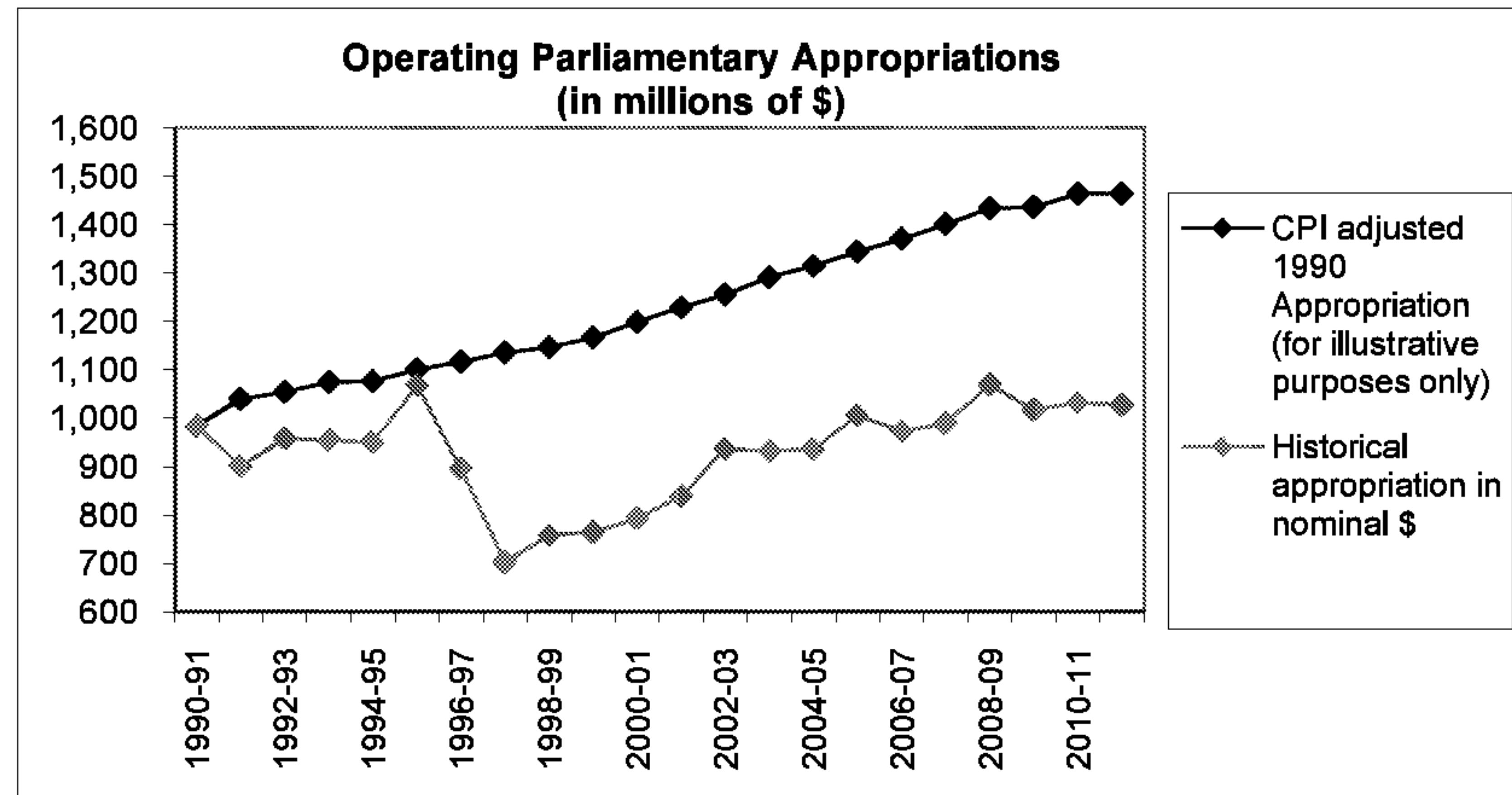
# FINANCIAL STATEMENTS- BUDGET BASIS

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**Financial Highlights**  
**For the six month period ended September 30**



**Sources of Funds**  
**For the six month period ended September 30**



s.18(a)  
s.18(b)

**Expenditures**  
**For the six month period ended September 30**

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Overview of the six month period ended September 30  
(in \$000's)

	Comparison to Budget			Comparison to Prior Year								
	Year-to-date (April to September)			Annual Basis (April to March)			Year-to-date (April to September)			Second Quarter Results (July to September)		
	2011/2012 Actuals	2011/2012 Budget	Variance	2011/2012 Forecast	2011/2012 Budget	Variance	2011/2012 Actuals	2010/2011 Actuals	Variance	2011/2012 Actuals	2010/2011 Actuals	Variance
<b>SOURCE OF FUNDS</b>												
Drawdown (Used for) generated by working capital Planned												
Prior Year Carryover												
<b>Government Funding and Carryover</b>												
<b>Revenues</b>												
<b>Local Programming Improvement Fund</b>												
English Television												
French Television												
<b>Local Programming Improvement Fund</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 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>												

**Overview of the six month period ended September 30**  
**Budgetary results including ARTV and Documentary Channel**  
(in \$000's)

	Comparison to Prior Year		
	2011/2012 Actuals	2010/2011 Actuals	Variance
<b>CBC/Radio-Canada Budgetary</b>			
<b>NET POSITION (excluding investments)</b>	<b>16,493</b>	<b>19,492</b>	<b>(2,999)</b>
<b>Investments in ARTV *</b>			
Revenues	8,840	3,699	5,141
Expenses	7,081	2,830	(4,251)
<b>NET POSITION - ARTV</b>	<b>1,759</b>	<b>869</b>	<b>890</b>
Less : Non-CBC portion (15%)	264	130	134
<b>CBC/Radio-Canada's share (85%) - ARTV</b>	<b>1,495</b>	<b>739</b>	<b>757</b>
<b>Investments in Documentary Channel</b>			
Revenues	2,784	2,826	(42)
Expenses	1,812	2,346	534
<b>NET POSITION - Documentary Channel</b>	<b>972</b>	<b>480</b>	<b>492</b>
Less : Non-CBC portion (18%)	175	86	89
<b>CBC/Radio-Canada's share (82%) - Documentary Channel</b>	<b>797</b>	<b>394</b>	<b>403</b>
<b>NET POSITION INVESTMENTS</b>	<b>2,292</b>	<b>1,132</b>	<b>1,160</b>
<b>NET POSITION (including investments)</b>	<b>18,785</b>	<b>20,624</b>	<b>(1,839)</b>

This overview is intended to identify the impact of CBC/Radio-Canada's share in ARTV and Documentary Channel, which is included in the consolidated Financial Statements in accordance with GAAP (IFRS) but not included in the financial reports on a budgetary basis.

- \* ARTV has been reported on a consolidated basis since July 12, 2010 when CBC/Radio-Canada acquired additional ARTV shares. The actual results for 2010/2011 therefore reflect only 3 months of operations compared to 6 months in 2011/2012.

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**Overview Comments**



s.18(a)  
s.18(b)  
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**Consolidated English Services  
For the period of six month's ended September 30  
(\$000's)**

	Comparison to Budget			Comparison to Prior Year							
	Year-to-Date (April to September)		Variance	Annual Basis (April to March)		Variance	Year-to-Date (April to September)		Variance	Second Quarter Results (July to September)	
	2011/2012 Actuals	2011/2012 Budget		2011/2012 Forecast	2011/2012 Budget		2011/2012 Actuals	2010/2011 Actuals		2011/2012 Actuals	2010/2011 Actuals
<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>											

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**Consolidated English Services Results Comments**

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**Consolidated French Services  
For the six month period ended September 30  
(\$000's)**

s.18(a)  
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s.68.1

	Comparison to Budget			Comparison to Prior Year								
	Year-to-Date (April to September)			Annual Basis (April to March)			Year-to-Date (April to September)			Second Quarter Results (July to September)		
	2011/2012 Actuals	2011/2012 Budget	Variance to Budget	2011/2012 Forecast	2011/2012 Budget	Variance	2011/2012 Actuals	2010/2011 Actuals	Variance	2011/2012 Actuals	2010/2011 Actuals	Variance
<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>												

s.18(a)  
s.18(b)  
s.68.1

**Consolidated French Services Results Comments**

s.18(a)

s.18(b)

**Media-Related Activities**  
**For the six month period ended September 30**  
**(\$000's)**

	Comparison to Budget			Comparison to Prior Year								
	Year-to-date (April to September)			Annual Basis (April to March)			Year-to-date (April to September)			Second Quarter Results (July to September)		
	2011/2012 Actuals	2011/2012 Budget	Variance to Budget	2011/2012 Forecast	2011/2012 Budget	Variance to Budget	2011/2012 Actuals	2010/2011 Actuals	Variance in Actuals	2011/2012 Actuals	2010/2011 Actuals	Variance in Actuals
<b>SOURCE OF FUNDS</b>												
Parliamentary Appropriation												
Prior Year Carryover												
<b>Government Funding and Carryover</b>												
<b>Revenues</b>												
CBC Transmission and Distribution												
Real Estate Services												
Mobile Productions-External Rentals												
Sirius												
<b>Total Revenues</b>												
<b>TOTALSOURCE 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												
Merchandising Division												
Ottawa Production Centre												
Content Management												
Corporate Reserve												
<b>TOTAL APPLICATION OF FUNDS</b>												
<b>NET POSITION</b>												



**Media-Related Activities Results Comments**

**s.18(a)**

**s.18(b)**



s.18(a)  
s.18(b)

**Support Activities**  
**For the six month period ended September 30**  
**(\$000's)**

	Comparison to Budget						Comparison to Prior Year					
	Year-to-Date (April to September)			Annual Basis (April to March)			Year-to-Date (April to September)			Second Quarter Results (July to September)		
	2011/2012 Actuals	2011/2012 Budget	Variance to Budget	2011/2012 Forecast	2011/2012 Budget	Variance	2011/2012 Actuals	2010/2011 Actuals	Variance in Actuals	2011/2012 Actuals	2010/2011 Actuals	Variance in Actuals
<b>SOURCES OF FUNDS</b>												
Net Parliamentary Subsidy	54,293						54,293	50,499	3,794	28,895	24,506	4,389
Prior Year Carryover	0						0	0	0	0	0	0
<b>Total Government Funding and Carryover</b>	<b>54,293</b>						<b>54,293</b>	<b>50,499</b>	<b>3,794</b>	<b>28,895</b>	<b>24,506</b>	<b>4,389</b>
<b>Miscellaneous Revenues</b>												
Strategy and Business Partnerships	2,045						2,045	415	1,630	1,888	167	1,721
CRRA	2,287						2,287	3,482	(1,195)	1,286	2,609	(1,323)
Interest and other administration revenues	1,064						1,064	638	426	548	427	121
Capital Recoveries	3,204						3,204	3,149	55	1,594	1,688	(94)
<b>Total Miscellaneous Revenues</b>	<b>8,600</b>						<b>8,600</b>	<b>7,684</b>	<b>916</b>	<b>5,316</b>	<b>4,891</b>	<b>425</b>
<b>TOTAL SOURCE OF FUNDS</b>	<b>62,893</b>						<b>62,893</b>	<b>58,183</b>	<b>4,710</b>	<b>34,211</b>	<b>29,397</b>	<b>4,814</b>
<b>APPLICATION OF FUNDS</b>												
Office of the President and CEO	822						822	637	(185)	340	252	(88)
Office of the Chairperson and Board of Directors	266						266	305	39	104	143	39
Branding, Communications and Corporate Affairs	3,116						3,116	2,441	(675)	1,595	1,261	(334)
Internal Audit	534						534	622	88	295	209	(86)
Training and Development	1,437						1,437	2,040	603	610	742	132
People and Culture	7,738						7,738	7,567	(171)	3,969	4,008	39
Severance Pay and Other Personnel Costs	8,763						8,763	6,169	(2,594)	3,367	2,628	(739)
Dental Plan, EAP and Crisis Management	1,902						1,902	1,964	62	955	1,111	156
Information Technology	13,570						13,570	13,194	(376)	6,654	6,516	(138)
Regulatory Affairs	857						857	773	(84)	445	422	(23)
Strategy and Business Partnerships	2,940						2,940	3,573	633	1,135	1,665	530
General Counsel and Corporate Secretariat	4,597						4,597	3,879	(718)	2,067	1,771	(296)
Corporate Finance and Administration	7,513						7,513	4,837	(2,676)	4,566	2,395	(2,171)
Insurance, Forms, Taxes, Foreign Exchange, etc.	1,794						1,794	1,399	(395)	775	708	(67)
Shared Services	5,514						5,514	5,285	(229)	2,763	2,713	(50)
International Relations	110						110	10	(100)	4	10	6
Ombudsman - Toronto	193						193	151	(42)	83	73	(10)
Ombudsman - Montreal	204						204	163	(41)	89	77	(12)
Corporate New Media	6						6	(3)	(9)	(50)	(43)	7
<b>TOTAL APPLICATION OF FUNDS</b>	<b>61,876</b>						<b>61,876</b>	<b>55,006</b>	<b>(6,870)</b>	<b>29,766</b>	<b>26,661</b>	<b>(3,105)</b>
<b>NET POSITION</b>	<b>1,017</b>						<b>1,017</b>	<b>3,177</b>	<b>(2,160)</b>	<b>4,445</b>	<b>2,736</b>	<b>1,709</b>

**Support Activities Results Comments**

s.18(a)  
s.18(b)

# SUPPORTING SCHEDULES

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**Accounts Receivable**  
(in millions of \$)

	September 2011		March 2011		September 2010		Variance	
	%	(millions of \$)	%	(millions of \$)	%	(millions of \$)	Versus March 2011 (millions of \$)	Versus September 2010 (millions of \$)
<b>Advertising</b>								
1-30 days	43.0%	34.3	49.3%	52.9	40.4%	32.7	(18.6)	1.6
31-60 days	14.6%	11.6	24.9%	26.7	14.9%	12.1	(15.1)	(0.5)
61-90 days	11.5%	9.2	15.8%	17.0	19.1%	15.5	(7.8)	(6.3)
91+ days	30.9%	24.6	10.0%	10.7	25.6%	20.7	13.9	3.9
<b>Total</b>	<b>100.0%</b>	<b>79.7</b>	<b>100.0%</b>	<b>107.3</b>	<b>100.0%</b>	<b>81.0</b>	<b>(27.6)</b>	<b>(1.3)</b>
<b>Non-advertising</b>		<b>69.8</b>		<b>66.4</b>		<b>73.5</b>	<b>3.4</b>	<b>(3.7)</b>
<b>TOTAL - ACCOUNTS RECEIVABLE</b>		<b>149.5</b>		<b>173.7</b>		<b>154.5</b>	<b>(24.2)</b>	<b>(5.0)</b>

s.18(a)

s.18(b)



**Programming Assets  
(In \$000's)**

s.18(a)  
s.18(b)  
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	Sept 2011	March 2011	Variance
<b>COMPONENTS</b>			
English Television			
French Television			
Indirect Costs Allocation*			
ARTV			
Documentary Channel			
<b>TOTAL</b>	<b>217,762</b>	<b>163,658</b>	<b>54,104</b>
<b><u>English Television</u></b>			
Arts & Entertainment			
Arts & Entertainment in-house			
Independent dramatic			
Independent music and variety			
Independent movies and mini-series			
Independent children, youth and daytime			
Independent development	—		
Total - Arts & Entertainment			
Network programming			
Documentary production unit			
Factual entertainment			
News & Current affairs, Sports and Other			
<b>TOTAL - ENGLISH TELEVISION</b>			
<b><u>French Television</u></b>			
Procured programs and film rights			
Current affairs and documentaries			
Drama			
Arts & Entertainment			
Sports and Youth			
<b>TOTAL - FRENCH TELEVISION</b>			
* Overhead expenses applicable to programs in inventory			
Note 1:			
Note 2:			

s.18(a)

s.18(b)

### **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 (Loss) in one period may be funded through Parliamentary appropriations in other periods/years. Accordingly, the Corporation's net results of operations for the period on a budget basis differ from those on an International Financial Reporting Standards basis. The differences are outlined below:

#### **For the six months ended September 30**

	<b><u>2011</u></b>	<b><u>2010</u></b>
	<i>(thousands of dollars)</i>	
<b>Net results for the period on an IFRS basis</b>	<b>45,339</b>	<b>34,206</b>
<b>Items not generating operating funds</b>		
Amortization of deferred capital funding	(64,458)	(60,317)
Loss on disposal of property and equipment	1,444	504
Parliamentary appropriation for working capital	(1,999)	(1,999)
Specialty services consolidated results	(9,510)	(4,226)
Dilution gain Sirius	(25,775)	-
Dividend income presented as revenue on a budget basis	929	-
Other	(1,819)	(944)
	<b>(101,188)</b>	<b>(66,982)</b>
<b>Items not requiring operating funds</b>		
Amortization of property and equipment and intangible assets	71,726	68,437
Indirect costs allocated to programming assets	(9,909)	(6,582)
Pension plans and other employee future benefits	(7,907)	(11,327)
Annual leave	(584)	(4,351)
Specialty services consolidated results	8,859	5,176
Loss from Investments in Sirius	(730)	253
Other	232	662
	<b>61,687</b>	<b>52,268</b>

s.18(a)

s.18(b)

**Cash Flows  
as at September 30, 2011**

2011/2012 Forecast						2010/2011 Actual				
	Apr - Jun	Jul - Sep	Oct - Dec	Jan - Mar	Total	Apr - Jun	Jul - Sep	Oct - Dec	Jan - Mar	Total
<b>Opening balance (1)</b>	56,454	54,305	75,599			47,790	105,860	120,400	103,307	47,790
<b>Inflows</b>										
Appropriations received (2)	290,000	265,000	320,000			381,137	270,000	271,239	241,068	1,163,444
Revenues (3)	179,270	197,050	155,746			175,882	181,891	167,571	230,337	755,681
Capital lease	-	-	-			-	-	-	8,052	8,052
Dividend/return of share capital - Sirius	14,948	-	-			-	-	-	-	-
Sale of transmitter site	-	-	9,557			-	-	-	-	-
<b>Outflows</b>										
Expenditures (4)	(486,367)	(440,756)	(502,213)			(498,949)	(437,351)	(455,903)	(526,310)	(1,918,513)
<b>Ending balance (1)</b>	<b>54,305</b>	<b>75,599</b>	<b>58,689</b>			<b>105,860</b>	<b>120,400</b>	<b>103,307</b>	<b>56,454</b>	<b>56,454</b>
	(5)	(5)	(6)							

Note 1:

Note 2:

Note 3:

Note 4:

Note 5:

Note 6:

Note 7:



# CAPITAL

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**Capital**

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s.18(b)

2011/2012 Capital Budget Overview as at September 30, 2011  
 Forecasted expenditures to Year-end  
 (\$000's)

s.18(a)  
 s.18(b)

<u>Investment Class</u>	<u>Capital Plan</u>	<u>Forecasted Expenditures</u>	<u>Surplus/ (Deficit)</u>	<u>Actual Expenditures to Date</u>	<u>As % of Forecast</u>
Legal and Regulatory					
Mission Critical					
Payback Initiatives					
Growing the Business					
Transmission Strategy					
Efficiency Projects					
Minor Capital					
Corporate Contingency					
Impact of approved plan being higher than available capital (1)					
<b>Total Surplus/(Deficit) Forecast (2)</b>	-				

<u>Component</u>	<u>Capital Plan</u>	<u>Forecasted Expenditures</u>	<u>Surplus/ (Deficit)</u>	<u>Actual Expenditures to Date</u>	<u>As % of Forecast</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 (TBC, HD3 & Telesat Leases)					
Telecommunication					
Transmission Division (T&D)					
Human Resources (HR)					
Corporate Components					
Fleet Management					
Mobile Division					
Minor Capital					
Enterprise Wide (EW):					
<i>Halifax</i>					
<i>Vancouver Redevelopment</i>					
<i>Vision post go live project</i>					
<i>Media Asset Management</i>					
<i>Newsroom System Project - iNews</i>					
<i>Integrated Search - Autonomy</i>					
<i>Desktop Radio - Permanent Solution</i>					
<i>Other</i>					
Corporate Contingency					
Impact of approved plan being higher than available capital					
<b>TOTAL SURPLUS/(DEFICIT) FORECAST</b>	—				
<small>% of Available Capital</small>	—				
* Includes repayment of bonds payable for TBC lease					

**2011/2012 Capital Budget Overview as at September 30, 2011 - Notes**

s.18(a)

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s.68.1

Note 1

Note 2

Note 3

Note 4

Note 5

Note 6

Note 7

Note 8

Note 9

CAPITAL INVESTMENT PLAN  
 Board of Directors Projects > \$5 million (in 000's)  
 Forecasted Expenditures to Project Completion (including related operating expenditures)

s.18(a)  
 s.18(b)

PROJECTS APPROVED											
Projects	Component	Original Budget Approved by Board Resolution	Latest Approval Date	Project Closing Forecast Actual Date	Total Budget Approved by BOB Resolution	Budget Released	Total Forecasted Expenditures	Total Forecasted Surplus (Deficit)			

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

**Note 1**

**Note 2**

**Note 3**



**Board approved projects with forecasted deficits  
as at September 30, 2011**

('000\$)

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 September 30, 2011	Total Forecasted Surplus (Deficit), including other sources of funds	Supplemental Funds Required
							-	
							-	
							-	
<b>Total ≤ \$2.0M</b>		0	0	0	0	-	-	-

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 ≤ 10% and ≤ \$1.5 million, and the total of all small projected deficits does not exceed \$2 million on all active projects.

As of September 30, 2011, there are no projects with deficits that exceed the total budget approved by resolution of the Board of Directors.