



2013-2014 Q1 BUDGETARY MANAGEMENT REPORT

TO:	Board of Directors / Audit Committee
MEETING:	November 19, 2013
FROM:	Suzanne Morris, Vice-President and CFO
PURPOSE:	Quarterly information report on budgetary results at September 30, 2013
DATE:	November 16, 2013

SIGNIFICANT POINTS:

- N/A



QUARTERLY BUDGETARY MANAGEMENT REPORT
For the period of six months ended September 30th, 2013

November 2013

Confidential for Internal Purposes

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QUARTERLY FINANCIAL MANAGEMENT REPORT

For the period of six months ended September 30, 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

This report presents and analyses segmented results of operations for the six months ended September 30, 2013, compared to the year-to-date budget, and year-end forecasts. Segmented results are presented for English and French media services, and Other Services.

In addition, an overview of the capital budget and cash forecast are presented for the six months ended September 30, 2013.

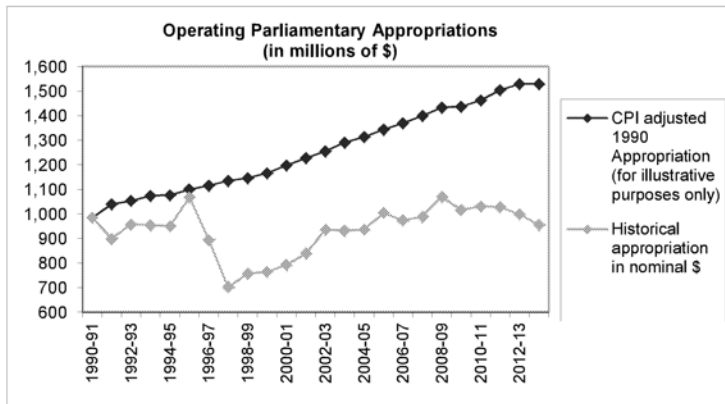
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Financial Highlights
For the first six months ended September 30
Excluding Olympics

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Sources of Funds
For the first six months ended September 30
Excluding Olympics



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Expenditures
For the first six months ended September 30
Excluding Olympics

**Overview for the first six months ended September 30
(\$000's)**

	Comparison to Budget (April to September)			Annual Basis (April to March)		
	2013/2014 Actuals	2013/2014 Budget	Variance	2013/2014 Forecast	2013/2014 Budget	Variance
SOURCE OF FUNDS						
Government Funding and Carryover						
Parliamentary Appropriation - Drawdown (Used for) generated by working capital						
Parliamentary Appropriation						
Prior Year Carryover						
Government Funding and Carryover						
Transfer (to)/from Capital						
Local Programming Improvement Fund						
English Television						
French Television						
Local Programming Improvement Fund						
Revenues						
Advertising Revenues						
English Services						
French Services						
Advertising Revenues						
Miscellaneous Revenues-Regular Operations						
English Services						
French Services						
Others						
Miscellaneous Revenues-Regular Operations						
Revenues-Specialty Services:						
CBC News Network						
Réseau de l'information						
Explora						
Revenues-Specialty Services						
Total Revenues						
TOTAL SOURCE OF FUNDS						
APPLICATION OF FUNDS						
Expenditures						
English Services						
French Services						
Other Services						
Committed Reserve						
TOTAL APPLICATION OF FUNDS						
NET POSITION - Excluding Olympics						
OLYMPICS						
Advertising Revenues						
Miscellaneous Revenues						
Total Olympics Revenues						
Expenses						
NET POSITION - Olympics						
NET POSITION - Including Olympics						

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Overview of the first six months ended September 30
Net position including ARTV and Documentary Channel
(in \$000's)

	Comparison to Prior Year		
	2013/2014 Actuals	2012/2013 Actuals	Variance
Budgetary Source of funds			
Budgetary Application of funds			
Net position - Olympics			
NET POSITION - Excluding investments (from previous page)			
Investments in ARTV			
Revenues (Net of inter-company transactions)	7,156	7,385	(229)
Expenses	6,693	7,009	316
NET POSITION - ARTV	463	376	87
Investments in Documentary Channel			
Revenues (Net of inter-company transactions)	1,395	2,252	(857)
Expenses	2,002	1,780	(222)
NET POSITION - Documentary Channel	(607) **	472	(1,079)
NET POSITION - Investments	(144)	848	(992)
NET POSITION - Including investments			

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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.

* These amounts are shown in the MD&A section of the September 30th Quarterly Report

** Reflects the distribution of partnership income of \$1.0 million that is recorded in revenue in English Services' budgetary results.

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Overview Comments

Advertising Revenue Update

**Consolidated English Services
For the first six months ended September 30
(\$000's)**

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	Comparison to Budget (April to September)			Annual Basis (April to March)		
	2013/2014 Actuals	2013/2014 Budget	Variance	2013/2014 Forecast	2013/2014 Budget	Variance
SOURCE OF FUNDS						
Parliamentary Appropriation						
Prior Year Carryover						
Government Funding and Carryover						
Local Programming Improvement Fund						
<u>Revenues</u>						
English Television - Advertising - Television						
English Television - Advertising - Digital Services						
English Television - Advertising - Contrats/Value-added						
English Radio - Advertising						
English Television - Miscellaneous						
CBC News Network - Advertising						
CBC News Network - Subscriber and other revenue						
Merchandising - Miscellaneous						
Mobile Productions						
English Radio - Miscellaneous						
Total Revenues						
TOTAL SOURCE OF FUNDS						
APPLICATION OF FUNDS						
English Television - Programming and Production						
English Television - Technical						
English Television - Regional Operations						
CBC News Network						
English Radio - Programming and Production						
English Radio - Technical						
English Radio - Regional Operations						
Sales and Marketing						
Merchandising						
Mobile Productions						
Programming and Other Commitments						
Media Management						
TOTAL APPLICATION OF FUNDS						
NET POSITION - Excluding Olympics						
OLYMPICS						
Advertising Revenues						
Miscellaneous Revenues						
Total Olympics Revenues						
Expenses						
NET POSITION - Olympics						
NET POSITION - Including Olympics						

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Consolidated English Services Results Comments

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

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	Comparison to Budget (April to September)			Annual Basis (April to March)		
	2013/2014 Actuals	2013/2014 Budget	Variance to Budget	2013/2014 Forecast	2013/2014 Budget	Variance
SOURCE OF FUNDS						
Parliamentary Appropriation						
Prior Year Carryover						
Total Government Funding and Carryover						
Local Programming Improvement Fund						
<u>Revenues</u>						
French Television - Advertising - Television						
French Television - Advertising - Digital Services						
French Television - Advertising - Contrats/Value-added						
French Radio - Advertising						
French Television - Miscellaneous						
Réseau de l'information - Advertising						
Réseau de l'information - Subscriber and Other Revenue						
Explora - Advertising						
Explora - Miscellaneous						
Merchandising - Miscellaneous						
Total Revenues						
TOTAL SOURCE OF FUNDS						
APPLICATION OF FUNDS						
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						
TOTAL APPLICATION OF FUNDS						
NET POSITION						
OLYMPICS						
Advertising Revenues						
Miscellaneous Revenues						
Total Olympics Revenues						
Expenses						
NET POSITION - Olympics						
NET POSITION						

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Consolidated French Services Results Comments

Olympics
For the period of six months ended September 30, 2013
(in \$000's)

	Comparison to Budget (April to September)			Annual Basis (April to March)		
	2013/2014 Actuals	2013/2014 Budget	Variance	2013/2014 Forecast	2013/2014 Budget	Variance
REVENUES						
Advertising Revenues						
English Services						
French Services						
Advertising Revenues						
Miscellaneous Revenues						
English Services						
French Services						
Miscellaneous Revenues						
TOTAL REVENUES						
EXPENDITURES						
Production costs						
English Services						
French Services						
Production costs						
Sales & Promotion						
English Services						
French Services						
Sales & Promotion						
Rights fees						
IOC Profit Share						
Withholding Tax						
TOTAL EXPENDITURES						
NET POSITION						

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**Other Services and Committed Reserves
For the first six months ended September 30
(\$000's)**

	Comparison to Budget (April to September)			Annual Basis (April to March)		
	2013/2014 Actuals	2013/2014 Budget	Variance to Budget	2013/2014 Forecast	2013/2014 Budget	Variance
SOURCES OF FUNDS						
Parliamentary Appropriation	107,577					
Prior Year Carryover	0					
Total Government Funding and Carryover	107,577					
Transfer (to) / from Capital	0					
Miscellaneous Revenues						
CBC Transmission and Distribution	5,095					
Real Estate Services	3,289					
Sirius - Programs Sales	1,050					
Sirius - Dividends	3,348					
Corporate Research	235					
Canadian Claimant Group Royalties	440					
CRRA	1,499					
Interest and Other Administration Revenues	927					
Capital Recoveries	2,493					
Total Miscellaneous Revenues	18,376					
TOTAL SOURCE OF FUNDS	125,953					
APPLICATION OF FUNDS						
Other Services (see details on next page)	125,143					
Committed Reserves	998					
TOTAL APPLICATION OF FUNDS	126,141					
NET POSITION	(188)					

**Other Services - Application of funds
For the first six months ended September 30
(\$000's)**

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	Comparison to Budget (April to September)			Annual Basis (April to March)		
	2013/2014 Actuals	2013/2014 Budget	Variance to Budget	2013/2014 Forecast	2013/2014 Budget	Variance
APPLICATION OF FUNDS						
Office of the President and CEO	715					
Office of the Chairperson and Board of Directors	255					
Branding, Communications and Corporate Affairs	2,590					
Office of VP Strategy and Business Partnerships	0					
Internal Audit	468					
Training and Development	1,101					
People and Culture	6,695					
Severance Pay and Other Personnel Costs	8,840					
Dental Plan and EAP	1,850					
Information Technology	12,940					
Business Development	535					
Regulatory Affairs	664					
Corporate Research	2,448					
General Counsel and Corporate Secretariat	5,099					
Corporate Finance and Administration	4,628					
Insurance, Forms, Taxes, Foreign Exchange, etc.	947					
Shared Services	5,326					
Ombudsman - Toronto	171					
Ombudsman - Montreal	171					
Real Estate Services	46,800					
Broadcast and Telecommunication	7,671					
CBC Transmission and Distribution	14,815					
Technology Strategy Board	414					
TOTAL APPLICATION OF FUNDS	125,143					

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Other Services Results Comments

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Corporate Reserve (in millions of \$)	2013/2014 Year-to-date (April to September)			2013/2014 Annual Basis (April to March)		
	Actuals	Budget	Variance	Forecast	Budget	Variance

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 period on a budget basis differ from those on an International Financial Reporting Standards basis. The differences are outlined below:

For the period ended September 30	2013	2012
	<i>(thousands of dollars)</i>	
Net results for the period on an IFRS basis	(24,660)	(51,719)
Items not generating operating funds		
Amortization of deferred capital funding	(55,550)	(91,993)
Loss on disposal of property and equipment	2,274	1,124
Parliamentary appropriation for working capital	(2,000)	(2,000)
Specialty services consolidated revenue (ARTV & Documentary)	(8,551)	(9,637)
Other	(1,534)	(497)
	(65,361)	(103,003)
Items not requiring operating funds		
Depreciation of property and equipment and amortization of intangible assets	64,996	100,904
Indirect costs allocated to programming assets	(9,131)	(7,872)
Pension plans and other employee future benefits	31,617	29,227
Annual leave	3,337	1,104
Specialty services consolidated expenses (ARTV & Documentary)	8,695	8,789
Gain on investment in Sirius	(1,073)	(386)
Decommissioning liability	(1,600)	6,350
Other	2,177	693
	99,018	138,809
Net position - Investments in ARTV and Documentary	(144)	848
Results on a current operating basis	8,853	(15,065)

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**Cash Flows
as at September 30, 2013**

2013/2014 Forecast					
	Apr - Jun	Jul - Sep	Oct - Dec	Jan - Mar	Total
Opening balance ⁽¹⁾	45,339	60,024	71,859	53,143	45,339
Inflows					
Appropriations received ⁽²⁾	300,000	250,000			
Revenues ⁽³⁾	192,370	192,850			
Dividend from Sirius XM	1,473	1,875			
Sale of capital assets	536	-			
Sale of Bold!	-	-			
Outflows					
Expenditures	(479,694)	(432,890)			
Ending balance ⁽¹⁾	60,024	71,859			
	(4)	(4)			

2012/2013 Actual					
	Apr - Jun	Jul - Sep	Oct - Dec	Jan - Mar	Total
Opening balance	56,836	67,200	40,612	56,526	56,836
Inflows					
Appropriations received	305,000	225,000	302,200	274,319	1,106,519
Revenues	196,075	192,804	159,229	186,179	734,287
Dividend from Sirius XM	-	-	-	4,420	4,420
Sale of capital assets	-	-	-	19,569	19,569
Sale of Bold!	-	-	-	10,795	10,795
Outflows					
Expenditures	(490,711)	(444,392)	(445,515)	(506,469)	(1,887,087)
Ending balance	67,200	40,612	56,526	45,339	45,339

Note 4: The first six months of 2013/2014 are actual results.

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Capital Budget Overview as at September 30, 2013

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2013/2014 Capital Budget Overview as at September 30, 2013
(\$000's)

<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>
Mission Critical					
Efficiency Projects					
Transmission Strategy					
Growing the Business					
Legal and Regulatory					
Payback Projects					
Minor Capital					
Corporate Contingency					
Impact of approved plan being higher than available capital **					
Total	—	—			

<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					
Telecommunication (TEL)					
Transmission Division (T&D)					
Human Resources (HR)					
Corporate Components					
Fleet Management					
Mobile Division					
Minor Capital					
Enterprise Wide (EW):					
<i>Media Asset Management</i>					
<i>On-Air Core</i>					
Calgary Rebuild					
Halifax					
<i>Others</i>					
Corporate Contingency					
Impact of approved plan being higher than available capital **					
Total					
		% of Available Capital			
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			s.18(b)		

2013/2014 Capital Budget Overview as at September 30, 2013
Variance Analysis by Component

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

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PROJECTS APPROVED										
Projects		Project #	Component	Original Budget Approved by Board Resolution	Latest Approval Date	Project Closing Forecast/ Actual Date	Total Budget Approved by BOD 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)
Status Update

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Board approved projects with forecasted deficits
as at September 30, 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 September 30, 2013	Total Forecasted Surplus/ (Deficit), including other sources of funds	Supplemental Funds Required
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Benefit Tracking
Board of Directors Projects
Forecasted Benefits as of September 30, 2013

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