ANNUAL REPORT 2011–2012

CBC/RADIO-CANADA

- MORE CANADIAN
- MORE REGIONAL
- MORE DIGITAL

CBC Radio-Canada

TABLE OF CONTENTS

CBC/Radio-Canada 2011–2012 Achievements: More distinctly Canadian, more regional, more digital

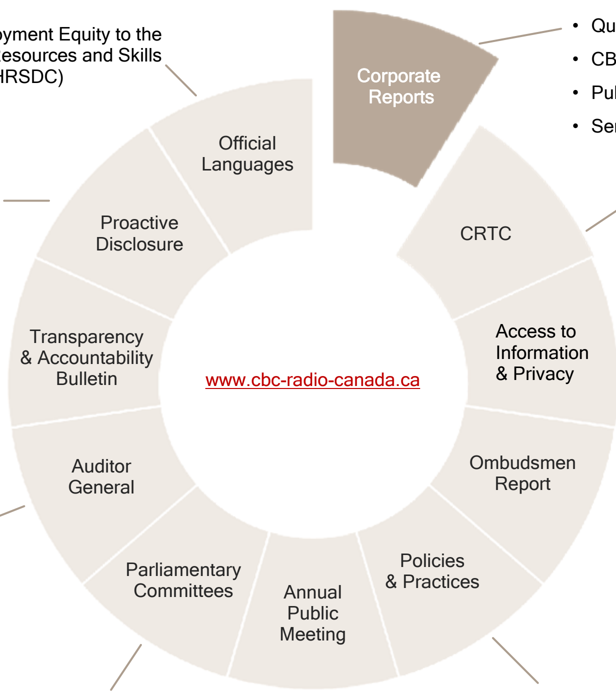
31 NUMBER OF SIGNATURE EVENTS FOR CBC AND RADIO-CANADA	**More than 80%** AMOUNT OF CANADIAN CONTENT ON CBC-TELEVISION AND LA TELEVISION DE RADIO-CANADA	**89%** SHARE FOR *BYE BYE 2011* NEW YEAR'S SPECIAL ON LA TELEVISION DE RADIO-CANADA
8.6 Mil HIGHEST-EVER AUDIENCE TO AN NHL BROADCAST IN CBC'S HISTORY	**20** NUMBER OF CBC RADIO ONE MORNING PROGRAMS IN THE TOP 3 RANKINGS IN THEIR MARKETS	
4 NUMBER OF NEW WEEKEND OR LATE NIGHT LOCAL TELEVISION SERVICES INTRODUCED BY CBC	**10** NUMBER OF MARKETS ACROSS CANADA WHERE RADIO-CANADA OFFERS WEEKEND LOCAL TELEVISION NEWSCASTS	**2** NUMBER OF NEW MICRO-WEBSITES SERVING LOCAL COMMUNITIES OUTSIDE OF THE ISLAND OF MONTREAL
More than 100 NUMBER OF NEW AUDIO STREAMS OFFERED TO CANADIANS FROM CBC AND RADIO-CANADA	**More than 11 Mil** SUBSCRIBERS TO EACH OF CBC AND RADIO-CANADA'S ALL NEWS TELEVISION SERVICES	**7.9 Mil** TOTAL NUMBER OF UNIQUE VISITORS TO CBC.CA AND RADIO-CANADA.CA PER MONTH, SEPTEMBER – MARCH

CBC/Radio-Canada's Commitment to Transparency and Accountability

As the national public broadcaster, CBC/Radio-Canada takes very seriously its obligation to be transparent and accountable to Canadians. To meet its responsibilities, the Corporation provides wide access on its corporate website to information about its activities and the way it manages public resources.

- Implementation of Section 41 of the *Official Languages Act* report
- Annual Report on Employment Equity to the Department of Human Resources and Skills Development Canada (HRSDC)

- Proactive Disclosure web pages (including posting of travel and hospitality expenses of the Chair and Executives)



- Annual Report, tabled in Parliament
- Corporate Plan and Summary
- Quarterly Financial Reports
- CBC Pension Annual Report
- Public Accounts of Canada
- Semi-Annual Report Card

- Periodic license renewals
- Annual reporting to the CRTC covering:
  - Each of the Corporation's licensed radio, television and specialty services
  - Audit reports for all the Corporation's television stations eligible for LPIF
  - Independent Production Reports covering CBC Television and la Télévision de Radio-Canada
  - New media reporting requirements

- Annual OAG Attest Audit
- Special Examination, which began in the fall of 2011

- Appearances before Parliamentary Committees (Canadian Heritage, Official Languages)

- Journalistic policies and practices
- Code of conduct

Message from the Chair

This year, the Board of Directors continued to play an important role in planning for the future of CBC/Radio-Canada. We also looked back on 75 years of public broadcasting at CBC-Radio-Canada.

Over 75 days, CBC/Radio-Canada really was ***Yours to Celebrate***. Canadians from coast to coast to coast participated and shared their memories with us during these celebrations, which peaked on November 2, 2011.

In February 2011, CBC/Radio-Canada launched Strategy *2015: Everyone, Every way/Partout, Pour tous* (Strategy 2015), our roadmap for the future, which will offer programming that is more distinctively Canadian, more regional and more digital. Canadians expressed their strong endorsement of our five-year strategy through open letters of support, positive reaction to our new local service expansion plans, excellent numbers for our television winter season, and for our Canadian programming in general on both networks.

In anticipation of the proposed reduction in our parliamentary appropriation, the Board worked very closely with senior management during the year to ensure that every effort was made to use the 2015 strategic plan as a guide for all proposed changes by English and French services, as well as corporate services. Given the magnitude of the funding reduction announced in the federal budget on March 29, 2012, the Board reconfirmed its support for the decisions and choices made by senior management and announced in April 2012. The Corporation is now in a position to push forward with Strategy 2015 at a slower pace. On behalf of the Board, I wish to thank all the staff at CBC/Radio-Canada for handling these difficult decisions in a positive and timely manner.

Since this is the last time I address Canadians as Chair of the Board, I would like to extend special thanks to all the staff at CBC/Radio-Canada. For five years it has been a privilege for me to work with you and witness your dedication and passion for CBC/Radio-Canada and Canada.

Timothy W. Casgrain
Chair, Board of Directors

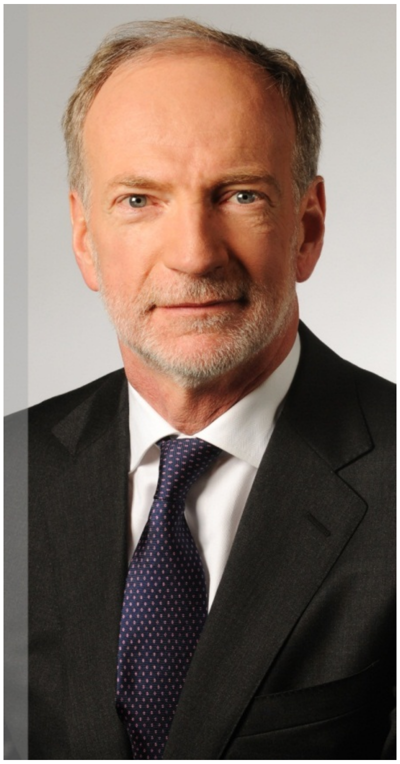
Timothy W. Casgrain
Chair, Board of Directors

Message from the President and CEO

This year was about becoming more distinctly Canadian, more regional and more digital as we began putting our five-year Strategy 2015: *Everyone, Every way* into practice.

Strategy 2015 and programming successes

Over the last year, we made tremendous headway toward achieving our 2015 objectives. You just have to look at our recent accomplishments to see how far we have come. CBC/Radio-Canada produced 31 signature events – far surpassing our original goal of 20 a year. Among these include projects such as *8th Fire*, an innovative, collaborative, multi-platform series about aboriginal Canadians that aired on both CBC and Radio-Canada.



Hubert T. Lacroix
President and CEO

We are delivering more local news and have made great strides in strengthening our presence in the regions by launching new weekend and late-night programming in places like Edmonton and the North, and creating new micro websites for Montreal's North and South Shores. We also launched two successful digital music services, CBC Music and Espace.mu, both generating more than a million audio streams in the first months of their launch.

Our programming line-up in the heart of primetime is virtually 100 per cent Canadian during the television season. On CBC, we now broadcast 82 per cent Canadian programming during prime time, and for Télévision de Radio-Canada we are now up to 93 per cent in prime time. This is a testament to the fact that it's CBC/Radio-Canada that has made Canadian content a priority.

In January 2012, CBC Television had the best launch of its history with new shows such as Arctic Air and Mr. D contributing to this great winter season launch. In addition, five shows pulled in audiences of more than a million viewers: these included CBC favorites such as Dragons Den, Marketplace and Republic of Doyle.

Télévision de Radio-Canada also continues to have great ratings, with shows like *Les enfants de la télé, Tout le monde en parle, Enquête and Les Parent* drawing more than a million viewers. The hilarious New Year's show *Bye Bye 2011* drew the largest audience in its history, with a combined total of almost 4.8 million people tuning in for broadcasts on December 31, 2011 and January 1, 2012.

CBC Radio is maintaining its overall upward trend that began several years ago, increasing its audience share by 1.5 share points in five years. New shows included *This is That, Type A* and *Recivilization.* Radio de Radio-Canada numbers remained strong with an evening schedule that has now been enhanced with shows like *Histoire d'objets* and the literary program *Plus on est de fous, plus on lit*.

And in terms of extending our digital reach, CBC.ca's online audience saw further growth, reaching an average of 6.2 million monthly unique visitors, while Radio-Canada.ca continued to break new ground with web-based documentaries like *Le bruit des mots.*

You can read more about these and other successes in the body of this report.

Transparency and accountability

As the national public broadcaster, CBC/Radio-Canada takes very seriously its obligation to be transparent and accountable to Canadians, and we have made great strides in this area over the past year. CBC/Radio-Canada is the only journalistic enterprise in the country subject to the *Access to Information Act*. When we first became subject to the *Act* in 2007, we experienced difficulty in dealing with the number of requests we received. But by the end of 2011, our "deemed refusal rate" − requests not responded to within the prescribed timeframe − had improved significantly, down to 4.2 per cent from 80.5 per cent in 2007−2008. In 2011, we also started posting an online *Transparency and Accountability Bulletin*, with regular updates on our performance.

In November 2011, the Federal Court of Appeal rendered a key judgment that clarifies the Access to Information Commissioner's powers over documents considered excluded from the *Access to Information Act*. Most importantly, the ruling confirmed unequivocally the exclusion for journalistic sources.

Canadians can access a wide variety of information about CBC/Radio-Canada's activities and the way it manages public resources on its corporate website.

Financial pressures

Once again we are faced with significant financial pressures. As announced in the 2012 federal budget, CBC/Radio-Canada's appropriation has been reduced by $115 million over three years. This targeted reduction, combined with the unavoidable costs and investments required for CBC/Radio-Canada to continue to keep pace as a modern public broadcaster, means the Corporation actually faces financial pressures amounting to $200 million over the next three years.

In response, we announced that we will discontinue some services that are no longer priorities. This means shutting down analogue television transmitters and moving RCI broadcast from shortwave to the web. Unfortunately, we have also had to cut back on the number of languages RCI will broadcast in from seven to five.

CBC/Radio-Canada will also look to increase its revenues, reduce costs and do things differently. We intend to do this through increased advertising, leasing and selling real estate and by seeking CRTC approval to add advertising to CBC Radio 2 and Espace musique, all while applying strict standards to protect CBC/Radio-Canada's brand. We will also implement more streamlined work and production methods, reduce costs of production, consolidate activities where possible, and reduce our overall real estate footprint. And we will continue to eliminate things that do not move us closer to achieving the goals we set out in Strategy 2015. The more we can do in these areas over the next three years, the more we will be able to protect activities tied to Strategy 2015, and our programming and the services we provide Canadians.

Still, at this point, we will need to scale back on the ambitions of our strategy to the tune of $30 million. For me, this is what hurts the most, because Strategy 2015 is about building our future. The reality is that we will not be able to go as far or as fast as we wanted with our local service extension plans. We will need to sell one specialty television channel and cancel the development and deployment of three others, eliminate a special fund to encourage cross-cultural programming that served both our English and French communities, and reduce the number of nation-building signature events we produce in a year.

The Corporation faces other funding risks as the CRTC conducts a three-year review of the Local Programming Improvement Fund (LPIF). The LPIF contributed approximately $40 million to CBC/Radio-Canada's local programming in the 2010−2011 broadcast year ($21 million for French services and $19 million for English services). Among many other things, this allowed us to: increase local news programs in most markets; enhance coverage of local sports, special events, elections, breaking news and weather; and increase the presence of local news on the national network. Losing access to the LPIF would result in local television programming reductions of an equivalent amount and would certainly have an effect on viewers in small markets.

Moving forward

Despite what will be a sizeable reduction to our budget over the next three years, CBC/Radio-Canada still occupies a unique, prominent and valued place not only at the heart of Canadian culture and democratic life, but also as a cornerstone of an industry in upheaval.

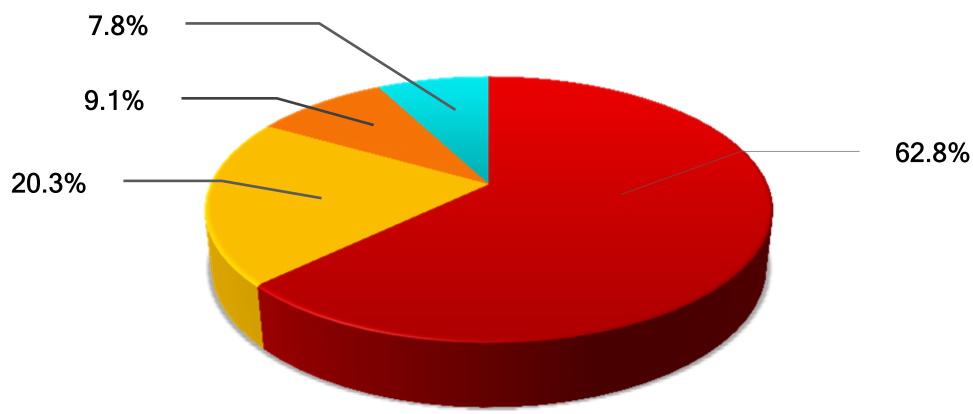
Our commitment is to create public spaces where you can better understand and relate to the world, your country, your province, your city, your community and your neighbours, while confidently expressing your opinions and sharing your experiences.

Far from retrenching in the face of adversity and daunting challenges, I assure you we have our sights squarely set on extending CBC/Radio-Canada's leadership in Canadian programming, regional presence and digital platforms.

Hubert T. Lacroix
President and CEO

Year in Review

REVENUES AND SOURCES OF FUNDS FOR FISCAL YEAR 2011–2012



(in millions of dollars)	2011–2012		2010–2011	
Government funding	$1,162.3	62.8%	$1,167.3	63.8%
Advertising revenue	$375.7	20.3%	$367.7	20.1%
Specialty services revenue	$167.8	9.1%	$158.1	8.6%
Other revenue	$145.5	7.8%	$136.5	7.5%
	$1,851.3	100%	$1,829.6	100%

Financial Highlights

Net Results

	For the year ended March 31			
(in thousands of dollars)	**2012**	**2011**	**$ change**	**% change**
Revenue	688,964	662,337	26,627	4.0
Expenses	(1,840,769)	(1,834,219)	(6,550)	(0.4)
Government funding	1,162,317	1,167,341	(5,024)	(0.4)
Net results before non-operating items	**10,512**	**(4,541)**	**15,053**	**N/M**
Non-operating items	30,352	(2,859)	33,211	N/M
Net results for the period	**40,864**	**(7,400)**	**48,264**	**N/M**

N/M = Not meaningful

Overview of Annual Net Results

Net results for the fiscal year were $40.9 million, an increase of $48.3 million over the previous fiscal year. This reflects the following changes in revenue, funding and expenses:

- Revenue increased by $26.6 million (4 per cent) compared to 2010–2011. Strong hockey playoff revenue in the first quarter, a strong television schedule and increasing digital revenue from other platforms are the main contributors to the increase. In addition, ARTV results are now reported on a consolidated basis since the Corporation acquired controlling interest on July 12, 2010. Contributions from LPIF were also higher in 2011–2012.
- Expenses were $6.6 million (0.4 per cent) higher than in the previous fiscal year. The increase was mostly due to investments related to Strategy 2015, including items such as the Corporation's revitalization projects for local markets and the continued focus on digital broadcasting.
- Government funding, which also includes the amortization of deferred capital funding, decreased by $5.0 million (0.4 per cent) compared to 2010–2011. Most of this decrease, $2.8 million, was due to an incremental budget reduction for 2011–2012 as a result of cost-containment measures announced in the 2007 federal budget.
- Non-operating items produced income of $30.4 million, compared to a loss of $2.8 million in 2010–2011, mostly due to a non-cash inclusion in income of a dilution gain recognized with the acquisition and financing activities related to Sirius Canada/Canadian Satellite Radio (CSR) Holdings Inc., in which the Corporation is invested.

Total Comprehensive Income

	For the year ended March 31			
(in thousands of dollars)	**2012**	**2011**	**$ change**	**% change**
Net results for the period	**40,864**	**(7,400)**	**48,264**	**N/M**
Other comprehensive income (loss)	(306,815)	250,238	(557,053)	N/M
Total comprehensive income (loss) for the period	**(265,951)**	**242,838**	**(508,789)**	**N/M**

N/M = Not meaningful

The other comprehensive loss of $306.8 million resulted primarily from non-cash actuarial losses on CBC/Radio-Canada's defined benefit pension plan. The pension plan's obligations are extremely sensitive to actuarial assumptions and can lead to significant annual fluctuations. Actuarial gains and losses are immediately recognized in other comprehensive income in each reporting period.

Other Financial Matters

On March 29, 2012, the Corporation's parliamentary appropriation was reduced by $115 million over three years as part of the Federal Budget 2012. This reduction, combined with the unavoidable costs and investments required to continue to transform into a modern public broadcaster, means the Corporation actually faces financial pressures amounting to $200 million over the next three years. CBC/Radio-Canada is determined to face this challenge head-on by implementing a three-year plan focused on:

- Increasing revenues
- Transforming Radio Canada International (RCI)
- Accelerating the shutdown of analogue transmitters
- Reducing costs and doing things differently
- Pacing the Strategy 2015 roll-out

For more information on the measures CBC/Radio-Canada is implementing, please visit the 2015: Same Strategy, Different Path website.

Strategy 2015: Year in Review

Achieving our plan's objectives

In 2011–2012, CBC/Radio-Canada's English and French Services began implementing a wide range of projects relating to our five-year strategic plan, Strategy 2015. The plan has three key thrusts:

- More distinctly Canadian: Network programming and national public spaces
- More regional: Regional presence and community spaces
- More digital: New platforms and digital spaces

Overall, we successfully reached the objectives set for the first year of the plan.

More distinctly Canadian: Network programming and national public spaces

This year, we continued to focus on becoming the home of high-quality content that expresses and enriches the Canadian experience across the country:

- Our plan commits CBC and Radio-Canada each to produce and air every year at least 10 Signature Events – projects of national cultural relevance or national public interest that bring Canadians together in large numbers, are delivered on multiple platforms and have a meaningful impact on participants. During 2011–2012, CBC/Radio-Canada aired more than 30 Signature Events.
- CBC/Radio-Canada enhanced coverage of the federal and several seven provincial general elections, adding on CBC/Radio-Canada websites the Vote Compass tool, which allows Canadians to explore how their views and values align with those of the political parties. We also created websites for each election, making it easier for audiences to participate in the Canadian democratic process.

More regional: Regional presence and community spaces

Our goals are to expand existing local service and add new local service for 6 million English-speaking and some 2 million French-speaking Canadians that are presently under-served. To that end, we introduced:

- New weekend CBC Television news programming in Toronto, St. John's and Calgary.
- New weekend Radio-Canada Television news in Edmonton and Regina.
- New late night CBC Television service in the North.
- Enhanced CBC Radio service in Kelowna.
- Two new micro websites for Montreal's North and South Shores.

Future local programming and services announced this year include:

- CBC Television weekend news programming for Edmonton, Ottawa, Montreal and the Maritimes.
- Digital service in Hamilton, Ontario.
- CBC radio and digital services in Kamloops, London, the Waterloo region and Saskatoon.

More digital: New platforms and digital spaces

We also extended our leadership in creating and nurturing Canadian digital spaces and strengthened the competitive position of our existing multiplatform offering with:

- 14 redesigned local CBC websites.
- The new Radio-Canada Explora specialty channel, launched in March, which focuses on health, nature, science and the environment.
- The new Radio-Canada online service Espace.mu, which offers listeners more than 80,000 musical selections in seven genres, as well as unique online music features and ways for sharing content.
- The new CBC Music online portal and the CBC Music mobile app for iOS, introduced in February, 2012, which offers listeners more than 130,000 musical selections.
- A comprehensive agreement negotiated with Quebecor Media divisions to ensure a wide distribution of Radio-Canada content.

Programming Year in Review

During 2011−2012, CBC/Radio-Canada's content was shared with audiences across all services and platforms. Our content showcased Canadian programming and talent. With new shows and returning favorites across our programming schedules and across genres, CBC/Radio-Canada's content helped connect Canadians to their country, to their communities and to each other.

Deeper integration across CBC and Radio-Canada allowed us to utilize talent from across the corporation and leverage innovations to bring great content to Canadians where, when and how they wanted it, delivering on the promise of Strategy 2015.

French Services

Radio-Canada managed to maintain its position in a fiercely competitive environment by delivering creative programs of broad appeal and continually striving to reach the largest possible audience across all its platforms.

Delivering the content audiences want

Télévision de Radio-Canada continues to air flagship programs that regularly draw over one million viewers − *Les enfants de la télé*, *Les Parents*, *Tout le monde en parle* and, of course, *Bye Bye 2011*, which captured a record 89 per cent share. It offered popular, critically acclaimed original dramas like *30 vies*, *Les rescapés* and *Apparences*. Once again this year, *Enquête* provided Canadians with compelling stories that reflect their concerns and stimulate democratic life.

Radio de Radio-Canada took a bold new step in June 2011 with the launch of the Espace.mu portal, offering the world's largest online repository of French-language songs and a comprehensive selection of web radio streams. On Première Chaîne, the summer and fall 2011 schedules served as incubators for a wide range of new shows, whose success earned them a spot in the regular line-up. The evening schedule is now enhanced with new original content such as *Histoire d'objets* and the literary program *Plus on est de fous, plus on lit*.

Building on regional strengths

Our regional centres produced hits on multiple platforms, including *Les chefs!* on television and *Bien dans son assiette* on Première Chaîne radio. Newscasts are now available on weekends in 10 regional markets. On the web, Radio-Canada set up a virtual hub for community interaction with two regional sites, www.Radio-Canada.ca/Rive-Sud and www.Radio-Canada.ca/Rive-Nord, targeting greater Montreal's off-island residents.

Ongoing digital innovation

Radio-Canada is reaching out to audiences everywhere. In September, it launched Radio Canada International's web platform, RCI Vision. The following January, it released its mobile news app with personalization and geolocation features. In March, the new Explora channel went to air. Radio-Canada.ca continues to break new ground with web-based documentaries like *Le bruit des mots,* which resonated with audiences worldwide, while Tou.tv expanded its web offering with ever more original drama series and acquisitions.

English Services

English Services continued to reach audiences across all of its services and platforms, offering content when and where audiences wanted it.

Strong audience response across services

In January 2012, CBC Television celebrated its most successful season premiere week ever, with five programs surpassing the one million viewers mark. New shows that launched to audiences of more than one million included *Mr. D* – the largest comedy audience since the debut of *Little Mosque on the Prairie* – and *Arctic Air* – the highest audience for a drama series premiere in 20 years on CBC Television. *Redemption Inc.* also launched to strong audiences and *Cover Me Canada*, new to the fall, showcased Canada's best new musical talent and let viewers use social media to vote for their favorite bands.

Our returning shows *Battle of the Blades, Dragons' Den*, *Marketplace*, *Republic of Doyle* and *Hockey Night in Canada* captured between 1 and 1.5 million viewers weekly. *Marketplace* also launched to an audience of just under 1.5 million and then went on to have its best season ever. *The Rick Mercer Report* and *This Hour Has 22 Minutes* continue to capture sizeable audiences year after year and *the fifth estate* continues to grow its audiences. *Hockey Night in Canada* achieved its highest-ever audience at 8.6 million for the seventh game of the Stanley Cup final series between Vancouver and Boston, making it the most watched NHL broadcast in CBC's history.

CBC News had an extraordinarily busy year with live coverage of the federal election on CBC Television and CBC News Network, which attracted an average audience of 2 million Canadians. During the election, CBC partnered with Vote Compass to launch the first interactive online electoral literacy tool in Canada. CBC also led the national coverage of the royal wedding and the royal visit, as well as coverage of several provincial elections.

CBC Radio continued a trend of high audience levels. A number of new shows were launched this year including *This is That, Type A, Under the Influence, Trailblazers, Re-civilization* and *Trust Inc*.

CBC Radio's annual Canada Reads event resonated strongly, with 1.6 million Canadians tuning into some part of the February 6–9 broadcasts this year. CBC also launched its new digital music service, CBC Music, on February 12, 2012, which to April 1, 2012, has received more than 5.7 million page views and two million visits, and has provided 4.2 million hours of streamed music to Canadians.
According to comScore's mobile survey, conducted in the first quarter of 2012, CBC is by far the most popular headline news service among Canadians with a mobile phone.

Responding to regional needs

Serving local audiences with regional programming is a priority for CBC. In that respect, we are proud that Radio One's local morning shows saw significant growth in audiences during 2011–2012. Of these programs, 20 of 23 ranked in the top three and 10 ranked first in their markets.

On CBC Television, the *supper hour* and *late night* local news programs increased audiences over the prior year while new weekend news programming was added in Toronto, Calgary and St. John's and weekday *late night* news programming in the North.

Finally, CBC.ca enhanced and redesigned 14 regional websites to create a better user experience and increase access to CBC's regional content.

Extending our digital reach

Digital programming allows our audiences to access our content where and when they want it. Highlights for the year include continued growth in CBC.ca's online audience, which reached an average of 6.2 million unique monthly visitors.

Consumption of CBC content online continued to grow as well. Page views were up 4 per cent over 2010–2011 to 147 million per month. Video consumption was up 10 per cent, reaching 5.4 million video views per month.

Finally, CBC continues to show strong growth on mobile platforms. We launched a CBC News app for Windows and the CBC Music app for iOS during the year. Mobile devices generated just under 14 million visits to CBC.ca properties in March 2012 – accounting for 23 per cent of all visits to CBC.ca.

Signature Events: Major cross-platform and cross-cultural programming

CBC created and delivered 15 Signature Events that spanned many cross-cultural areas, including: literacy with Canada Reads; youth in sports with *Soccer Day in Canada* and *Hockey Day in Canada*; and Canadian history, heritage, and culture with *Trailblazers*, *John A. Macdonald*, *Canada Day* and *Sunshine Sketches*.

For its part, Radio-Canada produced 16 signature events this year to reflect the best our country's arts scene had to offer. Canadians across the country were able to experience the inauguration of Montreal's new concert hall, featuring a Montreal Symphony Orchestra concert conducted by Kent Nagano.

CBC and Radio-Canada teamed up to produce the ground-breaking series *8th Fire/8e feu* on Canada's Aboriginal peoples, as well as the sequel to *Love, Hate and Propaganda/Amour, Haine et Propagande*. They also proudly celebrated CBC/Radio-Canada's 75th anniversary together.

On November 2, 2011, the Corporation celebrated its 75th anniversary, marking the culmination of 75 days of special events and programming on multiple platforms. Canadians from across the country joined together to celebrate the public broadcaster, sharing their memories and participating in events across the country. For example, during the first weekend in October, 32 of our facilities across the country opened their doors to give tens of thousands of Canadians a glimpse from the other side of the camera and from behind the scenes on the sets of their favorite programs.

CBC/Radio-Canada wins national and international awards

English and French Services took home more than 200 national and international awards honouring the excellence and creativity of their broadcast artists and productions. The web documentary *Exile Without End: Palestinians in Lebanon* /-*Réfugiés oubliés - Les Palestiniens au Liban,* produced jointly by CBC and Radio-Canada, garnered a number of prestigious international accolades. English Services' *the fifth estate* won a Michener Award for meritorious public service journalism, while the Canadian Association of Journalists presented CBC Television and CBC Radio with six top awards for the quality of their journalism. *Enquête*'s work was celebrated again this year with a Judith Jasmin Grand Prize in the investigative journalism category. Radio-Canada correspondent Jean-Michel Leprince received the Maria Moors Cabot Prize from the Columbia University Graduate School of Journalism for career contribution to the coverage of Latin America.

In September, programs broadcast on CBC and Radio-Canada television networks won more than 100 Gemini and Gémeaux Awards. The two awards ceremonies were broadcast live by CBC and Radio-Canada, respectively.

Corporate Year in Review

Reinforcing our commitment to transparency and accountability

CBC/Radio-Canada's Annual Public Meeting (APM) was held at the Canadian War Museum on Wednesday, November 2, coinciding with the Corporation's 75th anniversary. A live audience and other Canadians participating via webcast heard the Chair of the Board of Directors, President and CEO, and Vice-President and Chief Financial Officer present highlights of 2010–2011 and an overview of the Corporation's future direction. In addition, foreign correspondents Nahlah Ayed, Anyck Béraud, Jean-François Bélanger and Paul Hunter reflected on the past year's international events and answered questions from the floor, the webcast and Twitter.

CBC/Radio-Canada responded to a total of 208 access to information (ATI) requests. This figure includes 190 of the 218 requests received this year and 18 others carried over from fiscal year 2010–2011. While the requests touched all areas of the Corporation, the business areas that were most affected were English Services (involved in 83 requests) and French Services (involved in 51 requests). The downward trend in the Corporation's "deemed refusal rate" continued during fiscal year 2011–2012. This rate, which refers to requests not responded to within statutory limits, has dropped steadily from a high of 80.5 per cent in fiscal year 2007–2008 to 4.2 per cent by the end of 2011.

The six Board of Directors meetings held in various cities across the country provided Board and Senior Executive Team (SET) members with the opportunity to dialogue with employees and stakeholders about the importance of public broadcasting and CBC/Radio-Canada's upcoming priorities and challenges. Throughout the fiscal year, the President and CEO, and members of SET, gave more than 100 speeches and media interviews.

Our evolving regulatory environment

The Corporation's licence renewal hearings were postponed twice by the Canadian Radio-television Telecommunications Commission (CRTC) − first on July 8, 2011 and again on February 1, 2012. The first postponement moved the hearings from September 12, 2011 to June 4, 2012. The second postponement was indefinite. The Corporation's hearing will now take place on November 19, 2012. CBC/Radio-Canada television and radio undertakings have since been administratively renewed until August 31, 2012. CBC/Radio-Canada's last licence renewal hearing took place in 1999.

On August 31, 2011, Canada transitioned to digital over-the-air television, as per CRTC regulation. The Corporation invested more than $60 million to install 27 new digital transmitters and other related technology for its 14 English and 13 French television stations. At March 31, 2012, 26 digital transmitters were operational, with a 27th slated for activation on August 1, 2012.

On December 19, 2011, the CRTC launched a review of the Local Programming Improvement Fund (LPIF) to determine whether the Fund should be maintained, modified or cancelled. CBC/Radio-Canada appeared before the Commission on April 17, 2012, to make the case for the preservation and strengthening of the Fund. The Commission's decision is expected in the summer of 2012. Significant modifications to the Fund, if required, will not likely be implemented before September 1, 2013.The LPIF contributed close to $45.8 million to the Corporation in 2011−2012, which helped fund local television program improvements in small population centres, including minority markets.

On April 4, 2012, the Corporation filed an application with the CRTC to modify its television licences to reflect its plans to cease transmitting from its 620 analogue television rebroadcasting transmitters on July 31, 2012. Decommissioning the analogue transmission network will yield savings of $10 million annually.

On April 4, 2012, CBC/Radio-Canada filed an application with the CRTC for an amendment to the conditions of licence for its Radio 2 and Espace musique radio networks, and the radio stations affiliated with these networks, to permit them to carry commercial messages in the form of national advertising. To minimize cuts to our programming and operations, the Corporation intends to generate new revenues to offset our budget reduction. The decision to introduce advertising on CBC Radio 2 and Espace musique strikes a balance between protecting the core values of our music services while providing us with a much needed new source of revenue.

Management Discussion and Analysis

International Financial Reporting Standards

As of April 1, 2011, publicly accountable enterprises in Canada must report financial results according to International Financial Reporting Standards (IFRS).This report refers to the financial statements for the year ended March 31, 2012 which have been prepared on the basis of IFRS and include comparative information for the year ended March 31, 2011 which has been restated using IFRS.

Seasonality

The majority of the Corporation's self-generated revenue comes from advertising, which follows seasonal patterns. Advertising revenue will vary according to market and general economic conditions, and the programming schedule. Subscriber-based revenue is relatively more stable on a quarter-by-quarter basis. Operating expenses also follow a seasonal pattern, as they are influenced by the programming schedule.

Government appropriations are recognized in income based on the annual budget, which reflects seasonal impacts on expenditures and self-generated revenue.

Note Regarding Forward-Looking Statements

This report contains forward-looking statements regarding objectives, strategies and expected financial and operational results. Forward-looking statements are based on the following broad assumptions: CBC/Radio-Canada continues to receive stable government funding, the television advertising market remains healthy, and the broadcasting regulatory environment does not change dramatically. Key risks and uncertainties are described in the Results and Outlook section of this report. However, some risks and uncertainties are difficult to predict and beyond the control of CBC/Radio-Canada. These include, but are not limited to, economic, financial, technical and regulatory conditions. These and other factors may cause actual results to differ substantially from the expectations stated or implied in forward-looking statements.

1. Core Business and Strategy

1.1. Mandate

We are Canada's national public broadcaster, and we are guided by the *Broadcasting Act*.

Established in 1936, this past year CBC/Radio-Canada celebrated 75 years of service to Canadians by being at the centre of the democratic, social and cultural life of the country.

The *Broadcasting Act* states that "…the Canadian Broadcasting Corporation, as the national public broadcaster, should provide radio and television services incorporating a wide range of programming that informs, enlightens and entertains. The programming provided by the Corporation should:

- Be predominantly and distinctively Canadian, reflect Canada and its regions to national and regional audiences, while serving the special needs of those regions;
- Actively contribute to the flow and exchange of cultural expression;
- Be in English and in French, reflecting the different needs and circumstances of each official language community, including the particular needs and circumstances of English and French linguistic minorities;
- Strive to be of equivalent quality in English and French;
- Contribute to shared national consciousness and identity;
- Be made available throughout Canada by the most appropriate and efficient means and as resources become available for the purpose; and,
- Reflect the multicultural and multiracial nature of Canada."

In addition to this domestic mandate, CBC/Radio-Canada is also required by section 46(2) of the *Act* to provide an international service, Radio-Canada International (RCI). As noted in last year's annual report, the Corporation planned to review RCI in relation to our strategic plan. The service was also reviewed within the context of the Federal budget 2012, which led to the decision to transform the service to provide audiences with content on the web only as described in section 4.4 Outlook.

Our vision is to be the recognized leader in expressing Canadian culture and to enrich the democratic life of all Canadians. No other Canadian broadcaster − commercial or public − has the responsibility to provide the same breadth of mandate or the same scale and scope of operations as CBC/Radio-Canada.

In establishing and operating its broadcasting activities, CBC/Radio-Canada is expected to comply with licencing and other regulatory requirements established by the CRTC, as well as any requirements under the *Radio Communication Act* that may apply to the Corporation's use of the radiocommunication spectrum.

1.2. Services

We are the leader in reaching Canadians on new platforms and delivering a comprehensive range of radio, television, Internet, mobile and satellite-based services, increasingly on new platforms. Deeply rooted in the regions, CBC/Radio-Canada is the only domestic broadcaster to offer diverse regional and cultural perspectives in English, French and eight Aboriginal languages, as well as five languages for international audiences. The Corporation's broadcasting reach extends across Canada and around the world, offering high-quality, distinctive content by, for and about Canadians, wherever and however they want it. We have more than 30 services, as follows:

CBC/Radio-Canada Services

Radio

CBC Radio One

News, current affairs, arts and culture via radio and Sirius Satellite Radio Channel 159.

CBC Radio 2

Classical, jazz and popular music via radio and four online channels: Classical, Jazz, Canadian Songwriters and Canadian Composers.

CBC Radio 3

Emerging Canadian music via the Internet, podcast and Sirius Satellite Radio Channel 152.

Première Chaîne

News, current affairs, arts and culture

Espace musique

Classical, jazz, vocal, world and emerging music via radio and Sirius Satellite Channel 153.

Bande à part

Popular and alternative French-language music via Espace musique, the Internet, podcast and Sirius Satellite Radio Channel 161.

Première plus

News, current affairs and culture, in partnership with Radio Canada International and Radio France International, via Sirius Satellite Radio Channel 160.

Sports extra

Sports information and analysis via Sirius Satellite Radio Channel 156.

Television

CBC Television
News, information, sports, entertainment, documentaries and kids programming.

CBC News Network
Continuous news and information via television.

bold
Canada's 24-hour English-language digital television service pushes the boundaries with innovative drama and comedy, the world's best performing arts and exclusive coverage of sporting events. By subscription.

documentary
Canadian and international documentaries, films and series.

Télévision de Radio-Canada
News, current affairs, drama, culture, variety, sports and programming for children and youth.

Réseau de l'information de Radio-Canada
Continuous news, information and current affairs via television.

TV5MONDE
Programming featuring diverse cultures and perspectives, from 10 broadcast partners, including Radio-Canada.

ARTV
Arts and entertainment: film, theatre, music, dance, visual arts, and more. By subscription.

Explora
Health, science, nature and the environment.

CBC News Express / RDI Express
Bilingual news and information service in five large Canadian airports, serving over 62 million travelers annually.

CBC North
Linking Canada's northern communities via radio and television, in English, French and eight Aboriginal languages.

Digital

CBC.ca
News, information, streaming video and audio, sports highlights, Web features and multimedia archives.

cbcnews.ca
Local, national and international breaking news and in-depth reporting, streaming audio and video, and web-only interactive features.

cbcsports.ca
Canadian and international breaking news and special reports from the world of sports, access to live streaming of major events including CBC's Hockey Night in Canada.

CBC Music
Free digital music service with 40 web radio stations, 12 genre-based music communities plus CBC Radio 2 and CBC Radio 3, music news by Canada's top music journalists, hundreds of concerts, playlists and more.

CBC Books
All of CBC's rich literary content across all platforms – audio, video and digital.

CBC Hamilton
CBC.ca/Hamilton provides a robust, up-to-date experience with content tailored to the residents of Hamilton and the neighbourhoods in which they live. It is one of five new local services being rolled out as part of CBC/Radio-Canada's Strategy 2015: *Everyone, Every way*.

Radio-Canada.ca
News, information, streaming video and audio, and Web features.

Tou.tv
On-demand Web television, created by Radio-Canada, featuring programming from almost 50 national and international producers and broadcasters.

Espace.mu
Customized and mostly French-language music via the Internet in seven genres: pop, jazz, classical, hip-hop, rock, country-folk and world music.

Rive Sud/Rive Nord
Provides Montreal's off-island residents with dedicated spaces to get their news, plan their commutes and daily activities, and discuss the issues that matter to them.

Radio Canada International
Canadian information and culture in five languages via the Internet, digital and analogue shortwave, satellite and partner stations worldwide.

Other

CBC Records / Les disques SRC

A label recording Canadian musicians and releasing about eight CDs annually.

CBC Mobile Productions / Productions mobiles de Radio-Canada

Services for in-house production and generating programming revenue by selling to the third-party market.

CBC Shop / Boutique Radio-Canada

On-site and online shop selling CBC/Radio-Canada audio and audio-visual recordings of programs, as well as related merchandise.

1.3. Business Model

We operate using several sources of funds, including government appropriations and self-generated revenues. CBC/Radio-Canada is a Crown corporation with 62.8 per cent of its budget funded by government appropriations approved by Parliament on an annual basis.

These appropriations have remained relatively constant over the past 10 years in a broadcasting environment where costs have increased significantly. However, through the Deficit Reduction Action Plan, the federal government has reduced CBC/Radio-Canada's appropriation by $115 million over three years.

The remaining 37.2 per cent of the budget originates from advertising, specialty service and other revenues. CBC/Radio-Canada is not profit oriented and all sources of funds are used to fulfill its public broadcasting mandate.

Adverting revenue	20.3%
Specialty services revenue	9.1%
Other revenue	7.8%
Total:	37.2%

To stay abreast of the broadcasting marketplace and our role within it, as well as to inform our business model, CBC/Radio-Canada undertakes and commissions various studies. These studies provide objective measures to help inform our decisions and ensure we continue to fulfill our mandate with the best information available. Examples of subjects studied include advertising, Canadian content and the economic impact of the public broadcaster. Many of these studies are available here. To ensure that the value of our research and reference information – which includes reports and analysis on audience ratings, industry competitors, external industry research, and the Media Technology Monitor – is amplified internally, it is accessible to all employees via the corporate intranet.

For example, through a study released in November 2011, Deloitte and Touche LLP (Deloitte) measured CBC/Radio-Canada's impact on the economy. Input included data from the CRTC, Statistics Canada, industry reports and CBC/Radio-Canada. Deloitte concluded that we had substantial impact on the Canadian economy in 2010, supporting jobs and businesses across the country – CBC/Radio-Canada's expenditure of $1.7 billion generated an estimated $3.7 billion gross value-added contribution to the Canadian economy.

The Corporation also released a new study by Nordicity Group Ltd. that looked at advertising and the public broadcaster. The study concluded that advertising does not detract from the public broadcaster's mandate and that there is no good public policy reason to eliminate it from its television services. Removing ads from CBC/Radio-Canada's services would result in a significant reduction of Canadian content and have serious consequences for both the independent production sector and advertisers.

1.4. Board and Management Structure

CBC/Radio-Canada accounts for its activities to Parliament through the Minister of Canadian Heritage and Official Languages and its Annual Report and Corporate Plan Summary, to the CRTC through year-end reports and annual financial returns, and to stakeholders through ongoing dialogue and interaction and CBC/Radio-Canada websites.

CBC/Radio-Canada's Board of Directors is responsible for the oversight of the Corporation. The Board is composed of 12 members, including the Chair and the President and CEO, who are appointed by the Government.

The Board has six sub-committees as shown below.

Board of Directors

Standing Committees on English and French Language Broadcasting	Governance and Nominating Committee	Audit Committee	Human Resources and Compensation Committee	Strategic Planning Committee	Real Estate Committee
Monitor the fulfillment by the Corporation of its English and French language broadcasting responsibilities and its overall mandate.	Mandate centres on the Board's governance framework and the conduct of the Board's affairs.	Oversee the integrity of the Corporation's financial information and reporting, the framework of internal controls and risk management, and the audit process.	Oversee all aspects of the Corporation's human resources compensation, succession planning, industrial relations, health and safety, and other related matters.	Responsible with respect to overall strategic direction of the Corporation, with specific reference to the 2015 Strategy and planning process.	Oversee real estate strategic directions, policies and significant real estate projects, transactions and related initiatives involving CBC/Radio-Canada facilities.

The Corporation's organizational structure reflects its broadcasting, infrastructure and administrative requirements and related activities. The Senior Executive Team includes the President and CEO and eight component heads with responsibilities as defined below.

President and CEO	Responsible for overseeing the management of CBC/Radio-Canada to ensure that Canada's national public broadcaster can deliver on the various aspects of its mandate and continue to offer Canadians a broad spectrum of high quality programming that informs, enlightens and entertains, and that is created by, for and about Canadians.
Executive Vice-President, French Services	Oversees all aspects of CBC/Radio-Canada's French-language programming services, which include, among other things, Télévision de Radio-Canada, Réseau de l'information de Radio-Canada (RDI), ARTV, Radio de Radio-Canada, Radio Canada International (RCI), Radio-Canada.ca, Espace.mu and Tou.tv.
Executive Vice-President, English Services	Oversees all aspects of CBC/Radio-Canada's English-language programming services, which include, among other things, radio one, radio 2, CBC Television, CBC News Network, *documentary* and digital operations.
Senior Vice-President, Corporate Strategy and Partnerships	Responsible for ensuring that CBC/Radio-Canada is prepared for the major strategic planning challenges it faces. Oversees corporate business development activities and audience research.
Vice-President and CFO, Finance and Information Technology	In addition to being responsible for all aspects of financial management and corporate information technology for Canada's national public broadcaster, plays an instrumental role in helping to achieve a sustainable economic model for the future of the Corporation.
Vice-President and Chief Regulatory Officer	Responsible for developing and implementing television and radio regulatory policies across the Corporation, pursuant to the *Broadcasting Act*, and for all representations before the CRTC. Also responsible for the transmission and distribution of the Corporation's programming and all Media Technology Services.

Vice-President, Brand, Communications and Corporate Affairs	Responsible for the corporate communications strategy, internal and external communications functions and the promotion and marketing of programs. Also, oversees the Government Relations group.
Vice-President, People and Culture	Responsible for developing and delivering the Corporation's human resources and labour relations strategies. Helps lead the "people" component of the Corporation's five-year strategic plan, Strategy 2015, ensuring that CBC/Radio-Canada is a rewarding, progressive and diverse workplace that builds professional teams of innovative and highly skilled people dedicated to accomplishing the plan.
Vice-President, Real Estate Services, Legal Services and General Counsel	Responsible for CBC/Radio-Canada's real estate portfolio across Canada and abroad, as well as for the General Counsel's offices, for the Corporate Secretariat and for the administration of access to information and privacy laws.

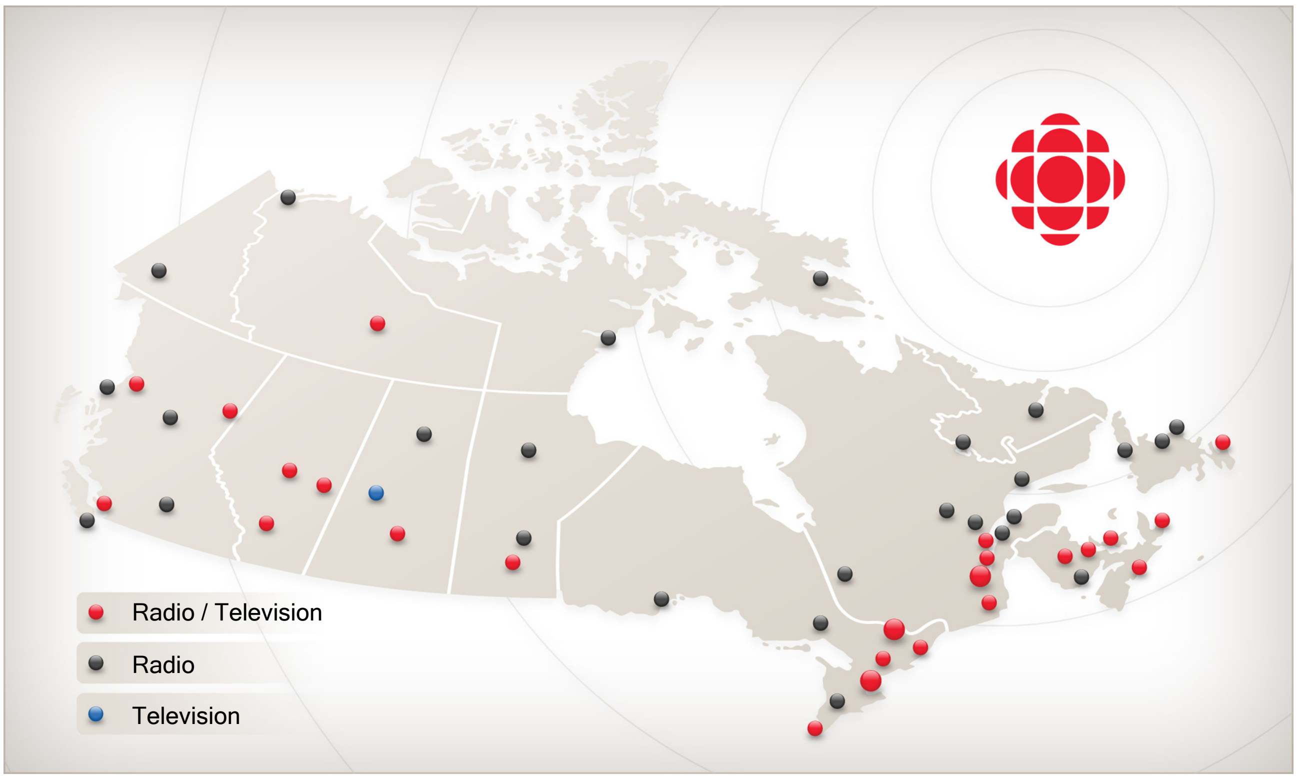
Operating across the eight divisions is the Technology Strategy Board (TSB), established in 2009 to ensure that the Corporation's technology strategy is aligned with the business strategy. TSB is a unique centre of expertise that determines the Corporation's technology priorities and is responsible for overseeing the implementation of key technological projects. Its Chair reports directly to the President and CEO.

1.5. Operations

As of March 2012, CBC/Radio-Canada employed 7,304 permanent full-time equivalent employees (FTEs), 469 temporary FTEs and 1,002 contract FTEs.

CBC/Radio-Canada's head office is located in Ottawa, with main network operations in Toronto and Montreal, and 27 television and 82 radio stations where we originate local programming. We have two main television networks, one in English and one in French, seven speciality television channels and the only Canada-wide radio network, operating four Canada-wide radio networks, two in each official language. Internationally, CBC/Radio-Canada News has 11 foreign bureaus. We integrate these operations with multiple websites.

CBC/Radio-Canada's Stations

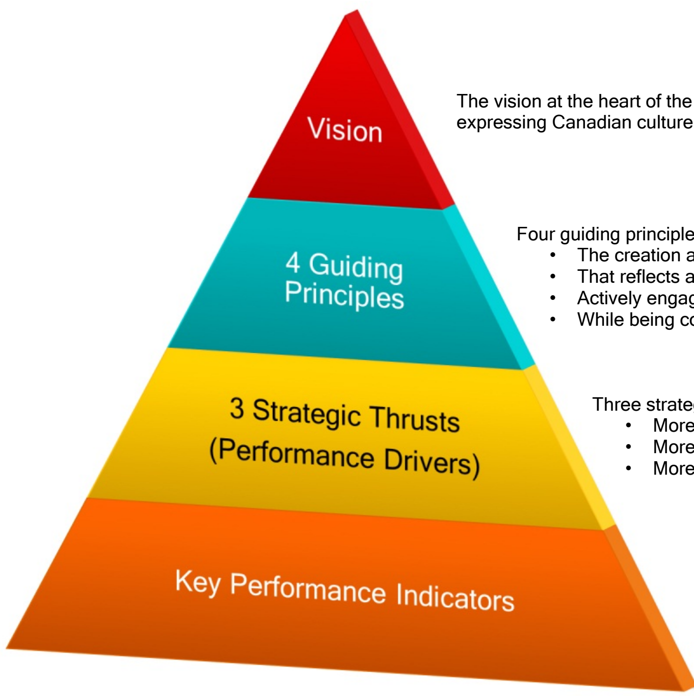


1.6. Corporate Strategy: 2015: *Everyone, Every way*

The Corporation's strategic plan, Strategy *2015: Everyone, Every way*, was launched in February 2011. Implementation officially began during the first quarter of 2011−2012.

- The plan includes three components:
- A CBC/Radio-Canada vision
- Four guiding principles supporting the vision
- Three strategic thrusts for achieving our objectives

Its success will be measured against key strategic and operational indicators.



The vision at the heart of the strategic plan is to be the recognized leader in expressing Canadian culture and to enrich the democratic life of all Canadians.

Four guiding principles support our vision:
- The creation and delivery of original, innovative, high-quality Canadian content.
- That reflects and draws together all Canadians.
- Actively engaging audiences.
- While being cost-effective and accountable.

Three strategic thrusts drive our performance:
- More Distinctly Canadian: Network programming and national public spaces
- More Regional: Regional presence and community spaces
- More Digital: New platforms and digital spaces

As presented in the next section, our key performance indicators fall into two categories.

Strategic Indicators include survey results regarding fulfillment of our mandate and the degree to which our programming adheres to the Guiding Principles above. They also include measures of our Canadian content on television.

Operational Indicators include measures of audience share, website visits, subscriber counts, and revenue generation for each of English and French Services.

2. Performance

2.1. Strategic Indicators

Measuring our success against Strategy *2015: Everyone, Every way*

A central feature of Strategy 2015 is the establishment of metrics to track and assess our performance. We have developed a report card that allows us to monitor how well, according to surveyed Canadians, our services fulfill the Corporation's mandate under the *Broadcasting Act*, and the degree to which our programming adheres to the guiding principles of our new plan. Below is the report card for 2011−2012, the first year of implementing the new strategy. It shows our progress compared to the benchmark year 2010−2011.

Report on French Services

How well does French Services fulfill its mandate under the *Broadcasting Act?*

Radio-Canada's radio and television programming…	Year 2011-2012	Benchmark Year 2010-2011
	Average Scores (/10)	Average Scores (/10)
is informative	8.2	8.1
is enlightening	8.0	7.8
is entertaining	7.8	7.7
is available on new platforms	8.2	8.0

Metric definition: Average score is the average of the scores given by all respondents on a 10 point scale.

1 2 3 4 5 6 7 8 9 10
Strongly Disagree | Disagree | Agree | Strongly Agree

Source: TNS Canadian Facts (1,200 Francophones per survey for a total of 2,400 Francophones per year resulting in a very small margin of error).
The telephone surveys are conducted in November and March of each year.

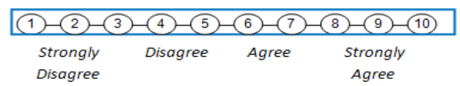
In the first year of Strategy 2015, Radio de Radio-Canada and Télévision de Radio-Canada programming maintained results obtained in 2010−2011, with Francophones continuing to feel that CBC/Radio-Canada's French Services is fulfilling its mandate under the 1991 *Broadcasting Act*.

French Services received high scores for each aspect of its mandate that was measured, ranging from 7.8 (entertaining) to 8.2 (informative and available on new platforms).

How does French Services' programming fare against the guiding principles of Strategy 2015?

Radio-Canada's programming[1]…	Year 2011-2012	Benchmark Year 2010-2011
	Average Scores (/10)	Average Scores (/10)
is high quality	8.4	8.2
is different from that offered on other channels	7.9	7.6
reflects regions of Canada	7.7	7.5
reflects my region	7.1	6.8
reflects diversity	7.6	7.3
reflects my culture	7.6	7.4

Metric definition: Average score is the average of the scores given by a respondents on a 10 point scale.



[1] Programming and content offered on any of our services, i.e., Télévision de Radio-Canada, RDI, ARTV, Première Chaîne, Espace musique, Radio-Canada.ca and Tou.tv.

Source: TNS Canadian Facts (1,200 Francophones per survey for a total of 2,400 Francophones per year resulting in a very small margin of error).

The telephone surveys are conducted in November and March of each year.

Francophones are responding positively to initiatives French Services has announced or introduced since the launch of Strategy 2015. Scores for each of the Strategy 2015 metrics, which measure whether French Services' programming offers original, innovative, quality Canadian content and whether it reflects Canadians and draws them together, increased compared to the benchmark year 2010−2011.

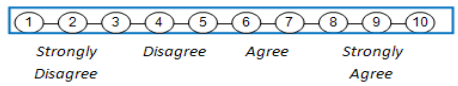
French Services' programming and content received its highest scores for being of "high quality" (8.4), while its lowest score was recorded for the measure "reflects my region" (7.1). As part of Strategy 2015, French Services will continue to work towards better meeting the regional needs of Canadians.

Report on English Services

How well does English Services fulfill its mandate under the *Broadcasting Act*?

CBC's radio and television programming…	Year 2011-2012	Benchmark Year 2010-2011
	Average Scores (/10)	Average Scores (/10)
is informative	7.9	7.8
is enlightening	7.5	7.4
is entertaining	7.4	7.2
is available on new platforms	8.2	8.2

Metric definition: Average score is the average of the scores given by all respondents on a 10 point scale.



Source: TNS Canadian Facts (1,200 Anglophones per survey for a total of 2,400 Anglophones per year resulting in a very small margin of error).
The telephone surveys are conducted in November and March of each year.

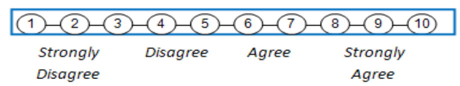
During the first year of Strategy 2015, English Services' radio and television programming maintained its 2010–2011 benchmark results.

Anglophones continue to perceive that CBC/Radio-Canada's English Services is meeting its mandate under the 1991 *Broadcasting Act*. Its highest scores were for providing content that is "available on new platforms" (8.2) and "informative" (7.9).

How does English Services' programming fare against the guiding principles of Strategy 2015?

CBC's programming[1]…	Year 2011-2012	Benchmark Year 2010-2011
	Average Scores (/10)	Average Scores (/10)
is high quality	8.1	8.0
is different from that offered on other channels	7.5	7.2
reflects regions of Canada	8,0	7.9
reflects my region	6.3	6.1
reflects diversity	7.7	7.4
reflects my culture	6.8	6.5

Metric definition: Average score is the average of the scores given by a respondents on a 10 point scale.



[1.] Programming and content offered on any of our services, i.e., CBC Television, CBC News Network, **bold**, *documentary*, CBC Radio One, CBC Radio 2 and CBC.ca.

Source: TNS Canadian Facts (1,200 Anglophones per survey for a total of 2,400 Anglophones per year resulting in a very small margin of error).

The telephone surveys are conducted in November and March of each year.

Anglophones are responding positively to the initiatives that have been announced or introduced in year one of Strategy 2015.

Scores for every Strategy 2015 metrics, which measure whether English Services' programming offers original, innovative, quality Canadian content and reflects and draws Canadians together, increased compared to the benchmark year 2010–2011.

The biggest movements compared to the benchmark year were with respect to differentiation, reflection of "my region," diversity and culture, which were all favorable. Better meeting the regional needs of Canadians is a key priority of the new strategy and we will continue to monitor perceptions using these metrics.

Measuring our Canadian Content

Providing Canadian programming is key to Strategy 2015. Regulatory requirements regarding Canadian content on television are also specified by the CRTC.

The CRTC sets expectations of service for both Télévision de Radio-Canada and CBC Television.

First, for the broadcast day between 6:00 a.m. and midnight, a minimum of 75 per cent Canadian content is expected. Second, for the peak period of 7:00 p.m. to 11:00 p.m., a minimum of 80 per cent Canadian content is expected. Both measures are averages over the entire broadcast year from September 1 to August 31.

Results for the most recently completed two broadcast years are shown in the table below. In each of these years, both Télévision de Radio-Canada and CBC Television exceeded the CRTC's Canadian content expectations both over the broadcast day and in prime time.

Canadian Content		Results Sep. 1, 2010 to Aug. 31, 2011	Yearly Regulatory Expectations	Results Sep. 1, 2009 to Aug. 31, 2010
Télévision de Radio-Canada				
Broadcast day	(Mon-Sun, 6:00 a.m.-12:00 a.m.)	86%	75%	82%
Prime time	(Mon-Sun, 7:00 p.m.-11:00 p.m.)	93%	80%	88%
CBC Television				
Broadcast day	(Mon-Sun, 6:00 a.m.-12:00 a.m.)	84%	75%	85%
Prime time	(Mon-Sun, 7:00 p.m.-11:00 p.m.)	82%	80%	82%

2.2. Operational Indicators − French Services

Operational indicators include measures of audience share, website visits, subscriber counts and revenue generation.

Performance Table − French Services

French Services		Past Performance			Future
		Annual Results 2010-2011	Annual Targets 2011-2012	Annual Results 2011-2012	Annual Targets 2012-2013
Radio Networks					
Première Chaîne and Espace musique	Full-day audience share[1]	19.5%	19.5%	17.8%	16%[2]
Television					
Radio-Canada	Prime-time audience share Fall/ winter season[6]	19.9%	19.3%	18.7%	18.2%
Specialty Channels RDI, ARTV, Explora[7]	Full-day audience share Fall/ winter season[8]	4.5%	4.5%	4.6%	4.7% (April - March) 5
Regional					
Première Chaîne	Morning shows audience share Mon-Fri 6-9 a.m.[1]	19%	19%	17%	16%[2]
Téléjournal 18h	Average viewer per minute Weekly average Mon-Fri 6-6:30 p.m. Fall/ winter season[6]	317,000	323,000	291,000	290,000
Regional web pages	Monthly average unique visitors Sep-Mar[4]	447,000	458,000	476,000	497,000 (April - March) 5
Website[3]					
Radio-Canada.ca, TOU.TV, Bandeapart.fm, RCI.net, Espace.mu	Monthly average unique visitors Sep-Mar[4]	2.0 million	2.1 million	2.1 million	2.1 million (April - March) 5
Specialty Television Channels					
RDI	Subscribers	11.0 million	11.0 million	11.7 million	11.8 million
ARTV	Subscribers	2.1 million	2.1 million	2.1 million	2.1 million
Revenue[9]					
Conventional, specialty, online		$224.9 million	$230.0 million	$228.6 million	$252.1 million[10]

1. Source: BBM Canada, fall survey (diary), persons aged 12 years and older.
2. Source: BBM Canada, spring and fall 2012 surveys (diary), persons aged 12 years and older.
3. Espace.mu was introduced on June 13, 2011. RCI Vision was introduced on June 20, 2011, and results are included with RCI.net.
4. Source: comScore, persons aged 2 years and older.
5. In 2010−2011 and 2011−2012, measurement was based on the television season (i.e. September - March). In 2012−2013, measurement will be on the fiscal year (April - March).
6. Source: BBM Canada, Personal People Meter (PPM), Quebec francophones aged 2 years and older.
7. Explora was launched at the end of March 2012, not included in Results 2011−2012 thereof.
8. Source: BBM Canada, Personal People Meter (PPM), Quebec francophones subscribing to a television distribution service, aged 2 years and older.
9. Includes revenue from LPIF, a fund created by the CRTC to support local programming. It is available to conventional television stations operating in non-metropolitan areas. In 2010−2011 and 2011−2012, measurement excluded merchandising/licensing revenues which are included in targets for 2012−2013.
10. ARTV also included in 2012-2013 targets.

2011–2012 Results – French Services

In 2011–2012, Radio-Canada experienced some strong successes, coupled with more modest results that must be considered in light of a shifting competitive environment and strategic decisions made with long-term results in mind.

Having captured a combined market share of 17.8 per cent, the Première Chaîne and Espace musique radio networks fell short of their established target, 19.5 per cent. Morning shows in regional markets performed in a similar manner, attracting a 17 per cent share – 2 points less than the target. Our Strategy 2015 framework includes plans to make our radio services even more innovative. Scheduling changes in the early fall upset listening habits, while at the same time, competition intensified in the extended Montreal market and the regions.

Radio-Canada has retained its competitive positioning on its digital platforms. With a combined monthly average of 2,137,000 unique visitors, Radio-Canada sites (Radio-Canada.ca, Tou.tv, RCInet.ca, bandeapart.fm, and the recently launched espace.mu) posted a combined 6 per cent increase in reach over the same period (September to March) last year. The regional section redesign on Radio-Canada.ca has also paid off – with 476,000 unique visitors, we exceeded our target of 458,000 and we also extended our regional sites' reach by 2 per cent compared to last year.

Thanks to a creative, diverse programming line-up and solid results in the fall and holiday seasons, Télévision de Radio-Canada achieved a prime-time share of 18.7 per cent for the regular season. This was below its 19.3 target due to the impact of fierce competition through the winter.

Despite our strong commitment to news, with an average audience of 291,000 viewers from 6:00 to 6:30 p.m. during the regular season, regional newscasts did not achieve their targets. Overall, there were fewer television newscast viewing hours by francophone viewers this year. Newscasts also experienced more competition from entertainment programming at supper hour.

Radio-Canada's specialty channels had a good year. ARTV and RDI recorded a combined share of 4.6 per cent, edging out their 4.5 per cent target. As a result of the transition to digital transmission, and the subsequent increase of cable and digital subscriptions, RDI boasted11.7 million subscribers, up 5 per cent from last year. ARTV maintained its subscriber base of 2.1 million.

With subscription and digital-content revenue performing well, total self-generated revenue for Radio-Canada achieved 99 per cent of its target, with a year-end total of $228.6 million.

Strategy 2015 Future Directions

Increasingly, audiences have more choices to engage with our content and these choices include on-demand digital offerings. The broadcast and distribution industry has never been more vertically integrated, creating high synergy potential for our main competitors for audiences' time and focus, and for advertising dollars.

We continue to focus on achieving the objectives and serving the priorities of Strategy 2015: Canadian programming, the regions and digital platforms. As we work to keep pace as a modern public broadcaster, efficiency and innovation are key principles.

Reduced funding over the next three fiscal years, as a consequence of the federal government's Budget 2012 initiative, will significantly affect programming and operations. Senior management will focus for much of the upcoming year on implementing the necessary changes and managing impacts on the Corporation and its stakeholders. Strategy 2015 continues to guide our decision-making.

French Services remains strongly focused on fulfilling its Strategy 2015 commitments, with an emphasis on maintaining its ability to create and innovate so that it can bring Canadians relevant, compelling programming.

Targets for 2012−2013 have been set with these factors in mind.

More distinctly Canadian

Providing French-speaking Canadians with original content in their own language that tells their stories and reflects their realities, and informs them about events in their region, across the country and around the world, is central to the public broadcaster's programming strategy.

Radio-Canada will explore new drama and entertainment formats on our main network, while seeking to be the leader in 24-hour multiplatform news by further enhancing our flagship newscasts, both at the national and the local levels. Where music is concerned, Radio-Canada plans to maintain a strong presence, as well as unparalleled programming across all its platforms, with a focus on genre diversity, musical discovery, and original production.

When setting its targets for 2012−2013, Radio-Canada took into account the reduced funding as noted above, as well as the competition, and the impact of changes in the technological environment on consumer behavior.

Finally, Radio-Canada remains firmly committed to ensuring that its programming reflects the diversity of cultures and voices that make up contemporary Canada.

More regional

The opening of a new multimedia centre in Rimouski by late summer 2012 to serve Eastern Quebec will mark the final phase of Radio-Canada's nation-wide multiplatform rollout. Radio-Canada will continue forging local ties with the French-speaking communities it serves across the country, while also further expanding its web and mobile offering and renewing Première Chaîne's regional lineup from coast to coast. Our regional key performance indicator (KPI) targets reflect a slight reduction (on radio), maintenance (on television) and increase (online) of performance on these measures in 2012−2013.

More digital

Radio-Canada will redefine its leadership in the French-language media landscape by more fully leveraging digital technology within all French Services components. Initiatives will include developing a content rollout strategy for social media, releasing new mobile apps, and overhauling the Radio-Canada web offering.

Radio-Canada will also be expanding its speciality line-up by building on Explora and launching a new digital channel devoted to showcasing the public broadcaster's video archive.

For web and specialty channels, targets have been adjusted for measurement on a full year basis, better reflecting and measuring the success of the service delivered. The targets for 2012–2013 are set to maintain the overall full-year share in specialty services compared to 2011–2012, and to increase the reach online.

Transformation to invest in strategy and manage financial pressures

Media industry realities, coupled with the need to adapt to a new financial framework, have prompted Radio-Canada to examine the way it does business, as well as transform and streamline its production methods and management structures. This will allow it to reinvest in programming and move forward with its strategy. Radio-Canada wants to become an even more agile, creative and innovative organization, capable of generating new revenue, as reflected in its targets, while running its operations efficiently and transparently.

2.3. Operational Indicators − English Services

Operational Indicators include measures of audience share, web-site visits, subscriber counts, and revenue generation.

Performance Table − English Services

English Services		Past Performance			Future
		Annual Results 2010-2011	Annual Targets 2011-2012	Annual Results 2011-2012	Annual Targets 2012-2013
Radio Networks					
CBC Radio One and CBC Radio 2	All-day audience share[1]	14.7%	14.9%	14.5%	14.3%
Television					
CBC Television	Prime-time audience share Regular season[3]	9.3%	9.3%	8.6%	8.1%
CBC News Network	All-day audience share Regular season[3]	1.4%	1.5%	1.4%	1.4% (April - March) 7
Regional					
CBC Radio One morning shows	Average weekly hours tuned (Mon-Fri) Regular season[3]	4.8 million	4.8 million	6.0 million	6.0 million
TV supper and late-night news	Average weekly hours tuned (Mon-Fri) Regular season[3]	3.1 million	3.1 million	3.3 million	3.5 million
Regional web pages	Monthly average unique visitors Sep-Mar[2]	0.90 million	0.93 million	0.94 million	0.975 million (April - March) 7
New Platforms					
CBC.ca	Monthly average unique visitors Sep-Mar[2]	5.8 million	6.0 million	6.2 million	6.5 million (April - March) 7
CBC News Online	Monthly average unique visitors Sep-Mar[2]	4.0 million[5]	4.1 million	4.3 million	Discontinued
CBC Sports Online	Monthly average unique visitors Sep-Mar[2]	0.9 million	1.0 million	1.1 million	Discontinued
CBC Entertainment Online	Monthly average unique visitors Sep-Mar[2]	1.9 million	2.0 million	1.8 million	Discontinued
Specialty Television Channels					
CBC News Network	Subscribers	11.0 million	11.1 million	11.3 million	11.4 million
bold	Subscribers	2.2 million	2.6 million	2.6 million	2.7 million
documentary	Subscribers	2.4 million	2.5 million	2.6 million	2.6 million
Revenue[4] Conventional, specialty, online		$384.0 million[6]	$373.1 million	$399.2 million	$397 million

1. Source: BBM Canada, fall survey (diary), persons aged 12 years and older.
2. Source: comScore, persons aged 2 years and older.
3. Source: BBM Canada, Personal People Meter (PPM), persons aged 2 years and older.
4. Revenue for *documentary* is counted at 100% although CBC/Radio-Canada owns 82% per cent. Includes revenue from LPIF, a fund created by the CRTC to support local programming. It is available to conventional television stations operating in non-metropolitan areas. In 2010–2011 and 2011–2012, measurement excluded merchandising/licensing revenues which are included in 2012–2013.
5. CBC News Online excludes February 2011 due to comScore because of the unavailability of the data for this month (News Only).
6. Includes one-time FIFA World Cup soccer revenues.
7. In 2010–2011 and 2011–2012, measurement was based on the televison season (i.e. September - March). In 2012–2013, measurement will be on the fiscal year (April - March).

2011–2012 Results – English Services

In 2011–2012, English Services celebrated many successes and accomplishments and continued to attract and engage more audiences to Canadian programming and content. Despite achieving record breaking performance for its Canadian content, CBC also experienced softer results in others areas that resulted from increasing competition, shifting media consumption habits and strategic decisions that have longer term objectives.

CBC Radio achieved a combined national share performance of 14.5 per cent in the Fall Survey (for CBC Radio One and CBC Radio 2). This is the second-best ever fall share for CBC Radio, after the 2010–2011 best-ever Fall Survey performance of 14.7 per cent. While below our target, CBC Radio continues to perform at record heights in terms of its national share of listening audiences.

In the Monday to Friday morning period, the timeslot with the greatest number of regional radio programs, CBC Radio One exceeded its target of average weekly hours tuned during the regular season by 25 per cent. This was exceptional performance for a key pillar of the Radio One service.

Despite experiencing its best winter season launch in history, capturing record audiences for Canadian programs, and averaging over a million viewers on five shows, CBC Television was not able to meet its overall regular season share target, ending the season with an overall regular season primetime share of 8.6 per cent. Several factors affected this performance, including that the "Big Three" English-language conventional television broadcasters have all experienced declining shares, while the share of viewing for U.S. conventional and U.S. specialty channels has increased. CBC also experienced a softer than anticipated fall season with its early prime-time programming such as *Jeopardy* underperforming. In addition, some returning shows did not perform as well as last year and some new programs performed below expectations.

In regional service, CBC Television's supper hour and late night local news exceeded their targets by 200,000 average weekly hours tuned during the regular season. CBC News Network achieved a 1.4 per cent share for all-day viewing, matching its performance in 2010–2011 and just slightly below target.

For new platforms, targets for average monthly unique visitors were higher than last year's results, and CBC met or exceeded the targets in three of four categories: CBC.ca overall, CBCnews.ca and CBCsports.ca. The decline in CBC Entertainment Online performance was similar to the decline for CBC Television.

Long-term agreements with our specialty channel broadcast distribution partners (cable and satellite) have allowed us to achieve and exceed subscriber targets for the year on bold and *documentary* respectively. CBC News Network continued its leadership as the most widely distributed English-language news and information specialty service in Canada, exceeding its subscriber target.

On the revenue front, CBC outperformed our target by 7 per cent, driven by incremental advertising revenue, largely from hockey playoffs, and a variety of other revenue items, such as program sales and facility rentals. Self-generated revenues continue to be an important source of funding for CBC.

Strategy 2015 Future Directions

Consistent with French Services, English Services continues to focus on achieving the objectives and serving the priorities of Strategy 2015. Reduced funding over the next three years, continued vertical integration and shifting consumer behaviour will similarly affect programming and operations in English Services, while Strategy 2015 continues to guide our decision-making.

More distinctly Canadian

CBC will increase the Canadian content available to our audiences − where and when they want it. We will build on past audience successes on radio, television and online.

As part of our commitment to Strategy 2015, CBC will increase the Canadian content available to our audiences − where and when they want it. We will build on past audience successes on radio, television and online. Specifically, we intend to increase Canadian programming offered on CBC Television in prime time.

However, as we increase Canadian programming on our schedules, we must also balance the reduction in our funding and the changing media landscape. As a result, we anticipate a decline in our KPI for share in television as reflected in the table above. For CBC Radio One, which offers overwhelmingly Canadian programming, our target is to maintain 2011−2012's performance. Finally, our dedication to Canadian artists will be enhanced through the continuation of the CBC music strategy and our other radio programming. As audiences move to embrace the convenience and choice of our online music offer, we have adjusted the CBC Radio 2 targets accordingly.

We will continue our commitment to original journalism, and introduce a new sports strategy focusing on winter sports. We will also continue to offer Canadians multi-platform programming experiences. Finally, we will reflect Canada's diversity of voices and perspectives in our programming, on all platforms.

More regional

CBC will build upon our regional strength by "getting closer" to Canadians through our local service extension plan, which will strengthen existing local programming, add new local programming, expand to areas currently without local service and offer our local services on mobile and other digital platforms. Our regional KPI targets reflect maintaining (on radio) and increasing (on television and online) performance on these measures in 2012−2013.

We will also strengthen connections between Canadians by continuing to offer the best mix of local, regionally representative and cross-regional expression.

More digital

We will ensure programming quality and innovation while continually adapting our content to new platforms. To better meet the needs of Canadians, we will seek programming partnership opportunities where and when they make sense. As such, we have targeted to increase the number of unique visitors per month to CBC.ca.

Similar to French Services, the measurement period for English Services specialty channel (share) and web (unique visitors) performance indicators have been expanded to incorporate the entire fiscal year and the targets have been adapted accordingly.

Transforming our operations to reinvest in the future and meet our financial obligations

While protecting and developing key human resources and talent, we will continue to adopt time-saving and less costly production and operating techniques to allow more resources to be directed to more programming for Canadians. We will manage our financial challenges prudently and effectively as we remain focused on protecting the fundamental principles of our strategy.

3. Capability to Deliver Results

3.1. People and Leadership

People and Culture

Programming is a people business. To be successful, CBC/Radio-Canada must engage with and develop our employees, implement initiatives to promote a healthy workplace, and continue to build constructive relationships with our unions.

Dialogue survey

In the fall of 2010, CBC/Radio-Canada launched a corporate-wide employee survey, *Dialogue* as a way of measuring employee engagement.

What employees told us in the survey is that they are deeply committed to CBC/Radio-Canada and its mandate. We also learned that by improving activities around recognition and development, we could further improve levels of engagement. In 2011–2012, to respond to the findings and support these priorities, CBC/Radio-Canada undertook a number of initiatives. To foster greater recognition in the workplace, we developed and delivered recognition workshops and launched a micro-site where all employees may access learning capsules, articles and tools on the topic of recognition. To support the development and professional growth of employees, we launched a mentoring pilot, matching employees looking for advice and guidance with more experienced staff. These national projects were complemented by initiatives undertaken across the organization to respond to local results.

Investment in Training

CBC/Radio-Canada continued to provide opportunities for employees' development and professional growth. In January 2012, we launched Learning Month – a month of activities intended to highlight different aspects of our training offering – informal, web-based and in-class. In 2011–2012, we also launched new online learning portals for employee training and development which will serve to increase employees' access to learning opportunities and to ensure that our training investment is maximized.

Inclusion and Diversity

CBC/Radio-Canada remains committed to a diverse and inclusive workplace, reflecting our country's diversity. Our 2009−2012 Corporate Diversity and Equity Plan encompasses a wide range of activities related to training, workforce representation and accessibility, including:

Cultural census – The Cultural Census launched in December for new hires will provide us with a better snapshot of our workforce. The results of the census will help us develop targeted programs and strategies to eliminate barriers to the employment, training and promotion of designated group members and to meet our reporting requirements under the *Employment Equity Act*.

Recruitment – The Corporation reviewed and updated its hiring goals to increase diversity in our workforce. A new directory of diversity-related agencies helps Human Resources connect with the various communities where we can advertise opportunities.

Partnerships – We work closely with groups such as the Toronto Immigrant Resource Council (TRIEC) and the Aboriginal Human Resource Council.

Events – Black History Month, Asian Heritage Month, Canadian Multiculturalism Day, Women's History Month, and International Day for Persons with Disabilities are just a few of the diversity-related events we celebrated in the past year.

Challenge Us!

Challenge Us! is an event that brings together a variety of employees from different levels and roles to challenge the organization on an important and relevant topic. Given the launch of Strategy 2015, this year's theme was leadership. Our leaders, including President and Chief Executive Officer (CEO) Hubert T. Lacroix and other members of the Senior Executive Team, were on hand to hear the attendees' conclusions and to accept their challenges. Topics included generational differences, empowerment, personal accountability, how people can be leaders from wherever they are in the organization, how to create the leadership that we want to see at CBC/Radio-Canada and how each employee can contribute on a daily basis.

Employee Awards

The President's Awards were launched in the fall of 2009 to recognize and salute employees for their outstanding contributions and accomplishments. The 12 awards are based on the President and CEO's three priorities − people, programs and pushing forward − and include the Leadership Award, the Multi-Platform Content Award and the Smart Solutions Award. The 2011 edition of the President's Awards received 250 nominations, more than any other year, for a total of 500 nominations over the last three years.

Changes in executive management

In November, Roula Zaarour was named Vice-President, People and Culture, after the departure of Katya Laviolette. Ms. Zaarour comes to us from the Argentinean airline Aerolineas Argentinas in Buenos Aires where she was Vice-President of Business Transformation. Since joining our team on December 1, 2011, Ms. Zaarour has developed a clear vision for People and Culture. Her priorities include enabling corporate transformation, nurturing a high-performance workforce through training and development, and enhancing union relations by forging an effective industrial relations strategy.

Also in November 2011, Pierre Tourangeau, Senior Director, Content News and Current Affairs Information, French Services, was appointed Ombudsman for French Services. Mr. Tourangeau brings close to 35 years of journalistic experience to his new role, having worked in almost every area of media, including television, radio and print.

In January 2012, Louis Lalande was named Executive Vice-President, French Services. Mr. Lalande has worked at CBC/Radio-Canada for nearly three decades. He held numerous positions before being appointed Executive Director of Regional Services in 2006. In that position, he oversaw all French language television, radio and web programming in the regions. Mr. Lalande also brings external experience to his new role, including the creation of LCN, TVA's all-news television channel.

Labour Relations and Talent Agreements

In September 2011, CBC/Radio-Canada management and the Association des Réalisateurs were pleased to announce the extension for one year of the union's collective agreement.

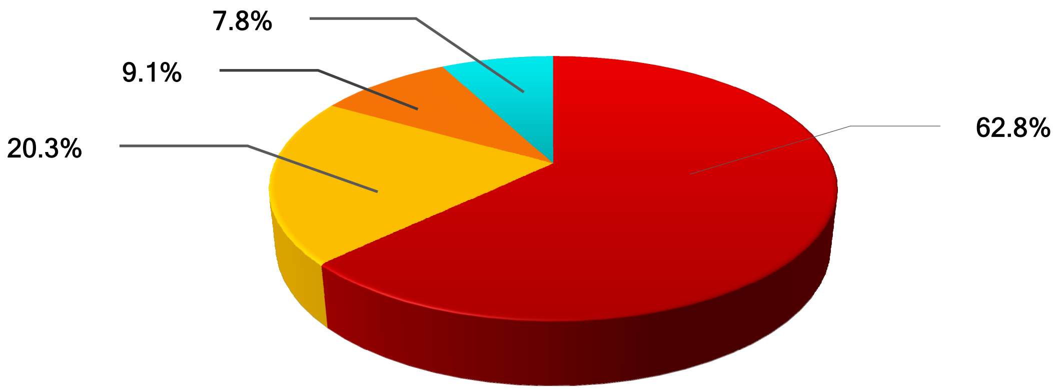
On December 12, 2011, CBC/Radio-Canada management and the Société des Auteurs de la Radio, de la Télévision et du Cinéma were pleased to announce the extension for one year of the talent union's collective agreement.

3.2. Resource Capacity

Sources of Funds

CBC/Radio-Canada has four sources of direct funding: government operational and capital funding, advertising revenue, specialty services revenue and other revenue.

REVENUES AND SOURCES OF FUNDS FOR FISCAL YEAR 2011–2012



(in millions of dollars)	2011–2012		2010–2011	
Government funding	$1,162.3	62.8%	$1,167.3	63.8%
Advertising revenue	$375.7	20.3%	$367.7	20.1%
Specialty services revenue	$167.8	9.1%	$158.1	8.6%
Other revenue	$145.5	7.8%	$136.5	7.5%
	$1,851.3	**100%**	**$1,829.6**	**100%**

Government Funding

For 2011–2012, $1,162.3 million in government funding was recognized as income (approximately 63 per cent of total revenue and sources of funds). This includes an amount of $60 million in one-time additional funding for programming that the Corporation has received in each of the previous ten years. On an annual basis, CBC/Radio-Canada's appropriation is equivalent to approximately $34 per Canadian. This compares to an average of $87 per capita in the countries with the 18 most important national public broadcasters in the world[1].

The Government announced its Deficit Reduction Action Plan in its federal budget in March 2012. CBC/Radio-Canada's share of this reduction will be $115 million by 2014–2015. This reduction includes the elimination, over that same period, of the $60 million in one-time funding referred to above.

Advertising Revenue

The Corporation sources a portion of its funds by selling advertising on its conventional television broadcasts and on other platforms. For 2011–2012, advertising accounted for $375.7 million in revenue (approximately 20 per cent of total revenue and sources of funds).

Specialty Services Revenue

Specialty services, which include subscription and advertising revenue from the Corporation's CBC News Network, **bold**, *documentary*, ARTV and the Réseau de l'information de Radio-Canada (RDI), generated $167.8 million (approximately 9 per cent of total revenue and sources of funds).

Other Revenue

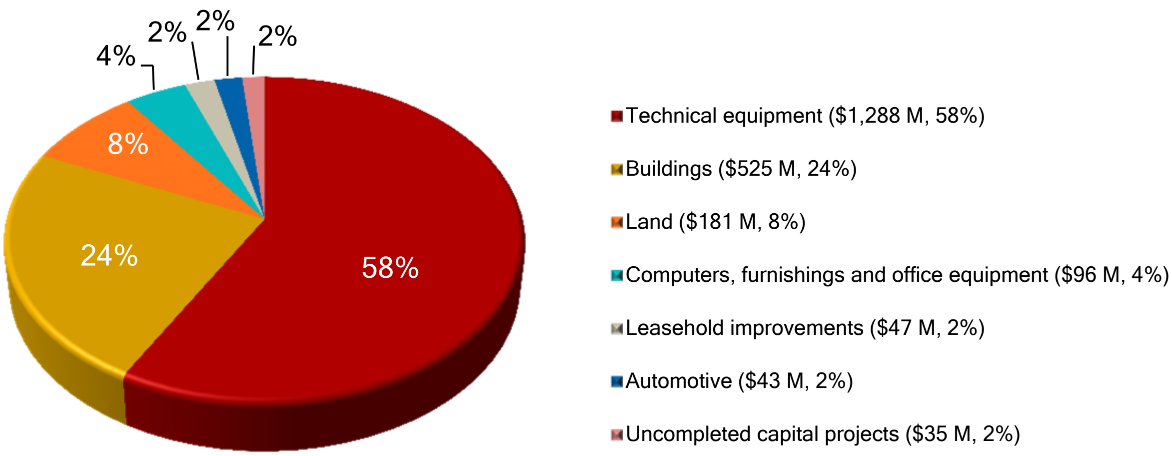
Other revenue, which includes contributions from the LPIF and from activities such as program sales, merchandising activities, rental of mobile broadcasting vehicles to external parties, rental of real estate assets and leasing space at our transmission sites, accounted for $145.5 million (approximately 8 per cent of total revenue and sources of funds). Of this amount, LPIF contributions were $45.8 million in 2011-2012 compared to $36.7 million in the previous fiscal year. The LPIF is currently under review and annual contributions to CBC/Radio-Canada have not yet been confirmed beyond August 31, 2012.

[1] *Analysis of Government Support for Public Broadcasting and Other Culture in Canada*, Nordicity, 2011.

Capital Budget

The Corporation has a base capital appropriation from the Government of Canada of $92.3 million per year. For 2011–2012, self-generated revenue supplemented funds available for capital expenditures, resulting in total spending of $123.1 million. As required by subsection 54(4) of the *Broadcasting Act*, CBC/Radio-Canada presents its capital budget to the Minister of Canadian Heritage and Official Languages in its Corporate Plan and then submits it to the Treasury Board for approval.

Breakdown of CBC/Radio-Canada's $2.2 billion (cost) of Assets



As of March 31, 2012, the Corporation employs $2.2 billion (cost) of assets in operation. CBC/Radio-Canada owns and operates one of the world's largest broadcast transmission and distribution systems, with 789 transmission sites located throughout Canada. As described in section 4.4, Outlook, the Corporation will be shutting down its analogue transmitters given the obsolescence of the technology. In addition to these transmission and distribution-related structures, CBC/Radio-Canada is responsible for a real estate portfolio of more than four million square feet, including 27 buildings owned across Canada. The Corporation is also highly dependent on technology and technology-based assets in the production and delivery of its services.

Accordingly, CBC/Radio-Canada uses the majority of its capital budget in any given year to maintain its assets, address obsolescence and undertake strategic projects. In all instances, the capital spending plan supports the attainment of the Corporation's priorities and strategies.

The Next Generation Converged Network (NGCN), one of the largest technology infrastructure projects in the Corporation's history, was completed in December 2011. This massive high-speed network is revolutionizing the way we work, allowing employees to find, access, download and edit audio and video content files from CBC/Radio-Canada locations across the country onto their desktops. It also supports real-time radio and television feeds and corporate data traffic. The NGCN is a key enabler of "drag and drop" functionality for television, the centralization of radio presentation and the conversion of standard definition to high definition television.

Borrowing Plan

The *Broadcasting Act,* section 46.1, confers on CBC/Radio-Canada the authority to borrow up to $220 million, or such greater amount as may be authorized by Parliament, subject to approval of the Minister of Finance. Section 54 (3.1) of the Act requires that the Corporation's borrowing plan be included in its corporate plan for the approval of the Minister of Finance.

When the Corporation sold long-term accounts receivable in 2009 as part of its Financial Recovery Plan to address the impact of the global economic slowdown and declining television advertising revenue, it provided a guarantee to the investors in order to obtain the best possible value for the sale. This guarantee was deemed to be borrowing. The outstanding amounts against the borrowing authority are:

(in thousands of dollars)	
Total borrowing authority available:	220,000
Authority used as at March 31, 2012:	
Guarantee on accounts receivable monetization	(176,194)
Remaining authority in 2012-2013	43,806

However, guidelines established by the Department of Finance limit borrowing to short-term initiatives with a quick payback period, and borrowing to meet working capital purposes is prohibited.

Under the *Broadcasting Act*, section 47 (1), the Corporation is an agent of the Crown and therefore has the constitutional immunities, privileges and prerogatives that are enjoyed by the Crown. The Crown is also fully liable and financially exposed for all actions and decisions by CBC/Radio-Canada while the corporation is operating within its mandate. In other words, the Corporation's assets and liabilities are the assets and liabilities of the Government.

4. Results and Outlook

4.1. Results

Summary – Net Results

	For the year ended March 31			
(in thousands of dollars)	**2012**	**2011**	**$ change**	**% change**
Revenue	688,964	662,337	26,627	4.0
Expenses	(1,840,769)	(1,834,219)	(6,550)	(0.4)
Government funding	1,162,317	1,167,341	(5,024)	(0.4)
Net results before non-operating items	**10,512**	**(4,541)**	**15,053**	**N/M**
Non-operating items				
Dilution gain from Sirius	25,775	-	25,775	N/A
Dividend income from Sirius	5,094	-	5,094	N/A
Net loss on disposal of property and equipment	(517)	(2,859)	2,342	N/M
Non-operating items	**30,352**	**(2,859)**	**33,211**	N/M
Net results for the period	**40,864**	**(7,400)**	**48,264**	**N/M**

N/M = Not meaningful

Net results before non-operating items for 2011–2012 were $10.5 million, an increase of $15.1 million compared to the previous fiscal year. Revenue increased by $26.6 million (4 per cent), expenditures by $6.6 million (0.4 per cent), and government funding, including amortization of deferred capital funding, decreased $5.0 million (0.4 per cent).

Income from non-operating items was $30.4 million. The main contributors were $30.9 million in dilution gain and dividend income from the acquisition and financing activities related to the merger of Sirius Canada Inc. and Canadian Satellite Radio Holdings Inc., in which the Corporation is invested. The non-operating loss of $0.5 million on property and equipment disposals reflects the gains from the sale of the Brossard AM transmitter site in October 2011 offset by disposal losses on transmission and technical equipment.

The following pages provide further detail and explanation of these financial results.

Revenue

	For the year ended March 31			
(in thousands of dollars)	2012	2011	$ change	% change
Advertising				
English Services	250,796	244,736	6,060	2.5
French Services	124,929	122,964	1,965	1.6
	375,725	367,700	8,025	2.2
Specialty services				
CBC News Network	84,437	81,655	2,782	3.4
RDI	56,022	54,773	1,249	2.3
bold	4,047	4,146	(99)	(2.4)
documentary	5,644	5,385	259	4.8
ARTV	17,604	12,149	5,455	44.9
	167,754	158,108	9,646	6.1
Other and financing income				
English Services	57,145	49,865	7,280	14.6
French Services	46,750	48,632	(1,882)	(3.9)
Corporate Services	41,590	38,032	3,558	9.4
	145,485	136,529	8,956	6.6
TOTAL	**688,964**	**662,337**	**26,627**	4.0

Compared to 2010–2011, total revenue increased by $26.6 million (4 per cent) in 2011–2012.

Advertising

Advertising revenue increased by $8.0 million (2.2 per cent) in 2011–2012.

Year-over-year advertising revenue was up $6.1 million (2.5 per cent) for English Services, primarily due to strong hockey playoff revenue in the first quarter of 2011–2012. The federal election also generated one-time revenue in 2011–2012. Advertising revenue in 2010–2011 included substantial one-time revenue from the coverage of the FIFA Men's World Cup.

Advertising revenue for French Services also increased, mostly as a result of the success of the Tou.tv platform.

Specialty services

Specialty services' revenue increased by $9.6 million (6.1 per cent) compared to the previous fiscal year.

CBC News Network is widely available across Canada, and is now in 11.3 million cable and satellite homes (compared to 11.0 million last year). This translated into a 1.7 per cent increase in subscription revenue and advertising revenue growth of 11.5 per cent.

Growth in subscribers was also the main reason for increased RDI and *documentary* revenue.

The increase in ARTV revenue was due almost entirely to a change in how ARTV results are reported. ARTV results are now reported on a consolidated basis because the Corporation acquired controlling interest on July 12, 2010. There are, therefore, no comparable figures for the first three months of 2010–2011.

A new specialty service, Explora, was launched on March 28, 2012. The new channel did not generate any material revenue or expenses prior to March 31, 2012.

Other and financing income

Other and financing income increased compared to 2010–2011.

For English Services, the increase was mostly due to an additional $6.3 million in Local Programming Improvement Fund (LPIF) contribution as a result of the Yellowknife station becoming eligible in late 2010–2011. In addition, an adjustment to the distribution of LPIF contributions, which is based on the number of eligible stations, eligible local programming expenditures, and broadcast distribution undertakings revenue, was recently confirmed following updated information from the CRTC reflecting the 2011 annual returns. Merchandising revenue also increased as a result of higher sales to the educational sector and higher DVD sales.

For French Services, LPIF contributions also increased as a result of the adjustment mentioned above and of the Toronto and Rimouski stations being eligible for LPIF for the entire fiscal year, compared to only seven months in 2010–2011. However, revenue from facility rentals decreased due to smaller scale productions being produced in our facilities this year compared to last year.

Corporate Services' revenue also increased in 2011–2012, mainly as a result of a retroactive U.S. copyright royalties settlement for retransmission rights.

Operating Expenses

	For the year ended March 31			
(in thousands of dollars)	**2012**	**2011**	**$ change**	**% change**
Television, radio and new media services				
English Services	919,526	901,169	18,357	2.0
French Services	666,624	658,052	8,572	1.3
	1,586,150	1,559,221	26,929	1.7
Specialty services				
CBC News Network	68,991	72,154	(3,163)	(4.4)
RDI	43,594	43,526	68	0.2
bold	3,906	3,835	71	1.9
documentary	3,625	3,564	61	1.7
ARTV	14,112	10,855	3,257	30.0
	134,228	133,934	294	0.2
Transmission, distribution and collection	72,768	78,646	(5,878)	(7.5)
Corporate management	11,423	11,683	(260)	(2.2)
Payments to private stations	2,766	3,018	(252)	(8.3)
Finance costs	33,455	35,042	(1,587)	(4.5)
Share of (profit) loss in associate	(21)	12,675	(12,696)	N/M
TOTAL	**1,840,769**	**1,834,219**	**6,550**	**0.4**

N/M = Not meaningful

Operating expenses were higher by $6.6 million (0.4 per cent) compared to 2010–2011.

Television, radio and new media services

English Services' expenses were up $18.4 million (2.0 per cent) due to a number of factors. Regional operational expenses increased mainly due to a revitalization strategy in local markets, a key part of Strategy 2015, which is expected to continue into 2012–2013. One-time costs were incurred for the federal election and seven provincial elections. These increases were partly offset by the fact that, in 2010–2011, one-time expenses were incurred for the coverage of the FIFA Men's World Cup.

French Services' expenditures increased by $8.6 million (1.3 per cent), partly due to significant investments tied to Strategy 2015. These increases were partly offset by the fact that French Services had incurred one-time costs in 2010–2011 related to the FIFA Men's World Cup, as well as by the integration of the television and radio newsrooms.

For both media services, the overall increase of $26.9 million is also partly due to one-time operating costs of $5.0 million for various efficiency-generating projects that will reduce future operating costs contributed to increased expenses. These projects include a review of the procurement process and of contracts for the purchase of goods and services, a corporate-wide printer optimization initiative and an energy-reduction lighting project. In addition, building maintenance costs were lower by $6.0 million in 2010–2011, mainly due to the receipt of one-time supplier reimbursements.

Specialty services

CBC News Network's expenditures were lower than last year by $3.2 million (4.4 per cent). This reduction was primarily due to reduced programming costs resulting from lower newsgathering cost allocations in 2011−2012 and an overall effort to generate savings.

The increase in ARTV expenses was due almost entirely to a change in how ARTV results are reported. ARTV results are now reported on a consolidated basis because the Corporation acquired controlling interest on July 12, 2010.

Other operating expenses

The expenditure decrease of $5.9 million (7.5 per cent) for transmission, distribution and collection activities was due to higher accelerated depreciation of analogue television assets in 2010−2011 when compared to the current year, resulting from the transition to digital transmission in Canada. The Corporation will finalize this depreciation in accordance with the scheduled shutdown of remaining analogue transmission in July 2012.

The decrease in finance costs reflected the decreasing interest portion of financing leases, mostly for the Toronto Broadcast Centre.

The current year share of (profit) loss in associate reflects the Corporation's equity interest in Sirius Class B shares, which are lower than losses of $12.7 million in 2010−2011.

Government Funding

	For the year ended March 31			
(in thousands of dollars)	**2012**	**2011**	**$ change**	**% change**
Parliamentary appropriations for operating expenditures	1,028,047	1,031,581	(3,534)	(0.3)
Parliamentary appropriations for working capital	4,000	4,000	-	-
Amortization of deferred capital funding	130,270	131,760	(1,490)	(1.1)
TOTAL	**1,162,317**	**1,167,341**	**(5,024)**	**(0.4)**

Parliamentary appropriations for operating expenditures decreased by $3.5 million (0.3 per cent). The major portion of this decrease, $2.8 million, was due to an incremental budget reduction for 2011–2012 related to cost-containment measures announced in the 2007 federal budget. In addition, the transfer of operating funds to the capital appropriation for the principal portion of the Toronto Broadcast Centre capital lease was higher by $0.7 million in 2011–2012.

Capital funding received is recorded as deferred capital funding. It is amortized and recognized as revenue over the same periods as the related property, equipment, equipment under capital lease, and intangible assets are used in CBC/Radio-Canada's operations.

Non-Operating Items

	For the year ended March 31			
(in thousands of dollars)	**2012**	**2011**	**$ change**	**% change**
Dilution gain from Sirius	25,775	-	25,775	N/A
Dividend income from Sirius	5,094	-	5,094	N/A
Net loss on disposal of property and equipment	(517)	(2,859)	2,342	81.9
Non-operating items	**30,352**	**(2,859)**	**33,211**	**N/M**

N/M = Not meaningful

On June 21, 2011, Canada's two satellite radio providers, Sirius Canada Inc. and Canadian Satellite Radio Holdings Inc., merged to create an entity currently trading under the name of Canadian Satellite Radio Holdings Inc. (CSR). As a result of this merger transaction, non-operating items for the 2011–2012 year included a dilution gain of $25.8 million and dividends of $5.1 million. Following the merger transaction and a subsequent secondary offering resulting in a share exchange by the other shareholders, the Corporation owns a 14.5 per cent equity interest and a 21.7 per cent voting interest in the merged entity, and has a seat on the Board of Directors.

A $0.5 million loss on property and equipment disposal reflects a gain of $8.5 million from the sale of the Brossard AM transmitter site in October 2011, offset by losses on sales of other transmission, technical, and capital items during the year. Also included in this amount is the write-off of $3.6 million following changes to the strategy behind the Corporation's Halifax real estate project.

The Corporation expects to continue to invest in renewing its transmission and technical equipment in 2012–2013 as it focuses on expanding its digital presence as part of Strategy 2015.

Total Comprehensive Income

	For the year ended March 31			
(in thousands of dollars)	2012	2011	$ change	% change
Net results for the period	**40,864**	**(7,400)**	**48,264**	**N/M**
Other comprehensive income (loss)				
Actuarial gains (losses) on defined benefit plans	(301,815)	237,563	(539,378)	N/M
Net unrealized gain on available-for-sale financial assets	94	12,675	(12,581)	N/M
Reclassification to income of net unrealized gain on available-for-sale financial assets realized on merger transaction	(5,094)	-	(5,094)	N/A
Total other comprehensive income (loss)	(306,815)	250,238	(557,053)	N/M
Total comprehensive income (loss) for the period	**(265,951)**	**242,838**	**(508,789)**	**N/M**

N/M = Not meaningful

The other comprehensive loss recognized in 2011–2012 was $306.8 million, compared to a gain recognized in the prior year of $250.2 million. The pension plan's obligations are extremely sensitive to actuarial assumptions and can lead to significant annual fluctuations. Actuarial gains and losses are immediately recognized in other comprehensive income in each reporting period.

The $301.8 million loss related to the pension plan was a result of:

- A decrease in the discount rate used in determining the pension obligation from 5.25 per cent to 4.25 per cent due to declining Government of Canada long-term bond yields, resulting in actuarial losses of $667.4 million;
- A decrease in the discount rates used in determining the obligation on other non-pension post-employment benefits, resulting in actuarial losses of $13.8 million; and
- An offsetting amount arising from a higher than expected actual return on pension plan assets of 8.4 per cent (14.9 per cent actual vs. 6.5 per cent expected), resulting in an actuarial gain of $379.4 million.

The Corporation expects that macroeconomic factors will continue to impact discount rates and asset returns used in determining the actuarial gains and losses during 2012–2013.

In addition, the 2011–2012 results included a loss of $5.1 million resulting from the non-cash reclassification to income of amounts from the Sirius merger transaction. 2010–2011 results included a net unrealized gain on the revaluation of Sirius Class C shares that were held by the Corporation.

4.2. Financial Condition, Cash Flow and Liquidity

Cash Position

The Corporation's main liquidity sources are parliamentary appropriations for operating, capital and working capital requirements, and commercial activities such as advertising. As a result of the government-wide Deficit Reduction Action Plan, the Corporation will see its appropriations reduced by $115.0 million over a three-year period, with an initial reduction of $27.8 million scheduled for 2012−2013. This is followed by a $69.6 million reduction scheduled for 2013−2014 prior to the full reduction of $115.0 million in 2014-2015. In response to these reductions and additional financial pressures inherent in funding the business and proceeding with Strategy 2015, the Corporation is implementing a financial plan for 2012−2013 to allow it to continue to match its planned operating expenses with available liquidity resources. The financial plan includes new sources of cash inflows through new sources of television and radio advertising revenue, as well as real estate rental revenue, to partially offset the reduction in appropriations, combined with reducing operating and capital requirements by:

- Transforming RCI;
- Accelerating the shutdown of analogue television transmitters;
- Reducing costs and doing things differently; and
- Pacing the Strategy 2015 roll-out.

Additional detail on each of these initiatives is provided in Section 4.4, Outlook.

The Corporation's cash flows from operating, investing, and financing activities for 2011−2012 are summarized in the following table. The Corporation's cash balance at March 31, 2012, was $64.3 million, compared to $63.2 million at March 31, 2011.

	For the year ended March 31			
(in thousands of dollars)	**2012**	**2011**	**$ change**	**% change**
Cash - beginning of year	**63,224**	**53,170**	**10,054**	**18.9**
Cash from operating activities	19,419	78,830	(59,411)	(75.4)
Cash used in financing activities	(58,272)	(55,876)	(2,396)	(4.3)
Cash from (used in) investing activities	39,906	(12,900)	52,806	409.3
Net change	1,053	10,054	(9,001)	(89.5)
Cash - end of year	**64,277**	**63,224**	**1,053**	**1.7**

Cash from operating activities

Cash from operating activities was $19.4 million, a decrease of $59.4 million compared to 2010–2011. In order to determine cash generated from operations, the Corporation excluded the dilution gain related to Sirius/CSR of $25.8 million because it did not result in a cash inflow, and also excluded non-cash changes in working capital that produced $36.2 million less cash than in 2010–2011. Additionally, non-cash adjustments made in the current year to determine cash flows from net income were $49.0 million less favorable relative to the prior year, and included items such as depreciation of property and equipment, amortization of deferred capital funding, and certain non-cash pension amounts recognized in net results.

Cash used in financing activities

Cash used in financing activities was $58.2 million, relatively consistent with $55.9 million used in 2010–2011. Financing outflows consisted of interest payments of $33.6 million, and other obligations totaling $24.6 million related to semi-annual repayments of the Toronto Broadcasting Centre bonds, payments of notes payable, and obligations under finance leases.

Cash from (used in) investing activities

Investing activities generated cash of $39.9 million, compared to cash used of $12.9 million in 2010–2011. In the current year $104.3 million of cash was used to acquire property, equipment, and intangible assets, a reduction of $21.6 million compared to 2010–2011. The Corporation's Capital Plan was funded by appropriations of $102.2 million in the current year, relatively consistent with $101.6 million in 2010–2011. Other investing cash inflows totaled $42.0 million, the three largest individual items being a $9.9 million return of capital on the Corporation's investment in Sirius/CSR, a $5.1 million dividend received in connection with the Sirius/CSR merger, and the sale of the Corporation's Brossard AM transmitter site for $9.6 million.

4.3. Seasonality and Quarterly Financial Information

The following table shows condensed financial data for the previous eight quarters. This quarterly information is unaudited, but has been prepared on the same basis as the annual consolidated financial statements. We discuss the factors that caused our results to vary over the past eight quarters throughout this management discussion and analysis.

	For the year ended March 31 2012					For the year ended March 31 2011				
(in thousands of dollars)	Q1	Q2	Q3	Q4	Total	Q1	Q2	Q3	Q4	Total
Revenue	180,145	128,076	195,967	184,776	688,964	166,056	123,402	195,938	176,941	662,337
Expenses	(471,620)	(389,577)	(467,541)	(512,031)	(1,840,769)	(445,533)	(379,201)	(475,881)	(533,604)	(1,834,219)
Government funding	278,935	289,955	269,855	323,572	1,162,317	269,306	300,680	284,159	313,196	1,167,341
Net results before non-operating items	**(12,540)**	**28,454**	**(1,719)**	**(3,683)**	**10,512**	**(10,171)**	**44,881**	**4,216**	**(43,467)**	**(4,541)**
Non-operating items	42,864	(13,439)	9,563	(8,636)	30,352	(135)	(369)	88	(2,443)	(2,859)
Net results for the period	**30,324**	**15,015**	**7,844**	**(12,319)**	**40,864**	**(10,306)**	**44,512**	**4,304**	**(45,910)**	**(7,400)**

Our operating results are subject to seasonal fluctuations that materially impact quarter-to-quarter operating results. Excluding government appropriations, approximately 55 per cent of the Corporation's funds come from advertising revenue that tends to follow a seasonal pattern, with the second quarter of each financial year typically being the lowest because the summer season attracts fewer viewers. This can be seen in the quarterly results above. Advertising revenue also varies according to market and general economic conditions and the programming schedule.

Expenses also tend to follow a seasonal pattern because they are influenced by the programming schedule. As the table shows, expenses were relatively lower in the second quarters of 2011−2012 and 2010−2011. Operating expenses tend to be higher in the fourth quarter as the Corporation incurs costs preparing for the Fall broadcasting season and completes project deliverables due by the end of the fiscal year.

Government funding is recognized in the Corporation's income based on budgeted net expenses for the quarter. Monthly and quarterly budgets are established from the annual budget approved by the Board of Directors at the beginning of each year, and reflect expected appropriation funding for the year and seasonal impacts on expenditures and self-generated revenue.

Other factors may impact net results from quarter-to-quarter. These may include items such as finance costs on borrowings, foreign exchange gains or losses, changes to the fair value of derivative financial instruments, asset impairments and sales. When appropriate, these are recorded as non-operating items. As indicated in the table above, the Corporation recorded higher levels of non-operating gains and losses in 2011−2012 compared to 2010−2011, due largely to acquisition and financing activities related to Sirius Canada/CSR, in which the Corporation is invested.

4.4. Outlook

CBC/Radio-Canada will face significant financial challenges over the next several years as it strives to achieve its Strategy 2015 objectives. Not only must the Corporation manage through government funding reductions of $115 million over three years, as announced in the 2012 federal budget, it will also expect to face additional financial pressures of $85 million per year by 2014–2015 from unavoidable cost increases and required investments to achieve strategic objectives. In total, this means that CBC/Radio-Canada expects to introduce measures to manage financial pressures of $200 million per year by 2014–2015 and one-time severance costs up to $25 million.

Prior to the government funding reductions announced in the 2012 federal budget, the financial plan for achieving Strategy 2015 investments and managing unavoidable cost increases included advertising revenue growth from television and digital services and cost reductions from production improvements and administrative efficiencies.

This financial plan was fundamentally changed with the news that CBC/Radio-Canada would have its $1.134 billion in government funding reduced by $115 million (10.14 per cent) over three years, beginning in 2012–2013. This $115 million reduction includes the elimination, over that period, of the $60 million in one-time funding that has been received since 2001 to invest in Canadian programming.

On April 4, 2012, a new financial plan, approved by CBC/Radio-Canada's Board of Directors, was announced that will allow the Corporation to meet two key objectives: (i) maintain our capacity to fulfill our mandate under the *Broadcasting Act*, and (ii) continue to drive Strategy 2015 by delivering high-quality Canadian programming, enhancing our regional presence and local impact, and investing more in digital platforms.

The measures that we will be implementing to manage the $200 million in financial pressures can be grouped into five categories: (i) increasing our revenues, (ii) transforming Radio-Canada International (RCI), (iii) accelerating the shutdown of our analogue transmitters, (iv) reducing costs and delivering our services differently, and (v) slowing the pace of the Strategy 2015 roll-out.

Increasing self-generated revenues

Ongoing increase: up to $50 million

We plan to increase self-generated revenues by leveraging ads on television, increasing digital revenue and, as an alternative to more drastic solutions, adding advertising and sponsorships to both CBC Radio 2 and Espace musique.

We have already submitted our application for a licence change for CBC Radio 2 and Espace musique to the CRTC, and will work through the process with the Commission.

The decision to add advertising and sponsorships will not change the programming mandate of CBC Radio 2 and Espace musique. Each will remain deeply committed to supporting and showcasing the best in Canadian music across a broad range of genres.

There is no plan to commercialize CBC Radio One and La Première Chaîne; our "talk radio" services will stay commercial free.

Finally, we will look to our real estate portfolio to generate more revenues as we seek to exit some buildings that we own to become tenants in more efficient and less-costly premises.

Transforming RCI

Ongoing savings: up to $10 million

Shortwave transmission of RCI programs will be shut down and RCI will provide national and international audiences with content on the web in five languages (French, English, Spanish, Arabic and Mandarin) instead of seven (no longer in Russian and Portuguese).

This transformation responds to demographic shifts and to the traffic on our sites, and concentrates our efforts on Canada's largest communities of diverse origins, while continuing to offer an international service via the web.

Accelerated shutdown of analogue television transmitters

Ongoing savings: up to $10 million

We also plan to shut down analogue television signals on July 31, 2012. Since the initial discussions around digital television (DTV) started, we have clearly stated that we wouldn't duplicate our analogue footprint in digital, that we would build digital transmitters only in centres where we originate television programming, and that we would eventually be shutting down our analogue transmitters, given the obsolescence of analogue technology and its disappearance throughout the world.

The useful life of CBC/Radio-Canada's satellite distribution backbone for analogue transmission is approaching its end and becoming increasingly expensive to maintain. Continuing to operate over 600 transmitters to reach about 1.7 per cent of the population would not be an efficient use of our resources at the best of times; it is certainly not viable given the current circumstances. Over 98 per cent of Canadians will not be affected by this and will continue to receive their CBC and/or Radio-Canada television signal the same way they do today: via cable, satellite or digital over-the-air.

Reducing costs and doing things differently

Ongoing savings: up to $100 million

Another group of measures is dedicated to reducing costs and doing things services differently. To do this, we are looking at eliminating the things that do not get us closer to achieving the goals set out in Strategy 2015.

Over the last number of years, and particularly as part of the $171 million Recovery Plan initiatives in 2009−2010, there has been a non-stop focus on operating and production efficiencies as we systematically squeezed out on-going savings from our activities. This work will continue.

We will also look to increase the employee's relative share of contributions to our pension plans from 34 per cent to 40 per cent, over the next two years. This is expected to generate approximately $5 million per year and is consistent with what is happening across business and government.

We will also continue our priority of reducing the footprint of our real estate portfolio. We had an objective of reducing it by a minimum of 400,000 square feet by 2015, but are accelerating that pace, increasing the target to more than 800,000 square feet by 2017. In the shorter term, we will pursue the sale of CBC/Radio-Canada-owned buildings, shift from owner to tenant in a number of locations, and look to lease vacant space in our remaining buildings.

Pacing the Strategy 2015 roll-out

Ongoing savings: up to $30 million

Finally, because these initiatives are still not enough to solve the $200 million problem, Strategy 2015 will have to be scaled back.

We are still committed to the goals of becoming more distinctly Canadian, more regional, and more digital, which remain vital to the fulfillment of our role as Canada's public broadcaster in a rapidly changing environment. However, in light of our financial situation, moving as far or as fast on certain elements of our Strategy 2015 plan will not be possible.

As a result, we will be taking actions including program reductions in the network schedule, reductions in the number and/or budget of signature events produced, and reductions in the number of live music recordings on radio and in cross-cultural programming projects.

While we are well on our way to introducing or improving local services to 3.5 million Canadians out of the 6 million we said we would target by the end of fiscal 2015, reaching the remaining 2.5 million will take longer and be more difficult. And, in light of these pressures, CBC's initiatives to complete its Local Service Extension Plan are expected to be digital-only services instead of a combination of radio/digital services, with fewer new opportunities.

Our strategy on specialty channels will also be affected. CBC no longer plans to launch a kids' digital channel and, after having obtained the necessary licences, neither CBC nor Radio-Canada will pursue launching a sports channel. Finally, we also intend to sell **bold**, one of our CBC specialty channels, the licence conditions of which no longer fit our strategy nor complement our other programming streams.

These measures are far reaching and the changes that come with them are significant. There will be very evident changes to the services we offer and it will take some time to appreciate their full impact on our programs, services and operations and how these changes will be received by our stakeholders, staff, partners, communities, audiences and Canadians across the country

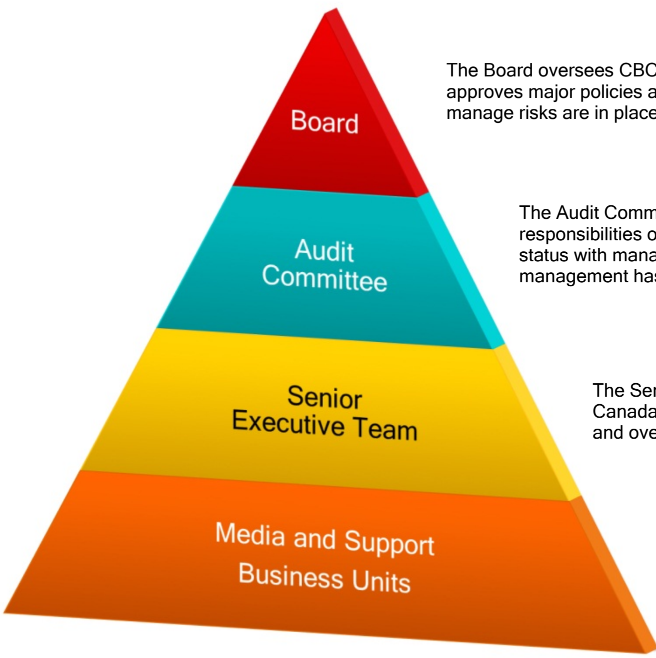
Up to 650 full-time positions (FTEs) are expected to be eliminated over the next three years (representing 7 per cent of our FTEs). This breaks out as follows: approximately 450 positions in 2012–2013, approximately 150 positions in 2013–2014, and the rest in the following year. Unfortunately, in a corporation where about 60 per cent of our overall budget goes to salaries, it's not possible to make reductions of this magnitude without a major impact on our people. The elimination of these positions will result in an estimated one-time cost of up to $25 million, on top of the $200 million recurring financial pressures.

This plan will be closely monitored and adjusted, as required, while it is being implemented over a three-year period. Its success will depend heavily on the strength of the advertising market and on our overall revenue performance. For example, our plan assumes that the CRTC's Local Programming Improvement Fund (LPIF) will remain in place and that we will continue to have access to it, in general accordance with the current rules. The LPIF is currently under review and the $47.1 million in annual contributions to CBC/Radio-Canada for the broadcast year ending August 31, 2012, could be at risk.

4.5. Risk Management and Key Risks Table

As Canada's national public broadcaster, CBC/Radio-Canada occupies an important place in the Canadian broadcasting system and faces a unique set of risks to its plans and operations. Like all broadcasters, the Corporation must adapt to technological changes, shifts in demographics and evolving consumer demands, as well as structural changes in the industry. As a public broadcaster with a statutory mandate to serve all Canadians, CBC/Radio-Canada also faces unique public expectations, financial challenges and risks.

CBC/Radio-Canada's Risk Management Program is part of an enterprise-wide approach integrated into business processes. Responsibility for risk management is shared among CBC/Radio-Canada's Board of Directors, the Board's Audit Committee, the Senior Executive Team and operational units.



The Board oversees CBC/Radio-Canada's key risks at a governing level, approves major policies and ensures that the processes and systems required to manage risks are in place.

The Audit Committee of the Board discharges its stewardship and oversight responsibilities over risk management by monitoring key risks, discussing their status with management at quarterly Audit Committee meetings, and ensuring that management has programs for evaluating the effectiveness of internal controls.

The Senior Executive Team identifies and manages risks, reports on CBC/Radio-Canada's key risks to the Audit Committee and the Board, recommends policies, and oversees financial reporting and internal control systems.

Media and support business units initially identify and assess risks through the annual business plan process, and develop and execute detailed plans to manage risks. Risks are prioritized based on their potential impacts and their likelihood of occurring.

Internal Audit plans its audits in accordance with the results of the risk assessment process and provides assurance that major risks are covered on a rotational basis by the annual audit plan.

The following table discusses the key risks faced by CBC/Radio-Canada during fiscal 2011–2012 and their ongoing impact into 2012–2013.

Key Risk	Risk Mitigation	Future Impact
1. Budget Concerns A number of pressures are individually and collectively contributing to ongoing budget concerns:		
A. Federal Budget 2012		
The Federal Budget tabled on March 29, 2012, detailed a reduction of CBC/Radio-Canada's parliamentary appropriations by $115 million over three years as part of the Federal Budget 2012. The $60 million received as one-time funding since 2001–2002 is included in the appropriation level base subject to the reduction. There is a risk that the initiatives identified to reduce costs and increase revenues will not achieve expected outcomes.	Implement initiatives to reduce costs and increase revenues. Ongoing management and review of the initiative implementations to ensure expected outcomes are achieved.	The parliamentary appropriation over the next three years has been announced, allowing for a multi-year planning horizon. However, Federal Budget 2012 will significantly affect programming and operational choices. Focus will be on delivering strategic priorities, implementing necessary changes and managing both the internal and external impacts on the Corporation and stakeholders.
B. Vertical Integration – Rights, Programs and Channel Carriage		
CBC/Radio-Canada is the only major television broadcaster in Canada without distribution affiliations following recent acquisitions of Canwest Global by Shaw Communications in 2010 and CTVglobemedia by BCE in 2011. There is a concern that carriage terms offered by Broadcast Distribution Undertakings (BDUs) will favour their own associated specialty services at the expense of the Corporation's specialty services. Risks to the Corporation include BDUs dropping the Corporation's existing television services that are not mandatory carriage or delaying the launch of new specialty services and decreased revenue from BDUs to carry the Corporation's specialty television services.	Strategic discussions with BDUs focused on overall value of the programming services offered, the relationships and negotiation of long-term agreements with terms that protect or enhance current carriage and revenues.	Long-term distribution agreements have been signed with large BDUs, including a five year agreement in principle with Vidéotron, which was announced on March 5, 2012.
A more competitive professional sports landscape with a few large, well-capitalized players vying for the same properties.	CBC plans on renewing its professional sports rights, including NHL rights which expire in June 2014, and has started preparing for renewal negotiations.	
As part of the approval process for broadcaster acquisitions, the CRTC imposes Canadian programming requirements that will likely increase the demand and cost for Canadian independent productions.	Negotiate comprehensive program rights agreements to benefit the interests of both CBC/Radio-Canada and independent producers.	Continue with identified strategies.

Key Risk	Risk Mitigation	Future Impact
C. Local Programming Improvement Fund (LPIF)		
A review of the LPIF started in April 2012. The outcome of this review will determine whether the Fund should be maintained, modified or cancelled. The LPIF is a critical source of funding for CBC/Radio-Canada. LPIF funding for the broadcast year ending August 31, 2012, is estimated to be $47.1 million and has been incorporated into CBC/Radio-Canada plans. Any reduction would have a negative impact on our programming.	Maximize LPIF eligibility while maintaining budget flexibility. Use the CRTC's April 16, 2012, hearing on the LPIF to advocate maintaining the Fund and recommend changes to the Fund to address concerns.	The future of LPIF funding after August 31, 2012, is uncertain. Current plans would need to be revisited in the event of a material change to CBC/Radio-Canada's access to the Fund.
D. Strategy, Budget and Planning		
There is a risk in our ability to allocate scarce resources and generate expected revenue to meet the objectives of Strategy 2015 given the Federal Budget 2012 and other financial pressures.	Reduce the pace and scope of Strategy 2015 roll-out to manage budget pressures. Identify further efficiencies and implement best practices and new ways of organizing and operating that position us to succeed with Strategy 2015 (*Making it Happen* initiatives). Finish implementation of corporate efficiency measures including the next generation procurement initiative. Re-evaluate targets and key performance indicators (KPIs) for both financial (relating to necessary revenue generation and implementation of cost savings) and non-financial pressures. These metrics appear in the Corporate Plan/Quarterly and Annual Reports and the Semi-Annual Report Card. Evaluate results against plans on a regular basis and adjust plans accordingly.	The pace and scope of Strategy 2015's planned initiatives were reduced by $30 million annually as a result of financial pressures. Underachievement of revenue increases and cost reduction targets may require further changes to Strategy 2015. Furthermore, results against non-financial KPIs may decline as a result of the reduction in resources available for the Corporation to spend on programming.
E. Impact on Advertising Revenue		
Advertising revenue is influenced by a number of factors, including economic uncertainty, migration of ad revenue from conventional to specialty and digital services, program audience share and rating performance, and competing advertising opportunities in the marketplace. Uncertain economic conditions compound the risks associated with the Corporation's plans to increase advertising revenue to offset some of the government funding reductions announced in the 2012 Federal Budget.	The Corporation is closely monitoring advertising revenue performance and has developed contingency plans.	Underachievement of advertising revenue targets may require further reduction of expenditures and changes to Strategy 2015 implementation plans.

Key Risk	Risk Mitigation	Future Impact
2. Union Relations		
Failure to develop a long-term strategy for more operational flexibility from our unions may have a negative impact on the working relationship between management and employees and could derail the achievement of Strategy 2015. The failure to negotiate successful settlements with unions would have economic impacts and would have a negative impact on brand management. A number of agreements must be re-negotiated between 2012 and 2014.	Continue to reinforce business needs in terms of flexibility and ensure that collective bargaining reflects these needs. Involve unions in discussions relating to economic challenges and encourage input into managing risks. Ensure communications activities are identified and implemented with union leaders before launching business strategies and initiatives (e.g., changes in methods of production to achieve savings). Successful negotiation of agreements.	Mitigation strategies continue into 2012–2013.
3. Workforce Challenges – Recruiting, Training, Retaining and Empowering a Skilled Workforce		
The degree to which staff engages with the Corporation's mission may have an impact on retention and our ability to achieve objectives.	Action plans responding to the employee engagement survey have been developed and are being implemented at the national, component and departmental levels. Two national priorities have been identified: recognition and development.	Ensure appropriate workforce planning and training are in place to plan for redirection of operations in line with Strategy 2015 and ensure employees are appropriately skilled.
The proper staff skill set is necessary to meet the transformation needs of Strategy 2015. The plan's three strategic thrusts (programming, regional and digital) will require a significant transformation in production methods, to ensure a smooth transition to a model that's more efficient, digital and multiplatform.	Ensure appropriate workforce planning and training are in place to plan for redirection of operations in line with Strategy 2015 and ensure employees are appropriately skilled.	Identified strategies will continue into 2012–2013.
Staff reductions create a climate of uncertainty and stress that may lead to reduced morale, lower productivity and decreased retention.	To minimize this risk, the organization is engaging four approaches: transparent communication to employees and unions; involvement of employees and union leadership in change; continued investment in learning and development; and increased effort to recognize employee contributions.	Identified strategies will continue into 2012–2013.

Key Risk	Risk Mitigation	Future Impact
4. Regulatory Issues		
A. Licence Renewal		
Licence renewal hearings will commence on November 19, 2012. The outcome of these hearings will set the terms and conditions of our CRTC licence over the next five years and determine whether we are able to meet the objectives of Strategy 2015.	Work with CRTC to reach mutually acceptable conditions of licence.	CBC/Radio-Canada's licence renewal application will seek a streamlined regulatory framework to enable the Corporation to operate efficiently and effectively in an evolving multiplatform environment.
B. Terms of Trade with Independent Television Producers		
Negotiations on terms of trade (rights, contribution, other business terms) for CBC with Canadian Media Production Association (CMPA) and Radio-Canada with Association des Producteurs de Films et de Télévision du Québec (APFTQ) regarding independently produced programming continue into 2012–2013. The most significant potential risk is the imposition of terms on CBC/Radio-Canada that are not compatible with CBC/Radio-Canada's role as Canada's public broadcaster.	Continue negotiating the terms of trade contracts to benefit the interests of both CBC/Radio-Canada and independent producers.	Continue with identified strategies into 2012–2013.
C. Over-the-Top Programming Services		
On May 25, 2011, the CRTC began a fact-finding exercise on the "over-the-top" (OTT) programming accessed over the Internet independent of a facility or network dedicated to its delivery. On October 5, 2011, the CRTC determined that the findings of the fact-finding exercise were inconclusive. The Commission will continue to monitor the situation as the market evolves and will conduct a second fact-finding exercise.	Monitor and adjust as required.	On April 16, 2012, the CRTC announced that it will not conduct a second fact-finding exercise but will continue to monitor the situation.
D. DTV Transition		
Following the trend in other countries, the CRTC decided to replace over-the-air analogue television transmission with digital (DTV) beginning August 31, 2011. The Corporation will have digital television transmitters in all 27 originating CBC/Radio-Canada stations. In 2011–2012, the Corporation shut down 30 analogue television transmitters in mandatory markets. CBC/Radio-Canada has applied to the CRTC to modify its licences to reflect the shutdown of the remaining 620 analogue television transmitters by July 31, 2012, to help address the government funding reductions under the Federal Budget 2012. The result is that some markets will no longer receive an over-the-air television signal from CBC/Radio-Canada. There is a risk that the public broadcaster may be perceived as reducing services to some communities.	Communications activities will inform and educate Canadians at large about CBC/Radio-Canada's plans. The communications plan will include government relations activities as well as region-specific activities and initiatives to address local issues and concerns and minimize negative reactions.	The Corporation will communicate to Canadians that only 1.7 per cent of the population still receives CBC/Radio-Canada's television signals via an analogue transmitter and, given financial pressures, the Corporation will accelerate its exit from this technology.

Key Risk	Risk Mitigation	Future Impact
5. Infrastructure Replacements and Optimization There are limited resources to meet capital asset needs for:		
• Building repairs and renovations.	Scheduled and prioritized maintenance, with emphasis on health and safety and business continuation.	A multi-disciplinary Critical Space Committee is currently proceeding with the selection and hiring of outside experts to assist in establishing standards for critical space management.
• Replacement of aging broadcasting equipment and transition to high-definition (HD) production.	Replacement will continue with available resources on a prioritized basis.	Transition of aging production equipment in regional locations to HD is planned for future years, at a pace that budgets allow.
• Radio transmitters across the country which are nearing the end of their useful life.	A transmitter asset strategy has been developed to reduce the size and investment requirements of the current system while maintaining coverage.	Continue with identified strategies.
• Real estate assets must be exploited to reduce excess space and costs.	CBC/Radio-Canada is accelerating its plan to reduce its overall real estate footprint. Comprising a little more than 4.3 million square feet, we plan to reduce it by more than 800,000 square feet by 2017. In the shorter term, we will pursue the sale of CBC/Radio-Canada-owned buildings, shift from owner to tenant in a number of locations, and look to lease our vacant space in the remaining buildings.	Portfolio strategic plans will be implemented by CBC/Radio-Canada's Real Estate Services during the coming years.
• Under-investing in technology infrastructure replacement or upgrades increases risk of system failure. Risk of cost increases to maintain and support older and/or distributed versus centralised systems.	Assess replacement options for obsolete or unsupported systems and recommend solutions.	Implement identified recommendations.
6. CMF Challenges New Canada Media Fund (CMF) funding allocation rules could result in reduced support for CBC/Radio-Canada.	Proactively advance the Corporation's position with the CMF, including participation in the CMF National Focus Group.	CBC/Radio-Canada's 2012−2013 CMF allocation is virtually the same as last year's allocation. However, there still continues to be a risk as allocation factors have changed or may change next year.

Key Risk	Risk Mitigation	Future Impact
7. Access to Information Managing public perception of a lack of accountability and of transparency. A legislative modification could curtail or impede the Corporation’s editorial independence.	Continue to produce and distribute the *Transparency and Accountability Bulletin,* which provides updates on progress we are making in managing ATI requests. Continue to manage the information published on the corporate website’s Proactive Disclosure section. Facilitate access to existing information on the corporate website. Continue to invest in improving the management and processing of ATI requests.	Continue with identified strategies into 2012−2013.

5. Financial Reporting Disclosure

5.1. Transition to International Financial Reporting Standards

In February 2008, the Canadian Accounting Standards Board of the Canadian Institute of Chartered Accounts (CICA) announced that all publicly accountable Canadian reporting entities must adopt International Financial Reporting Standards (IFRS) as Canadian generally accepted accounting practices (GAAP) for years beginning on or after January 1, 2011. Under the Public Sector Accounting Standards, the Corporation is now classified as an "other government organization." As such, the Corporation was required to assess the most appropriate basis of accounting. After assessing various factors, the Corporation determined that IFRS constitutes the most appropriate basis of accounting.

On April 1, 2011, the Corporation adopted IFRS for financial reporting, using a transition date of April 1, 2010. The consolidated financial statements contained within this annual report are therefore prepared in accordance with IFRS 1, First-time Adoption of International Financial Reporting Standards, as issued by the International Accounting Standard Board. Previously, the Corporation prepared its financial statements in accordance with Canadian GAAP.

The Corporation's IFRS accounting policies are provided in Note 3 to the consolidated financial statements. In addition, Note 5 presents reconciliations between the Corporation's previous GAAP results for fiscal 2010−2011 and IFRS results. These reconciliations include Consolidated Statements of Financial Position as at April 1, 2010 and March 31, 2011, and a Consolidated Statement of Income (Loss) and Statement of Comprehensive Income for the year ended March 31, 2011.

The following provides a summary reconciliation of equity as of the date of transition and through to March 31, 2011, the last period for which financial results were presented under GAAP, along with a brief description of the significant differences. For more detailed explanations, please refer to the notes to the consolidated financial statements prepared by the Corporation as at March 31, 2012.

(in thousands of dollars)	
Total Equity – Canadian GAAP March 31, 2010	(137,737)
IFRS Date of Transition Adjustments:	
Pension and employee-related liabilities	82,825
Property and equipment – fair value of real estate assets	162,377
Lease for satellite services	(17,385)
Consolidation of trust established to monetize receivables	(5,806)
Equity – IFRS April 1, 2010	**84,274**

(in thousands of dollars)	
Total Equity – Canadian GAAP March 31, 2011	(160,375)
Cumulative IFRS adjustments for the year ended March 31, 2011:	
Pension and employee-related liabilities	349,851
Property and equipment and Deferred Capital Funding– fair value of real estate assets and change in depreciation methodology	162,223
Lease for satellite services	(17,138)
Consolidation of trust established to monetize receivables	(5,427)
Equity – IFRS March 31, 2011	**329,134**

Pension and employee-related liabilities

The cumulative adjustment to pension and employee-related liabilities includes transitional adjustments reflecting the Corporation's election to immediately recognize net unamortized amounts and the change in applicable discount rates as at March 31, 2010, the recognition of actuarial gains and losses for the year ended March 31, 2011, and a reduction in expenses for the year ended March 31, 2011, reflecting the difference in discount rates used.

Property and equipment – fair value of real estate assets

The Corporation has elected to measure certain land and buildings at their fair value at April 1, 2010. This election excluded excludes transmission sites and certain buildings, which will continue to be carried at a value determined in relation to their cost. This election had the impact of increasing the recorded values and the subsequent amortization expense related to these assets.

Lease for satellite services

An agreement to lease satellite capacity was determined to be a finance lease under IFRS. As a result, property and equipment, and short and long-term liabilities, increased. This change has also resulted in new amortization and interest charges related to the asset under finance lease and obligation under finance lease, respectively, and a reduction in transmission, distribution and collection charges.

Consolidation of trust established to monetize receivables

The Corporation established a trust (CBC Monetization Trust) to monetize long-term receivables as part of the Recovery Plan implemented to manage budgetary shortfalls in 2009–2010 that resulted from the recession. Under IFRS, the trust must be consolidated in the Corporation's financial statements. The adjustment on the date of transition resulted from the consolidation of the trust's accounts on a line-by-line basis. As of March 31, 2011, this impact was partly offset by the Trust's results from operations for the year then ended.

5.2. Future Accounting Standards

For a description of future changes in accounting standards, see Note 2 to the consolidated financial statements.

5.3. Transactions with Related Parties

The Corporation, through the normal course of business, is involved in transactions with related parties. See Note 29 to the consolidated financial statements.

Internal Controls

The Corporation has an internal control program based on the Committee of Sponsoring Organizations of the Treadway Commission (COSO) framework which involves periodic reviews of key controls over financial reporting. This program continues to evolve towards industry best practices, with an aim to maintain and strengthen policies and procedures that ensure the reliability of financial information and the safeguarding of assets.

A dedicated internal control team reviews and evaluates internal controls on an ongoing basis. The internal control program is also supported by the completion of independent audit work performed by the Corporation's internal auditors, who conduct audits and reviews (some of which relate to financial reporting and operations) that are identified using a risk-based approach and agreed upon through discussions with the Corporation and its Audit Committee.

In 2011–2012, the Corporation assessed the effectiveness of certain key internal controls over financial reporting. The assessment concluded that those controls were operating effectively and identified some opportunities for improvement. Some improvements have already been made and the Corporation will continue to address opportunities for improvement in the coming year.

Management's Responsibility for the Consolidated Financial Statements

The consolidated financial statements and all other information presented in this Annual Report are the responsibility of management and have been reviewed and approved by the Board of Directors of the Corporation. These consolidated financial statements, which include amounts based on management's best estimates as determined through experience and judgment, have been properly prepared within reasonable limits of materiality and are in accordance with International Financial Reporting Standards.

Management of the Corporation maintains books of account, records, financial and management controls, and information systems, which are designed to provide reliable and accurate financial information on a timely basis. The controls provide reasonable assurance that assets are safeguarded, that resources are managed economically and efficiently in the attainment of corporate objectives, that the operations of the Corporation are carried out effectively, and that transactions are in accordance with the applicable provisions of Part X of the *Financial Administration Act* and regulations, Part III of the *Broadcasting Act* and the by-laws of the Corporation.

The Corporation's Internal Auditor has the responsibility for assessing the Corporation's systems, procedures and practices. The Auditor General of Canada conducts an independent audit of the annual consolidated financial statements and reports on his audit to the Minister of Canadian Heritage and Official Languages.

The Board of Directors' Audit Committee, which consists of five members, none of whom is an officer of the Corporation, reviews and advises the Board on the consolidated financial statements and the Auditor General's report thereto. The Audit Committee oversees the activities of Internal Audit and meets with management, the internal auditor and the Auditor General on a regular basis to discuss the financial reporting process, as well as auditing, accounting and reporting issues.

Hubert T. Lacroix,
President and Chief Executive Officer

Suzanne Morris,
Vice-President and Chief Financial Officer

Ottawa, Canada
June 20, 2012

INDEPENDENT AUDITOR'S REPORT

To the Minister of Canadian Heritage and Official Languages

Report on the Consolidated Financial Statements

I have audited the accompanying consolidated financial statements of the Canadian Broadcasting Corporation, which comprise the consolidated statements of financial position as at 31 March 2012, 31 March 2011 and 1 April 2010, and the consolidated statements of income (loss), consolidated statements of comprehensive income (loss), consolidated statements of changes in equity and consolidated statements of cash flows for the years ended 31 March 2012 and 31 March 2011, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on these consolidated financial statements based on my audits. I conducted my audits in accordance with Canadian generally accepted auditing standards. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

I believe that the audit evidence I have obtained in my audits is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Canadian Broadcasting Corporation as at 31 March 2012, 31 March 2011 and 1 April 2010, and its financial performance and its cash flows for the years ended 31 March 2012 and 31 March 2011 in accordance with International Financial Reporting Standards.

Report on Other Legal and Regulatory Requirements

As required by the *Financial Administration Act*, I report that, in my opinion, the accounting principles in International Financial Reporting Standards have been applied, after giving retrospective effect to the adoption of the new standards as explained in Note 5 to the consolidated financial statements, on a basis consistent with that of the preceding year.

Further, in my opinion, the transactions of the Canadian Broadcasting Corporation that have come to my notice during my audits of the consolidated financial statements have, in all significant respects, been in accordance with the applicable provisions of Part X of the *Financial Administration Act* and regulations, Part III of the *Broadcasting Act* and the by-laws of the Canadian Broadcasting Corporation.

Michael Ferguson, FCA
Auditor General of Canada

20 June 2012
Ottawa, Canada

Consolidated Statement of Financial Position

(Canadian $)

(in thousands of dollars)	March 31, 2012	March 31, 2011	April 1, 2010
ASSETS			
Current			
Cash (NOTE 6)	64,277	63,224	53,170
Trade and other receivables (NOTE 7)	177,331	173,598	194,656
Programming (NOTE 8)	166,104	163,658	178,243
Merchandising inventory	811	1,089	1,703
Prepaid expenses (NOTE 9)	113,370	138,361	148,215
Promissory notes receivable (NOTE 10)	2,158	2,023	1,897
Net investment in finance lease (NOTE 11)	2,499	2,351	2,214
Derivative financial instruments (NOTE 30)	133	-	-
Asset classified as held for sale	234	154	-
	526,917	**544,458**	**580,098**
Long-term			
Property and equipment (NOTE 12)	1,047,988	1,080,595	1,088,189
Intangible assets (NOTE 13)	28,435	39,687	47,725
Assets under finance lease (NOTE 14)	48,242	56,242	55,591
Pension plan (NOTE 17)	-	148,769	-
Long-term receivables	-	-	10,090
Promissory notes receivable (NOTE 10)	49,903	51,765	53,788
Net investment in finance lease (NOTE 11)	54,077	56,577	58,928
Deferred charges	7,806	3,003	16,467
Investment in associate (NOTE 15)	6,208	17	7,260
	1,242,659	**1,436,655**	**1,338,038**
TOTAL ASSETS	**1,769,576**	**1,981,113**	**1,918,136**
LIABILITIES			
Current			
Accounts payable and accrued liabilities (NOTE 16)	124,638	124,146	126,348
Provisions (NOTE 21)	39,062	35,572	55,817
Pension plans and employee-related liabilities (NOTE 17)	129,850	136,512	125,323
Bonds payable (NOTE 18)	20,093	19,642	19,223
Financial liability related to the monetization of receivables	-	10,337	10,174
Obligations under finance lease (NOTE 19)	9,945	9,343	7,300
Notes payable (NOTE 20)	7,794	7,625	6,514
Deferred revenues	3,511	3,825	2,185
Option liability (NOTE 15)	1,875	-	-
Derivative financial instruments (NOTE 30)	11	715	297
	336,779	**347,717**	**353,181**
Long-term			
Investment in associate (NOTE 15)	-	1,417	1,417
Deferred revenues	2,587	2,726	2,303
Pension plans and employee-related liabilities (NOTE 17)	333,207	210,268	329,907
Bonds payable (NOTE 18)	288,533	299,237	309,179
Financial liability related to the monetization of receivables	-	-	10,221
Obligations under finance lease (NOTE 19)	54,206	64,136	65,676
Notes payable (NOTE 20)	118,885	124,453	129,757
Deferred capital funding (NOTE 25)	574,027	602,025	632,221
	1,371,445	**1,304,262**	**1,480,681**
Equity			
Retained earnings	60,996	321,871	91,669
Accumulated other comprehensive income (loss)	-	5,000	(7,675)
Total equity attributable to the Corporation	**60,996**	**326,871**	**83,994**
Non-controlling interests	**356**	**2,263**	**280**
TOTAL EQUITY	**61,352**	**329,134**	**84,274**
TOTAL LIABILITIES AND EQUITY	**1,769,576**	**1,981,113**	**1,918,136**

Commitments (NOTE 28)

The accompanying notes form an integral part of the consolidated financial statements.

APPROVED BY THE
BOARD OF DIRECTORS:

Consolidated Statement of Income (Loss)

(Canadian $)

(in thousands of dollars)	For the year ended March 31	
	2012	**2011**
REVENUE (NOTE 22)		
Advertising	375,725	367,700
Specialty services (NOTE 23)	167,754	158,108
Other income	136,344	127,497
Financing income	9,141	9,032
	688,964	**662,337**
EXPENSES		
Television, radio and new media services costs	1,586,150	1,559,221
Specialty services (NOTE 23)	134,228	133,934
Transmission, distribution and collection	72,768	78,646
Corporate management	11,423	11,683
Payments to private stations	2,766	3,018
Finance costs (NOTE 24)	33,455	35,042
(Profit) loss on investment in associate	(21)	12,675
	1,840,769	**1,834,219**
Operating loss before Government funding and non-operating items	**(1,151,805)**	**(1,171,882)**
GOVERNMENT FUNDING (NOTE 25)		
Parliamentary appropriation for operating expenditures	1,028,047	1,031,581
Parliamentary appropriation for working capital	4,000	4,000
Amortization of deferred capital funding	130,270	131,760
	1,162,317	**1,167,341**
Net results before non-operating items	**10,512**	**(4,541)**
NON-OPERATING ITEMS		
Dilution gain from merger transaction (NOTE 15)	25,775	-
Dividend income from merger transaction (NOTE 15)	5,094	-
Net loss on disposal of property and equipment	(517)	(2,859)
	30,352	**(2,859)**
Net results for the year	**40,864**	**(7,400)**
Net results attributable to:		
The Corporation	40,940	(7,361)
Non-controlling interests	(76)	(39)
	40,864	(7,400)

The accompanying notes form an integral part of the consolidated financial statements.

Consolidated Statement of Comprehensive Income (Loss)

(Canadian $)

(in thousands of dollars)	For the year ended March 31	
	2012	**2011**
COMPREHENSIVE INCOME		
Net results for the year	40,864	(7,400)
Other comprehensive income (loss)		
Actuarial gains (losses) on defined benefit plans	(301,815)	237,563
Net unrealized gain on available-for-sale financial assets	94	12,675
Reclassification to income of net unrealized gain on available-for-sale financial asset arising from merger transaction	(5,094)	-
Total comprehensive income (loss) for the year	**(265,951)**	**242,838**
Total comprehensive income (loss) attributable to:		
The Corporation	(265,875)	242,877
Non-controlling interests	(76)	(39)
	(265,951)	242,838

The accompanying notes form an integral part of the consolidated financial statements.

Consolidated Statement of Changes in Equity

(Canadian $)

(in thousands of dollars)	For the year ended March 31, 2012				
	Retained earnings	Total accumulated other comprehensive income	Total equity attributable to the Corporation	Non-controlling interests	Total
Balance as at March 31, 2011	321,871	5,000	326,871	2,263	329,134
Changes in year					
Net results for the year	40,940	-	40,940	(76)	40,864
Actuarial losses on post-retirement benefit plans	(301,815)	-	(301,815)		(301,815)
Net unrealized gain on available-for-sale financial assets	-	94	94	-	94
Reclassification to income of net unrealized gain on available-for-sale financial asset arising from merger transaction	-	(5,094)	(5,094)	-	(5,094)
Put option related to shares held in a subsidiary	-	-	-	(1,875)	(1,875)
Issuance of shares by a subsidiary	-	-	-	44	44
Balance at March 31, 2012	**60,996**	**-**	**60,996**	**356**	**61,352**

(in thousands of dollars)	For the year ended March 31, 2011				
	Retained earnings	Total accumulated other comprehensive income	Total equity attributable to the Corporation	Non-controlling interests	Total
Balance as at April 1st, 2010	91,669	(7,675)	83,994	280	84,274
Changes in year					
Net results for the year	(7,361)	-	(7,361)	(39)	(7,400)
Actuarial gains on post-retirement benefit plans	237,563	-	237,563	-	237,563
Net unrealized gain on available-for-sale financial assets	-	12,675	12,675	-	12,675
Addition through acquisition	-	-	-	2,022	2,022
Balance at March 31, 2011	**321,871**	**5,000**	**326,871**	**2,263**	**329,134**

The accompanying notes form an integral part of the consolidated financial statements.

Consolidated Statement of Cash Flows

(Canadian $)

(in thousands of dollars)	For the year ended March 31	
	2012	**2011**
CASH FLOWS FROM (USED IN)		
OPERATING ACTIVITIES		
Net results for the year	40,864	(7,400)
Adjustments for:		
Net loss on disposal of property and equipment	517	2,859
Interest revenue	(9,141)	(9,032)
Finance costs	33,455	35,042
Change in fair value of financial instruments designated as at fair value through profit and loss	(837)	418
Depreciation of property and equipment	120,389	119,730
Amortization of intangible assets	16,963	17,887
Depreciation of assets under finance lease	8,000	7,401
Reclassification to income of net unrealized gain on available-for-sale financial asset arising from merger transaction	(5,094)	-
(Profit) loss on investment in associate	(21)	12,675
Dilution gain from merger transaction	(25,775)	-
Change in deferred charges	(4,803)	13,464
Amortization of deferred capital funding	(130,270)	(131,760)
Change in long-term receivables	-	(410)
Change in deferred revenues [long-term]	(139)	423
Change in financial liability related to the monetization of receivables	(10,500)	(279)
Change in pension plan asset	148,769	88,794
Change in pension plans and employee-related liabilities [current]	(61)	(2,878)
Change in pension plans and employee-related liabilities [long-term]	(178,876)	(119,639)
Change in non-controlling interests	44	2,022
Accretion of promissory notes receivable	(194)	-
Movements in working capital (NOTE 27)	16,129	49,513
	19,419	**78,830**
FINANCING ACTIVITIES		
Repayment of obligation under finance lease	(9,324)	(7,569)
Repayment of bonds	(9,941)	(9,233)
Repayment of notes	(5,404)	(4,897)
Interest paid	(33,603)	(34,177)
	(58,272)	**(55,876)**
INVESTING ACTIVITIES		
Parliamentary appropriations for capital funding (NOTE 25)	102,272	101,564
Acquisition of property and equipment	(98,568)	(116,136)
Acquisition of intangible assets	(5,801)	(9,838)
Return of capital-investment in associate	9,855	-
Net cash outflow on investment in subsidiary	-	(2,750)
Proceeds from disposal of property and equipment	10,279	1,254
Collection of promissory notes receivable	5,079	1,722
Collection of finance lease receivables	1,958	1,825
Dividend received	5,094	-
Interest received	9,738	9,459
	39,906	**(12,900)**
Change in cash	**1,053**	**10,054**
Cash, beginning of the year	**63,224**	**53,170**
Cash, end of the year	**64,277**	**63,224**

The accompanying notes form an integral part of the consolidated financial statements.

Notes to the Consolidated Financial Statements for the Year Ended March 31, 2012

(Canadian $)

1. General Information

CBC/Radio-Canada (the Corporation) is a federal Crown Corporation domiciled in Canada and subject to federal corporate income tax by virtue of the Income Tax Act (Canada) and the Regulations thereto. The address of the Corporation's registered office is 181 Queen Street, Ottawa ON K1P 1K9. CBC/Radio-Canada is not subject to any provincial corporate income taxes but is subject to sales taxes at both the federal and provincial levels.

As the national public broadcaster, the Corporation provides radio, television and new media services in both official languages, delivering predominantly and distinct Canadian programming to reflect Canada and its regions to national and regional audiences.

These consolidated financial statements have been authorized for issuance by the Board of Directors on June 20, 2012.

2. Changes in Accounting Policies

A. Policies Used in Annual Financial Statements

The Accounting Standards Board (AcSB) confirmed in February 2008 that International Financial Reporting Standards (IFRS) would replace Canadian generally accepted accounting principles (Canadian GAAP) for publicly accountable enterprises, for financial periods beginning on and after January 1, 2011. Under the Public Sector Accounting Standards, the Corporation is classified as an "other government organization." As such, the Corporation was required to assess the most appropriate basis of accounting. After assessing various factors, the Corporation determined that IFRS constitutes the most appropriate basis of accounting. Accordingly, the Corporation has adopted IFRS effective April 1, 2011.

As described above, the Corporation's current annual consolidated financial statements are its first financial statements prepared using IFRS and IFRS 1 *First Time Adoption of International Financial Reporting Standards*. In preparing the Corporation's first annual financial statements, the Corporation has used the standards in effect as at March 31, 2012.

An explanation of how the transition to IFRSs has affected the reported financial position and financial performance of the Corporation is provided in Note 5 Transition to IFRS.

2. Changes in Accounting Policies (Continued)

B. Future Accounting Changes

The Corporation has reviewed new and revised accounting pronouncements that have been issued but are not yet effective and determined that the following may have an impact on the Corporation. The Corporation is currently assessing the potential impact of each pronouncement on its consolidated financial statements.

IFRS 7 Amendments to IFRS 7 *Financial Instruments: Disclosures*

IFRS 7 was amended in October 2010 to provide additional disclosure on the transfer of financial assets including the possible effects of any residual risks that the transferring entity retains. These amendments are effective for annual reporting periods beginning after July 1, 2011.

IFRS 9 *Financial Instruments*

IFRS 9, issued in November 2009 and amended in October 2010, is part of a multi-step project to replace current IAS 39 *Financial Instruments: Recognition and Measurement*. IFRS 9 has adopted an approach based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of its financial assets and liabilities. On December 16, 2011, the IASB published amendments that defer the mandatory effective date for IFRS 9 and require certain additional disclosures to annual periods beginning on or after January 1, 2015.

IFRS 10 *Consolidated Financial Statements*

IFRS 10 replaces IAS 27 *Consolidated and Separate Financial Statements* and SIC-12 *Consolidation-Special Purpose Entities*. The objective of IFRS 10 is to establish principles for the presentation and preparation of consolidated financial statements when an entity controls one or more other entities. This Standard will become effective for annual periods beginning on or after January 1, 2013.

IFRS 11 *Joint Arrangements*

IFRS 11, issued in May 2011, supersedes IAS 31 *Interests in Joint Ventures* and SIC-13 *Jointly Controlled Entities - Non-monetary Contributions by Venturers*. IFRS 11 focuses on the rights and obligations of a joint arrangement, rather than its legal form as is currently the case under IAS 31. The standard addresses inconsistencies in the reporting of joint arrangements by requiring the equity method to account for interests in jointly controlled entities. IFRS 11 will become effective for annual periods beginning on or after January 1, 2013.

2. Changes in Accounting Policies (Continued)

IFRS 12 *Disclosure of Interests in Other Entities*

IFRS 12 applies to entities that have an interest in a subsidiary, a joint arrangement, an associate or an unconsolidated structured entity. It aims at enabling users of financial statements to evaluate the nature of, and risk associated with, the Corporation's interest in other entities and the effects of those interests on its financial position, financial performance and cash flows. IFRS 12 will become effective for annual periods beginning on or after January 1, 2013.

IFRS 13 *Fair Value Measurement*

IFRS 13 defines fair value, sets out in a single framework for measuring fair value and requires disclosures about fair value measurements. IFRS 13 applies to IFRSs that require or permit fair value measurements or disclosures about fair value measurement. This Standard will become effective for annual periods beginning on or after January 1, 2013.

IAS 1 Amendments to IAS 1 *Presentation of financial statements*

IAS 1 was amended in June 2011 to retain the "one or two statement" approach at the option of the entity, and only revise the way other comprehensive income is presented: requiring separate subtotals for those elements which may be "recycled" through profit and loss (e.g. cash-flow hedging, foreign currency translation), and those elements that will not (e.g. fair value through other comprehensive income items under IFRS 9). These amendments will become effective for annual periods beginning on or after July 1, 2012.

IAS 12 Amendments to IAS 12 *Income Taxes*

IAS 12 was amended in December 2010 to provide an exception to the general principle in IAS 12 that the measurement of deferred tax assets and liabilities should reflect the tax consequences that would follow from the manner in which the entity expects to recover the carrying amount of the asset. The amendments to IAS 12 are effective for annual reporting periods beginning on or after January 1, 2012.

IAS 19 Amendments to IAS 19 *Employee Benefits*

IAS 19 was amended in June 2011 to eliminate the option to defer the recognition of gains and losses, to amend the presentation of changes in the defined benefit obligation and plan assets on the Statement of Comprehensive Income (Loss), to require the net interest to be calculated by using a high quality corporate bond yield, as well as to improve disclosure about the risks arising from defined benefit plans. These amendments are effective for annual periods beginning on or after January 1, 2013. The Corporation expects the implementation of this standard to result in a higher net interest expense recognized in net results with a corresponding decrease in other comprehensive income.

IAS 28 *Investments in Associates and Joint Ventures*

IAS 28 was amended in 2011 and prescribes the accounting for investments in associates and sets out the requirements for the application of the equity method when accounting for investments in associates and joint ventures. IAS 28 is effective for annual periods beginning on or after January 1, 2013.

3. Significant Accounting Policies

A. Statement of Compliance

The Corporation has prepared these consolidated financial statements in accordance with IFRS as issued by the International Accounting Standards Board (IASB) and as adopted by the Accounting Standards Board (AcSB). These are the Corporation's first audited consolidated financial statements prepared in accordance with IFRS, and IFRS 1 *First-time Adoption of International Financial Reporting Standards* has been applied.

B. Basis of Preparation

i. Subsidiaries and Special Purpose Entities

The consolidated financial statements include the accounts of the Corporation, its subsidiaries, ARTV and Documentary Channel (*documentary*), and two special purpose entities, the Broadcast Centre Trust and the CBC Monetization Trust. These entities are deemed to be controlled by the Corporation.

In the case of the subsidiaries, control is presumed to exist when: the Corporation owns, directly or indirectly, more than half of the voting power of an entity; has power over more than half of the voting rights by virtue of an agreement with other investors; has the power to govern the financial and operating policies of the entity under an agreement; has the power to appoint or remove the majority of the members of the board of directors; has the power to obtain benefits from the entity's activities; or has the power to cast the majority of votes at meetings of the board of directors.

The Corporation is deemed to be the primary beneficiary of the Broadcast Centre Trust and, as such, is deemed to be in control of the Broadcast Centre Trust. For the CBC Monetization Trust, control exists because the Corporation has guaranteed the collection of the CBC Monetization Trust's receivables.

The financial statements of subsidiaries and special purpose entities are included in the consolidated financial statements from the date that control commences until the date that control ceases. The accounting policies of the subsidiaries and special purposes entities are consistent with those of the Corporation.

Non-controlling interests in the equity of the Corporation's subsidiaries are included in Equity. Non-controlling interests in subsidiaries are identified separately from the Corporation's equity therein. The interest of non-controlling shareholders that represent current ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of a liquidation may be initially measured either at fair value or at the present ownership instruments' proportionate share in the recognised amounts of the acquiree's identifiable net assets. All other components of non-controlling interests shall be measured at their acquisition-date fair values, unless another measurement basis is required by IFRS.The choice of measurement basis is made on an acquisition-by-acquisition basis. Subsequent to acquisition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity. Total comprehensive income is attributed to non-controlling interests even if this results in the non-controlling interests having a deficit balance.

All intra-company transactions, balances, income and expenses are eliminated in full on consolidation.

3. Significant Accounting Policies (Continued)

Changes in the Corporation's interests in subsidiaries that do not result in a loss of control are accounted for as equity transactions. The carrying amounts of the Corporation's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributed to the owner of the Corporation.

ii. Associates

An associate is an entity over which the Corporation has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The results and assets and liabilities of associates are incorporated in these consolidated financial statements using the equity method of accounting. Interests in investments accounted for using the equity method are initially recognized at cost. The carrying value of the Corporation's interest in an entity is adjusted for the Corporation's share of income, other comprehensive income and distributions of the entity. The accounting policies of associates are consistent with those of the Corporation.

When the Corporation's share of losses exceeds its interest in an associate, the carrying amount of that interest, including any long-term investments, is reduced to nil, and the recognition of further losses is discontinued except to the extent that the Corporation has an obligation or has made payments on behalf of the associate.

When the Corporation transacts with an associate of the Corporation, profits and losses are eliminated to the extent of the Corporation's interest in the relevant associate.

Investments are assessed for indicators of impairment at the end of each reporting period. Any impairment loss is recognized when the net carrying amount is not recoverable and exceeds its fair value.

C. Government Funding

The Corporation receives a substantial portion of its funding from the Government of Canada. Parliamentary appropriations for operating expenditures and Parliamentary appropriations for working capital are recognized as revenues in the Consolidated Statement of Income (Loss) in the fiscal year for which the appropriations were approved.

Parliamentary appropriations for property and equipment, intangible assets and assets under finance lease that are subject to depreciation are recorded as deferred capital funding on the Consolidated Statement of Financial Position, and are amortized on the same basis and over the same periods as the related property and equipment and intangible assets and assets under finance lease.

Parliamentary appropriations for the purchase of land are recorded in the Consolidated Statement of Income (Loss).

3. Significant Accounting Policies (Continued)

D. Revenue Recognition

Revenue is measured at the fair value of the consideration received or receivable arising from the rendering of services and sale of goods in the ordinary course of the Corporation's activities. Revenue is net of discounts. Revenue includes advertising, specialty services, other income and financing income, and is recognized when the amount of revenue can be reliably measured, it is probable that the future economic benefits will flow to the Corporation, and specific criteria have been met for each of the Corporation's activities described below.

i. Advertising revenues

Revenues from the sale of advertising airtime are recognized when the advertisement has been broadcast, the Corporation has no remaining obligations and collectability is reasonably assured.

ii. Specialty services

Revenues from specialty services include the sale of advertising airtime by specialty channels, subscriber revenues, and the sale of programs by the specialty channels to third-party broadcasters.

Revenues from the sale of advertising airtime are recognized when the advertisement has been broadcast, the specialty service has no remaining obligations, and collectability is reasonably assured.

Revenues from program sales and subscriber fees are recognized when the delivery has occurred, or when services have been provided, the Corporation has no remaining obligations, and collectability is reasonably assured.

iii. Other income

Other income includes revenues from the leasing of space, facilities and services; commercial production sales; program sponsorship; retransmission rights; host broadcaster's activities; goods sales; and contributions from the Local Programming Improvement Fund (LPIF). These are recognized when the delivery has occurred or when services have been provided, the Corporation has no remaining obligations, and collectability is reasonably assured.

Rental income from the leasing of space, facilities and services is recognized in the Consolidated Statement of Income (Loss) on a straight-line basis over the term of the lease. Lease incentives granted are recognized as an integral part of the total rental income, over the term of the lease. Rental income from subleased property is recognized as other income.

Revenue from the sale of services is recognized when the service has been delivered and the receipt of the income is probable. Where the delivery is over a period of time and an indeterminate number of acts, the revenue is recognized on a straight line basis. Examples of services sold include commercial production sales, program sponsorship and other services revenues.

Retransmission rights and LPIF contributions are recognized on an accrual basis in accordance with the substance of the relevant agreements.

Revenue from the sale of goods is recognized when the risks and rewards of ownership of the goods have been passed to the customer and the Corporation has released all managerial involvement surrounding the goods.

3. Significant Accounting Policies (Continued)

iv. Financing Income

Financing income includes interest revenue from bank accounts, notes receivable and on the net investment in finance lease. Interest revenue from notes receivable and the net investment in finance leases is recognized using the effective interest method, whereas bank interest is recognized as it is earned.

E. Television, Radio and New Media Services Costs

Television, radio and new media services costs include all costs related to the production of programs, including direct out-of-pocket expenditures, departmental and administration expenses, the cost of activities related to technical labour and facilities. A portion of the expenses that are attributable to the cost of generating programming, such as services provided by Human Resources, Finance and Administration, Building Management and other shared services, as well as a portion of depreciation and amortization are also included in the related expenses. Television, radio and new media services costs also include programming-related activities, such as Marketing and Sales, Merchandising and Communications.

F. Finance costs

Finance costs comprise the interest attributable to bonds payable, the financial liability related to the monetization of receivables, obligations under finance lease and notes payable. Finance costs are recognized in the Consolidated Statement of Income (Loss) in the period in which they are incurred using the effective interest method.

G. Programming

Programming consists of internally produced television programs, externally produced television programs that require the Corporation's involvement during the production, and acquired licence agreements for programming material.

Programming completed and in the process of production (excluding acquired licence agreements) is recorded at cost less accumulated amortization and accumulated write offs, on an individual basis. Costs include materials and services, labour and other direct expenses applicable to programming. Programming costs are recognized in television, radio and new media services costs on the Consolidated Statement of Income (Loss), according to the expense recognition schedule, or when deemed unusable, or when sold.

Payments made under the terms of each acquired licence agreement are either recorded as prepaid expenses or as programming, depending on whether the programming recognition criteria indicated below have been met. If not initially met, licence agreements are recorded as prepaid expenses. They are transferred to programming when the following criteria are met: cost is determined, material is accepted and the program is available for broadcast. Costs are charged to operations according to the expense recognition schedule, or when deemed unusable or when sold.

Costs of programs that are not considered to be recoverable are written off and recorded in the Consolidated Statement of Income (Loss) as television, radio and new media services costs.

3. Significant Accounting Policies (Continued)

The amortization of programming costs is subject to the following expense recognition schedule, which is based on past broadcast experiences, audience results and future telecast plans. For programs with multiple telecasts, management uses the following recognition basis:

Category	Expense recognition schedule by telecast
Movies	50%/ 30%/ 20%
Dramatic series, comedy series, animated programs, mini-series (excluding strips[1])	70%/ 30%
Family series	50%/ 30%/ 20%
Other drama series telecast as strips	Evenly over each telecast up to a maximum of five telecasts
Arts, music and variety (excluding strips)	70%/ 30%
Arts, music and variety series telecast as strips	50%/ 30%/ 20%
Documentaries	CBC Television: 70%/ 30% Télévision de Radio-Canada: 100%
Documentaries telecast as strips	Evenly over each telecast up to a maximum of five telecasts
Factual, information education and game shows (excluding strips)	70%/ 30%
Factual, information education and game shows telecast as strips	Evenly over each telecast up to a maximum of five telecasts
Children – animated and pre-school programs	Evenly over each telecast up to a maximum of five telecasts
Youth and children drama programs	70%/ 30%
Other youth programs	33%/ 33%/ 34%

[1] Method of broadcasting consecutive episodes.

H. Property and Equipment and Assets Under Finance Lease

The cost of property and equipment and assets under finance lease at April 1, 2010, the opening balance sheet date under IFRS, was determined by reference to its cost, except for certain real estate land and buildings, which were measured at fair value. Cost includes expenditures that are directly attributable to the acquisition of the items.

Depreciation of property and equipment is calculated on the straight-line method using rates based on the estimated useful life of the property and equipment, and begins when an asset becomes available for its intended use. Where major parts of an asset have useful lives different from the asset as a whole, they have been componentized and depreciated according to the major categories to which they pertain. The cost of replacing a part of an item of property and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Corporation and its cost can be measured reliably. The carrying amount of the replaced part is derecognized. Items of property and equipment are measured at cost less accumulated depreciation and accumulated impairment losses.

3. Significant Accounting Policies (Continued)

Assets under finance leases are depreciated over their expected useful lives on the same basis as owned assets or, where shorter, the term of the relevant lease unless it is reasonably certain the Corporation will obtain ownership by the end of the lease term. Assets under finance leases are treated in the same manner as owned assets.

Leasehold improvements are capitalized and then depreciated over the shorter of the lease term or the asset's useful life.

The estimated useful lives, residual values and depreciation method are reviewed at each year-end, with the effect of any changes in estimate accounted for on a prospective basis.

The useful lives used in the calculation of depreciation are as follows:

Buildings	15 to 65 years
Technical equipment	
Transmitters and towers	20 years
Electrical equipment	16 years
Other	8 years
Furnishings and office equipment	10 years
Computers (hardware)	
Servers	5 years
Microcomputers	3 years
Automotive	
Specialized vehicles	20 years
Television and radio news trucks, 5-ton and 10-ton heavy trucks	12 years
Snowmobiles, all-terrain vehicles	10 years
Utility vehicles, vans	8 years
Automobiles and minivans	5 years

The Corporation derecognizes an item of property and equipment on disposal, or when no future economic benefits are expected from its use. The gain or loss arising from the disposal or retirement of an item of property and equipment is determined as the difference between the sale proceeds and the carrying amount of the asset, and is recognized as a non-operating item in the Consolidated Statement of Income (Loss).

I. Intangible Assets

The Corporation's intangible assets comprise software acquired separately and internally developed software for internal use.

Software acquired separately is recorded at cost at the acquisition date.

3. Significant Accounting Policies (Continued)

Expenditures relating to internally developed computer software applications are capitalized to the extent that the project is technically feasible, the Corporation intends to and has sufficient resources to complete development and to use or sell the asset, development costs can be measured reliably, and it is probable that the asset will generate future economic benefits. The amount initially recognized for internally developed software is the sum of the expenditure incurred from the date the intangible asset first meets the recognition criteria listed above. Capitalization ceases when the developed asset is ready for use.

Subsequent expenditures on an intangible asset after its purchase or completion are recognized as expenses when incurred, unless it is probable that these expenditures will enable the asset to generate future economic benefits in excess of its originally assessed standard of performance, and the expenditure can be measured and attributed to the asset reliably. Where no internally developed software can be recognized, development expenditures are recognized in the Consolidated Statement of Income (Loss) in the period in which they are incurred.

Subsequent to initial recognition, software acquired separately and internally developed software are reported at cost less accumulated amortization and accumulated impairment losses. Amortization is recognized on a straight-line basis over the estimated useful lives (three to five years) and the amortization expense is allocated between the various functions on the Consolidated Statement of Income (Loss), for presentation purposes. The estimated useful life and amortization method are reviewed at the end of each fiscal year, with the effect of any changes in estimate being accounted for on a prospective basis.

The Corporation derecognizes an intangible asset on disposal or when no future economic benefits are expected from its use or disposal. The gain or loss arising from the disposal or retirement of an intangible asset is determined as the difference between the sale proceeds and the carrying amount of the asset and is recognized as a non-operating item in the Consolidated Statement of Income (Loss).

J. Asset Impairment

The carrying amounts of the Corporation's property and equipment, intangible assets and programming assets are reviewed at each reporting date at the cash-generating unit ("CGU") level to determine whether there is any indication of impairment. For the purpose of impairment testing, a CGU is the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets. Assets are tested at the CGU level when they cannot be tested individually.

Internally generated software that is not yet available for use is tested for impairment at every reporting period regardless of whether an impairment indicator exists.

Under the Corporation's business model, no assets are considered to generate cash flows that are largely independent of the cash flows of other assets and liabilities. Instead, all assets interact to create the "broadcast network production operation" which includes real estate, equipment and intangible assets. These operations are funded by overall parliamentary appropriations, national and local advertising and other commercial revenues. Overall levels of cash flow reflect public policy requirements and decisions. They reflect budgetary funding provided to the Corporation in its entirety.

If there are indicators of impairment present, the asset's recoverable amount is estimated. An impairment loss is recognized if the carrying amount of an asset exceeds its estimated recoverable amount.

The Corporation measures recoverability in terms of the service potential which represents the value in use to the Corporation of the assets held by the Corporation. The level of service provided by CBC/Radio Canada to which the programming rights and internally developed software assets contribute is determined largely by the Corporation's public service mandate.

3. Significant Accounting Policies (Continued)

K. Financial Instruments

Financial assets and financial liabilities are recognized when the Corporation becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition.

Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss (FVTPL) are recognized immediately in profit or loss.

i. Classification of Financial Instruments

The Corporation's financial assets and financial liabilities are classified and measured as follows:

Asset/Liability	Classification	Measurement
Cash	Fair value through profit or loss	Fair value
Trade and other receivables	Loans and receivables	Amortized cost
Promissory notes receivable	Loans and receivables	Amortized cost
Long-term receivables	Loans and receivables	Amortized cost
Long-term investments[1]	Available-for-sale	Fair value
Accounts payable and accrued liabilities	Other liabilities	Amortized cost
Financial liability related to the monetization of receivables	Other liabilities	Amortized cost
Bonds payable	Other liabilities	Amortized cost
Notes payable	Other liabilities	Amortized cost
Derivatives	Held for trading	Fair value

[1] Only investments in which the Corporation does not exercise significant influence.

ii. Effective Interest Method

The effective interest method is a method of calculating the amortized cost of an asset or debt instrument and of allocating interest income or expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments (including all fees paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the asset or debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Income and expense is recognized on an effective interest basis for asset or debt instruments other than those financial instruments classified as at FVTPL.

iii. Financial Assets

Financial assets are classified into the following specified categories: financial assets at FVTPL, "held-to-maturity" investments, "available-for-sale" (AFS) financial assets and "loans and receivables". The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

3. Significant Accounting Policies (Continued)

iv. Financial assets at FVTPL

Financial assets are classified as at FVTPL when the financial asset is either held for trading or it is designated as FVTPL.

A financial asset is classified as held for trading if:

- it has been acquired principally for the purpose of selling it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Corporation manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

A financial asset other than a financial asset held for trading may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial asset forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Corporation's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives.

Financial assets at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognized in “Other income” or “Finance costs,” respectively, in the Consolidated Statement of Income (Loss). The net gain or loss recognized in profit or loss incorporates any interest earned on the financial asset.

v. Available for Sale Financial Assets (AFS)

AFS financial assets are non-derivatives that are either designated as AFS or are not classified as loans and receivables, held-to-maturity investments or financial assets at fair value through profit or loss.

Changes in the carrying amount of AFS financial assets are recognized in other comprehensive income. Where the investment is disposed of, the cumulative gain or loss previously accumulated is reclassified to profit or loss.

Dividends on AFS equity instruments are recognized in profit or loss when the Corporation’s right to receive the dividends is established.

vi. Loans and Receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables (including trade and other receivables) are measured at amortized cost using the effective interest method, less any impairment.

Interest income is recognized by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

3. Significant Accounting Policies (Continued)

vii. Impairment of Financial Assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

For financial assets, objective evidence of impairment could include:

- breach of contract, such as a default or delinquency in interest or principal payments
- significant financial difficulty of the issuer or counterparty
- It becomes probable that the counterparty will enter bankruptcy
- There are noted recent changes in the credit rating of the counterparty
- There are known anomalies or negative economic trends in industries in which a significant portion of outstanding debtors operate

In addition, for AFS equity investments, a significant or prolonged decline in the fair value of the security below its cost is considered to be objective evidence of impairment.

For certain categories of financial assets, such as trade receivables, assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a group of receivables could include the Corporation's past experience of collecting payments, an increase in the number of delayed payments past the average credit terms as well as observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortized cost, the amount of the impairment loss recognized is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognized in profit or loss.

When an AFS financial asset is considered to be impaired, cumulative losses previously recognized in other comprehensive income are reclassified to profit or loss in the period.

For financial assets measured at amortized cost, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

3. Significant Accounting Policies (Continued)

In respect of AFS equity securities, impairment losses previously recognized in profit or loss are not reversed through profit or loss. Any increase in fair value subsequent to an impairment loss is recognized in other comprehensive income.

viii. Derecognition of Financial Assets

The Corporation derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Corporation neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Corporation recognizes its retained interest in the asset and an associated liability for amounts it may have to pay. If the Corporation retains substantially all the risks and rewards of ownership of a transferred financial asset, the Corporation continues to recognize the financial asset and also recognizes a collateralized borrowing for the proceeds received.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognized in other comprehensive income and accumulated in equity is recognized in profit or loss.

ix. Financial Liabilities

Financial liabilities are classified as either financial liabilities “at FVTPL” or “other financial liabilities”.

Financial Liabilities at FVTPL

Financial liabilities are classified as at FVTPL when the financial liability is either held for trading or it is designated as FVTPL.

Financial liabilities at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognized in “Other income” or “Finance costs,” respectively, in the Consolidated Statement of Income (Loss). The net gain or loss recognized in profit or loss incorporates any interest paid on the financial liability.

Other Financial Liabilities

Other financial liabilities (including borrowings) are subsequently measured at amortized cost using the effective interest method.

x. Derecognition of financial liabilities

The Corporation derecognizes financial liabilities when, and only when, the Corporation's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable is recognized in profit or loss.

xi. Derivative Financial Instruments

The Corporation enters into foreign exchange forward contracts to manage its exposure to foreign exchange rate risks. The Corporation does not apply hedge accounting to its derivatives.

Derivatives are initially recognized at fair value at the date the derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting period.

The resulting gain or loss is recognized in Consolidated Statement of Income (Loss) immediately.

3. Significant Accounting Policies (Continued)

The fair values of derivatives financial instruments are presented in the Consolidated Statement of Financial Position; the positive fair values are reported as derivative financial assets and the negative fair values are reported as derivative financial liabilities.

Embedded Derivatives

Derivatives embedded in non-derivative host contracts are treated as separate derivatives when their risks and characteristics are not closely related to those of the host contracts, a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative, and the host contracts are not measured at FVTPL.

L. Trade and Other Payables

Trade and other payables are recognized initially at fair value and subsequently measured at amortized cost.

M. Provisions

Provisions are recognized when the Corporation has a present obligation (legal or constructive) as a result of a past event, it is probable that the Corporation will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flow estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

A provision for onerous contracts is recognized when the expected benefits to be derived by the Corporation from a contract are lower than the unavoidable costs of meeting its obligations under the contract. The provision is measured at the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract. Before a provision is established, the Corporation recognizes any impairment loss on the assets associated with that contract.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

N. Contingencies

Contingent liabilities are not recognized in the Consolidated Statement of Financial Position. They may arise from uncertainty as to the existence of a liability, or represent an existing liability in respect of which settlement is not probable or, in rare cases, the amount cannot be reliably measured. A liability is recognized when its existence is confirmed by a future event, settlement becomes probable or reliable measurement becomes possible.

3. Significant Accounting Policies (Continued)

O. Post-Employment Benefits

The Corporation provides pension and long-term service retirement benefits based on the length of service and final average earnings of its employees, and other defined benefit post-employment benefit plans to its employees such as post-employment life insurance.

The cost of the defined benefit retirement plans are determined on an actuarial basis using the projected unit credit method and management's best assumptions, such as the expected long-term rate of return on plan assets, rate of compensation, inflation, retirement ages of employees, and mortality of members.

The current period service costs, the interest cost on the accrued benefit obligation and the expected investment return on plan assets are recognized in net results in the period they are incurred. Past service costs, generally resulting from changes in the benefits payable for past services under an existing plan, are recognized immediately to the extent that the benefits are already vested, and otherwise are amortized on a straight-line basis over the average period until the benefits become vested. These components, in aggregate, are allocated between the various functions on the Consolidated Statement of Income (Loss).

Actuarial gains and losses are recognized in other comprehensive income as they occur. Actuarial gains (losses) on plan assets arise from the difference between the actual return on plan assets for a period and the expected return on plan assets for that period. Actuarial gains (losses) on the accrued benefit obligation arise from differences between actual and expected experience and from changes in the actuarial assumptions used to determine the accrued benefit obligation.

The present value of the defined benefit obligations are calculated using discount rates determined by reference to market yields at the end of the reporting period on high quality Canadian corporate bonds that have terms to maturity approximating the terms of the related defined benefit obligation.

When the actuarial calculation results in a benefit asset to the Corporation, the recognized asset is limited to the total of any unrecognized past service costs and the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. In order to calculate the present value of economic benefits, consideration is given to any minimum funding requirements that apply to any plan of the Corporation. An economic benefit is available if it is realizable during the life of the plan, or on settlement of the plan liabilities.

P. Employee Benefits Other than Post-Employment

i. Short-term benefits and short-term compensated absences

The Corporation recognizes the expense relating to short-term benefits as follows:

- for salaries, social security contribution, bonuses and vacations in the period the employees render the services;
- for employee health, dental and life insurance plans in the period the expenses are incurred; and
- for short-term non-accumulating compensated absences such as sick leave, parental leave, short-term disability and workers’ compensation in the period the absence occurs.

3. Significant Accounting Policies (Continued)

The liability associated with these benefits is not discounted due to its short term nature.

ii. Other long-term employee benefits

Other long-term employee benefits liabilities are recognized as follows:

- for long-term disability and workers' compensation when the event that obligates the Corporation occurs;
- for continuation of benefit coverage for employees on long-term disability and the non-contributory long-term benefit plan, the provision is determined on an actuarial basis using discount rates and assumptions consistent with those used for post-employment benefits and the related expense is recognized over the period the employees render the services. Actuarial gains (losses) and past service costs are recognized immediately in the Consolidated Statement of Income (Loss) in the period they occur.

iii. Termination benefits

The Corporation recognizes a liability and expense for termination benefits arising from involuntary departures when it is demonstrably committed to a plan to terminate the employment of an employee or group of employees before the normal retirement date.

Termination benefits for voluntary departures are recognized as an expense if the Corporation has made an offer of voluntary departure, it is probable that the offer will be accepted, and the number of acceptances can be estimated reliably. If benefits are payable more than 12 months after the reporting period, then they are discounted to their present value.

Q. Asset Classified as Held for Sale

An asset is classified as held for sale if its carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is met only when the sale is probable and the asset is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification. An asset held for sale is measured at the lower of its previous carrying amount and fair value less costs to sell.

R. Leasing

Leases in which the Corporation assumes substantially all the risks and rewards of ownership are classified as finance leases.

Leases in which the Corporation does not assume substantially all the risks and rewards of ownership are classified as operating leases.

i. The Corporation as a lessor

Rental income from operating leases is recognized on a straight-line basis over the term of the relevant lease.

3. Significant Accounting Policies (Continued)

ii. The Corporation as a lessee

An asset acquired by way of a finance lease is stated at an amount equal to the lower of its fair value and the present value of minimum lease payments at inception of the lease, less accumulated depreciation and accumulated impairment losses.

Payments made under finance leases are apportioned between financing costs and the reduction of the outstanding liability. The financing costs are allocated to each period so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Operating lease payments are recognized as an expense on a straight-line basis over the lease term. Lease incentives received are recognized as an integral part of the total lease expense over the term of the lease.

S. Deferred Revenues

Deferred revenues primarily relate to rent-free periods granted on leases where the Corporation is a lessee. Deferred revenues are recognized in the Consolidated Statement of Income (Loss) on a straight-line basis over the whole lease period.

T. Deferred Charges

Deferred charges are primarily composed of services paid in advance that will be received in a period that exceeds twelve months from the date of the Consolidated Statement of Financial Position.

U. Foreign Currencies

The consolidated statements are presented in Canadian dollars ($), which is the Corporation's functional and presentation currency.

Transactions in a currency other than the Corporation's functional currency are translated into the functional currency at the foreign exchange rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the end of the reporting period are translated at the foreign exchange rate at the Consolidated Statement of Financial Position date. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated at foreign exchange rates prevailing at the date of the transaction.

V. Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

i. Current tax

The tax currently payable is based on taxable net results for the year. Taxable net results differs from net results as reported in the Consolidated Statement of Income (Loss) because of items of income or expense that are taxable or deductible in other years or because of items that are never taxable or deductible. The Corporation's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

3. Significant Accounting Policies (Continued)

ii. Deferred tax

As a federal Crown Corporation that receives a substantial portion of its funding from the Government of Canada, the Corporation operates within a specific operating structure to match cash expenses with available resources, and to break even over the long term. The Corporation uses appropriations only to the extent required to fund its operating expenses, and may not borrow to fund working capital shortfalls. Therefore, the Corporation does not expect to generate material taxable income or losses in the periods that temporary differences are scheduled to reverse. Accordingly, the expected deferred tax asset or liability is not recognized in the financial statements as long as these specified operating conditions are met at the end of the reporting period.

W. Merchandising Inventory

Merchandising inventory is stated at the lower of cost and net realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less selling expenses. Cost is determined on an average cost basis and includes other costs incurred in bringing the inventory to its present location and condition.

X. Related Parties

The related parties of the Corporation consist mainly of government departments, agencies, Crown Corporations, subsidiaries, key management personnel of the Corporation or close family members of these related parties, private companies over which the Corporation has significant influence, and the Corporation pension plan. The list of public entities in the national sphere of government was provided by the Government of Canada on their website www.canada.gc.ca.

The Corporation enters into transactions with these related parties in the normal course of business, on normal trade terms applicable to all individuals and enterprises and at market prices. These transactions are recorded at fair value by the Corporation.

Y. Regulatory Licenses

The Corporation holds licenses, granted by the Canadian Radio-television and Telecommunications Commission (CRTC), for all its conventional television, radio and specialty services. The Corporation is required to meet specific regulatory obligations in return for the privilege of holding a broadcasting license. The Corporation has elected to record this non-monetary grant at its nominal value of nil.

4. Key Sources of Estimation Uncertainty and Critical Judgements

A. Key Sources of Estimation Uncertainty

The preparation of these consolidated financial statements in accordance with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses recorded during the period.

The critical estimates and assumptions utilized in preparing the Corporation's consolidated financial statements affect the assessment of pension plans and employee-related liabilities, estimated useful lives of property and equipment, intangibles and programming, provisions associated with legal claims and other contingencies.

In making estimates and using assumptions, management relies on external information and observable conditions where possible, supplemented by internal analysis as required. These estimates and assumptions have been applied in a manner consistent with prior periods and there are no known commitments, events or uncertainties that we believe will materially affect the methodology or assumptions utilized in making these estimates in these consolidated financial statements. Estimates are regularly reviewed by management and changes in those estimates are recognized prospectively by including them in the Consolidated Statement of Income (Loss) in the period of the change, if the change affects that period only; or the period of the change and future periods, if the change affects both. Actual results could significantly differ from those estimates.

As mentioned in the above paragraph, when accounting for defined benefit pension plans, assumptions are made in determining the valuation of benefit obligations and the future performance of plan assets. The primary assumptions and estimates include the discount rate and the expected return on plan assets. Changes to these primary assumptions and estimates would impact amounts recognized in net results and amounts recognized in Other Comprehensive Income, as applicable. Differences between the actual and expected return on plan assets would also impact the amounts recognized in Other Comprehensive Income.

The following table illustrates such impacts:

	Year ended March 31, 2012	
Impact of changes in assumptions	**Amounts recognized in net operating results**	**Amounts recognized in Other Comprehensive Income**
Discount rate		
Impact of a 1% increase	($11.3) million	($657) million
Impact of a 1% decrease	$5.3 million	$832 million
Expected return on plan assets		
Impact of a 1% increase	($45) million	N/A
Impact of a 1% decrease	$45 million	N/A
Actual return on plan assets		
Impact of a 1% gain (greater return)	N/A	($45) million
Impact of a 1% loss (lower return)	N/A	$45 million

4. Key Sources of Estimation Uncertainty and Critical Judgements (Continued)

B. Critical Judgements

The critical judgements that the Corporation's management has made in the process of applying the Corporation's accounting policies, apart from those involving estimations, that have the most significant effect on the amounts recognized in the Corporation's consolidated financial statements are as follows:

- That the Corporation exercised significant influence over Canadian Satellite Radio Holdings Inc. from the date of the merger transaction up to March 26, 2012, despite holding less than 20% voting control;
- The determination that the Corporation bears the majority of the risk associated with the collection of the CBC Monetization Trust receivables through the guarantee it has provided and as such, should consolidate this entity;
- The determination that an arrangement for satellite transponders constitutes a lease under IFRIC 4 and the determination that both this lease and the one related to a mobile production vehicle meet the criteria of a finance lease;
- The determination that, as of the reporting date, deferred taxes should not be recognized because the Corporation does not expect to generate material taxable income or losses in the periods temporary differences are scheduled to reverse due to its specific operating structure; and
- The determination of the components related to the Corporation's property and equipment.

Determinations of critical judgements are reassessed at each reporting date.

5. Transition to IFRS

A. Transition to IFRS

The Corporation has applied IFRS 1 in preparing these consolidated financial statements. The accounting policies set out in Note 3 have been applied in preparing the consolidated financial statements for the year ended March 31, 2012, the comparative information presented in these consolidated financial statements for the year ended March 31, 2011, and in the preparation of an opening IFRS consolidated statement of financial position at April 1, 2010 (the date of the Corporation's opening balance sheet under IFRS).

In preparing its opening IFRS statement of financial position, the Corporation has adjusted amounts reported previously in financial statements prepared in accordance with Canadian GAAP. An explanation of how the transition from Canadian GAAP to IFRS has affected the Corporation's financial position, financial performance and cash flows is set out in the following tables and the notes that accompany the tables.

In preparing these consolidated financial statements in accordance with IFRS 1, the Corporation has applied the mandatory exceptions and certain of the optional exemptions from full retrospective application of IFRS.

B. Exemptions from Full Retrospective Application Elected by the Corporation

The Corporation has elected to apply the following optional exemptions from full retrospective application:

i. Business combinations exemption

The Corporation elected not to apply IFRS 3 *Business Combinations*, retrospectively to business combinations prior to the date of transition.

ii. Fair value as deemed cost exemption

Under IFRS, the Corporation has elected to apply the fair value as deemed cost exemption in IFRS 1 to certain land and building assets as at the date of transition.

iii. Employee benefits exemption

The Corporation has elected to use the exemption provided by IFRS 1 to recognize all cumulative actuarial gains and losses at the date of transition and to provide historical disclosure of the defined benefit obligations, plans assets and experience adjustments only from transition date.

iv. Leases

The Corporation has elected to take the option to apply the IFRS 1 exemption in relation to IFRIC 4 *Determining Whether and Arrangement Contains a Lease*, which allowed the Corporation to determine whether an arrangement existing at the date of transition to IFRS contained a lease on the basis of facts and circumstances existing at that date.

v. Borrowing costs

The Corporation has elected to apply IAS 23 from April 1, 2010, to alleviate the need to retrospectively restate for borrowing costs directly attributable to the acquisition of qualifying assets.

5. Transition to IFRS (Continued)

C. Consolidated Statement of Financial Position and Equity Reconciliations

	April 1, 2010							
	Canadian GAAP	PE and DCF[1]	Lease[2]	SPE[3]	Pension[4]	Long-term Investment[5]	Provisions[6]	IFRS
(in thousands of dollars)		(i)	(ii)	(iii)	(iv)	(v)	(vi)	
Assets								
Current								
Cash	50,003	-	-	3,167	-	-	-	**53,170**
Trade and other receivables	194,512	-	-	144	-	-	-	**194,656**
Programming	178,243	-	-	-	-	-	-	**178,243**
Merchandising inventory	1,703	-	-	-	-	-	-	**1,703**
Prepaid expenses	148,215	-	-	-	-	-	-	**148,215**
Promissory notes receivable	-	-	-	1,897	-	-	-	**1,897**
Net investment in finance lease	-	-	-	2,214	-	-	-	**2,214**
	572,676	**-**	**-**	**7,422**	**-**	**-**	**-**	**580,098**
Long-term								
Property and equipment	925,812	162,377	-	-	-	-	-	**1,088,189**
Intangible assets	47,725	-	-	-	-	-	-	**47,725**
Assets under finance lease	-	-	55,591	-	-	-	-	**55,591**
Long-term receivables	10,090	-	-	-	-	-	-	**10,090**
Promissory notes receivable	-	-	-	53,788	-	-	-	**53,788**
Net investment in finance lease	-	-	-	58,928	-	-	-	**58,928**
Deferred charges	16,467	-	-	-	-	-	-	**16,467**
Investment in associate	7,260	-	-	-	-	-	-	**7,260**
	1,007,354	**162,377**	**55,591**	**112,716**	**-**	**-**	**-**	**1,338,038**
Total Assets	**1,580,030**	**162,377**	**55,591**	**120,138**	**-**	**-**	**-**	**1,918,136**

[1] Property and equipment and deferred capital funding
[2] Transponders under finance lease
[3] Consolidation of Special Purpose Entities
[4] Pension plans and employee-related liabilities
[5] Long-term investments – fair value adjustment
[6] Reclassification of provision from accounts payable and accrued liabilities and pension plans and employee-related liabilities

5. Transition to IFRS (Continued)

	April 1, 2010							
	Canadian GAAP	PE and DCF [1]	Lease [2]	SPE [3]	Pension [4]	Long-term Investment [5]	Provisions [6]	IFRS
(in thousands of dollars)		(i)	(ii)	(iii)	(iv)	(v)	(vi)	
Liabilities								
Current								
Accounts payable and accrued liabilities	176,497	-	-	92	-	-	(50,241)	**126,348**
Provisions	-	-	-	-	-	-	55,817	**55,817**
Pension plans and employee-related liabilities	130,899	-	-	-	-	-	(5,576)	**125,323**
Bonds payable	19,223	-	-	-	-	-	-	**19,223**
Financial guarantee	10,419	-	-	(10,419)	-	-	-	**-**
Financial liability related to the monetization of receivables	10,174	-	-	-	-	-	-	**10,174**
Obligations under finance lease	-	-	7,300	-	-	-	-	**7,300**
Notes payable	-	-	-	6,514	-	-	-	**6,514**
Deferred revenues	2,185	-	-	-	-	-	-	**2,185**
Derivative financial instruments	297	-	-	-	-	-	-	**297**
	349,694	**-**	**7,300**	**(3,813)**	**-**	**-**	**-**	**353,181**

1 Property and equipment and deferred capital funding
2 Transponders under finance lease
3 Consolidation of Special Purpose Entities
4 Pension plans and employee-related liabilities
5 Long-term investments – fair value adjustment
6 Reclassification of provision from accounts payable and accrued liabilities and pension plans and employee-related liabilities

5. Transition to IFRS (Continued)

	April 1, 2010							
	Canadian GAAP	PE and DCF [1]	Lease [2]	SPE [3]	Pension [4]	Long-term Investment [5]	Provisions [6]	IFRS
(in thousands of dollars)		(i)	(ii)	(iii)	(iv)	(v)	(vi)	
Liabilities								
Long-term								
Investment in associate	1,417	-	-	-	-	-	-	**1,417**
Deferred revenues	2,303	-	-	-	-	-	-	**2,303**
Pension plans and employee-related liabilities	412,732	-	-	-	(82,825)	-	-	**329,907**
Bonds payable	309,179	-	-	-	-	-	-	**309,179**
Financial liability related to the monetization of receivables	10,221	-	-	-	-	-	-	**10,221**
Obligations under finance lease	-	-	65,676	-	-	-	-	**65,676**
Notes payables	-	-	-	129,757	-	-	-	**129,757**
Deferred capital funding	632,221	-	-	-	-	-	-	**632,221**
	1,368,073	**-**	**65,676**	**129,757**	**(82,825)**	**-**	**-**	**1,480,681**
Equity								
Retained earnings	(138,017)	162,377	(17,385)	(5,806)	82,825	7,675	-	**91,669**
Accumulated other comprehensive income (loss)	-	-	-	-	-	(7,675)	-	**(7,675)**
Total equity attributable to the Corporation	(138,017)	162,377	(17,385)	(5,806)	82,825	-	-	**83,994**
Non-controlling interests	280	-	-	-	-	-	-	**280**
Total Equity	**(137,737)**	**162,377**	**(17,385)**	**(5,806)**	**82,825**	**-**	**-**	**84,274**
Total Liabilities and Equity	**1,580,030**	**162,377**	**55,591**	**120,138**	**-**	**-**	**-**	**1,918,136**

[1] Property and equipment and deferred capital funding
[2] Transponders under finance lease
[3] Consolidation of Special Purpose Entities
[4] Pension plans and employee-related liabilities
[5] Long-term investments – fair value adjustment
[6] Reclassification of provision from accounts payable and accrued liabilities and pension plans and employee-related liabilities

5. Transition to IFRS (Continued)

	March 31, 2011						
	Canadian GAAP	PE and DCF[1]	Lease[2]	SPE[3]	Pension[4]	Provisions[5]	IFRS
(in thousands of dollars)		(i)	(ii)	(iii)	(iv)	(vi)	
Assets							
Current							
Cash	59,001	-	-	4,223	-	-	**63,224**
Trade and other receivables	173,390	-	-	208	-	-	**173,598**
Programming	163,658	-	-	-	-	-	**163,658**
Merchandising inventory	1,089	-	-	-	-	-	**1,089**
Prepaid expenses	138,361	-	-	-	-	-	**138,361**
Promissory notes receivable	-	-	-	2,023	-	-	**2,023**
Net investment in finance lease	-	-	-	2,351	-	-	**2,351**
Asset classified as held for sale	154	-	-	-	-	-	**154**
	535,653	**-**	**-**	**8,805**	**-**	**-**	**544,458**
Long-term							
Property and equipment	925,775	154,820	-	-	-	-	**1,080,595**
Intangible assets	39,687	-	-	-	-	-	**39,687**
Assets under finance lease	7,704	-	48,538	-	-	-	**56,242**
Pension plans	-	-	-	-	148,769	-	**148,769**
Promissory notes receivable	-	-	-	51,765	-	-	**51,765**
Net investment in finance lease	-	-	-	56,577	-	-	**56,577**
Deferred charges	3,003	-	-	-	-	-	**3,003**
Investment in associate	17	-	-	-	-	-	**17**
	976,186	**154,820**	**48,538**	**108,342**	**148,769**	**-**	**1,436,655**
Total Assets	**1,511,839**	**154,820**	**48,538**	**117,147**	**148,769**	**-**	**1,981,113**

[1] Property and equipment and deferred capital funding
[2] Transponders under finance lease
[3] Consolidation of Special Purpose Entities
[4] Pension plans and employee-related liabilities
[5] Reclassification of provision from accounts payable and accrued liabilities and pension plans and employee-related liabilities

5. Transition to IFRS (Continued)

	March 31, 2011						
	Canadian GAAP	PE and DCF[1]	Lease[2]	SPE[3]	Pension[4]	Provisions[5]	IFRS
(in thousands of dollars)		(i)	(ii)	(iii)	(iv)	(vi)	
Liabilities							
Current							
Accounts payable and accrued liabilities	151,220	-	-	307	-	(27,381)	**124,146**
Provisions	-	-	-	-	-	35,572	**35,572**
Pension plans and employee-related liabilities	144,703	-	-	-	-	(8,191)	**136,512**
Bonds payable	19,642	-	-	-	-	-	**19,642**
Financial guarantee	9,811	-	-	(9,811)	-	-	**-**
Financial liability related to the monetization of receivables	10,337	-	-	-	-	-	**10,337**
Obligations under finance lease	1,540	-	7,803	-	-	-	**9,343**
Notes payable	-	-	-	7,625	-	-	**7,625**
Deferred revenues	3,825	-	-	-	-	-	**3,825**
Derivative financial instruments	715	-	-	-	-	-	**715**
	341,793	**-**	**7,803**	**(1,879)**	**-**	**-**	**347,717**
Long-term							
Investment in associate	1,417	-	-	-	-	-	**1,417**
Deferred revenues	2,726	-	-	-	-	-	**2,726**
Pension plans and employee-related liabilities	411,350	-	-	-	(201,082)	-	**210,268**
Bonds payable	299,237	-	-	-	-	-	**299,237**
Obligations under finance lease	6,263	-	57,873	-	-	-	**64,136**
Notes payables	-	-	-	124,453	-	-	**124,453**
Deferred capital funding	609,428	(7,403)	-	-	-	-	**602,025**
	1,330,421	**(7,403)**	**57,873**	**124,453**	**(201,082)**	**-**	**1,304,262**
Equity							
Retained earnings	(167,638)	162,223	(17,138)	(5,427)	349,851	-	**321,871**
Accumulated other comprehensive income	5,000	-	-	-	-	-	**5,000**
Total equity attributable to the Corporation	(162,638)	162,223	(17,138)	(5,427)	349,851	-	**326,871**
Non-controlling interests	2,263	-	-	-	-	-	**2,263**
Total Equity	**(160,375)**	**162,223**	**(17,138)**	**(5,427)**	**349,851**	**-**	**329,134**
Total Liabilities and Equity	**1,511,839**	**154,820**	**48,538**	**117,147**	**148,769**	**-**	**1,981,113**

[1] Property and equipment and deferred capital funding
[2] Transponders under finance lease
[3] Consolidation of Special Purpose Entities
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[5] Reclassification of provision from accounts payable and accrued liabilities and pension plans and employee-related liabilities

5. Transition to IFRS (Continued)

D. Consolidated Statement of Loss Reconciliation

	For the year ended March 31, 2011							
	Canadian GAAP	PE and DCF[1]	Lease[2]	SPE[3]	Pension[4]	Long-term Investment[5]	Presentation[6]	IFRS
(in thousands of dollars)		(i)	(ii)	(iii)	(iv)	(v)	(vii)	
Revenue								
Advertising	367,700	-	-	-	-	-	-	**367,700**
Specialty services	152,971	-	-	-	-	-	5,137	**158,108**
Other income	127,771	(103)	-	(608)	-	-	437	**127,497**
Financing income	1,506	-	-	7,526	-	-	-	**9,032**
	649,948	**(103)**	**-**	**6,918**	**-**	**-**	**5,574**	**662,337**
Expenses								
Television, radio and new media services costs	1,476,778	-	(3,898)	-	(27,358)	-	113,699	**1,559,221**
Specialty services	133,273	-	(2,863)	-	(963)	-	4,487	**133,934**
Depreciation of property and equipment	112,656	7,454	7,053	-	-	-	(127,163)	**-**
Amortization of intangible assets	17,887	-	-	-	-	-	(17,887)	**-**
Transmission, distribution and collection	54,573	-	(5,269)	-	(902)	-	30,244	**78,646**
Corporate management	12,804	-	-	226	(240)	-	(1,107)	**11,683**
Payments to private stations	3,018	-	-	-	-	-	-	**3,018**
Finance costs	23,557	-	4,730	6,313	-	-	442	**35,042**
Loss on investment in associate	5,000	-	-	-	-	7,675	-	**12,675**
	1,839,546	**7,454**	**(247)**	**6,539**	**(29,463)**	**7,675**	**2,715**	**1,834,219**
Operating loss before Government funding and non-operating items	**(1,189,598)**	**(7,557)**	**247**	**379**	**29,463**	**(7,675)**	**2,859**	**(1,171,882)**

[1] Property and equipment and deferred capital funding
[2] Transponders under finance lease
[3] Consolidation of Special Purpose Entities
[4] Pension plans and employee-related expenses
[5] Long-term investments – fair value adjustment
[6] Change in presentation of the Consolidated Statement of Income (Loss)

5. Transition to IFRS (Continued)

	For the year ended March 31, 2011							
	Canadian GAAP	PE and DCF[1]	Lease[2]	SPE[3]	Pension[4]	Long-term Investment[5]	Presentation[6]	IFRS
(in thousands of dollars)		(i)	(ii)	(iii)	(iv)	(v)	(vii)	
Government Funding								
Parliamentary appropriation for operating expenditures	1,031,581	-	-	-	-	-	-	**1,031,581**
Parliamentary appropriation for working capital	4,000	-	-	-	-	-	-	**4,000**
Amortization of deferred capital funding	124,357	7,403	-	-	-	-	-	**131,760**
	1,159,938	**7,403**	**-**	**-**	**-**	**-**	**-**	**1,167,341**
Net results before non-operating items	**(29,660)**	**(154)**	**247**	**379**	**29,463**	**(7,675)**	**2,859**	**(4,541)**
Non-operating items								
Net loss on disposal of property and equipment	-	-	-	-	-	-	(2,859)	**(2,859)**
	-	**-**	**-**	**-**	**-**	**-**	**(2,859)**	**(2,859)**
Net results for the year	**(29,660)**	**(154)**	**247**	**379**	**29,463**	**(7,675)**	**-**	**(7,400)**
Net results attributable to:								
The Corporation	(29,621)	(154)	247	379	29,463	(7,675)	-	**(7,361)**
Non-controlling interests	(39)	-	-	-	-	-	-	**(39)**
	(29,660)	**(154)**	**247**	**379**	**29,463**	**(7,675)**	**-**	**(7,400)**

1 Property and equipment and deferred capital funding
2 Transponders under finance lease
3 Consolidation of Special Purpose Entities
4 Pension plans and employee-related expenses
5 Long-term investments – fair value adjustment
6 Change in presentation of the Consolidated Statement of Income (Loss)

5. Transition to IFRS (Continued)

E. Consolidated Statement of Comprehensive Income (Loss) Reconciliation

	For the year ended March 31, 2011						
	Canadian GAAP	PE and DCF [1]	Lease [2]	SPE [3]	Pension [4]	Long-term Investment [5]	IFRS
(in thousands of dollars)		(i)	(ii)	(iii)	(iv)	(v)	
Comprehensive Income							
Net results for the year	**(29,660)**	**(154)**	**247**	**379**	**29,463**	**(7,675)**	**(7,400)**
Other comprehensive income							
Actuarial gains on defined benefit plans	-	-	-	-	237,563	-	**237,563**
Reclassification to income of net unrealized gain on available-for-sale financial asset arising from a merger transaction	5,000	-	-	-	-	7,675	**12,675**
Total comprehensive income (loss) for the year	**(24,660)**	**(154)**	**247**	**379**	**267,026**	**-**	**242,838**
Total comprehensive income (loss) attributable to:							
The Corporation	(24,621)	(154)	247	379	267,026	-	**242,877**
Non-controlling interests	(39)	-	-	-	-	-	**(39)**
	(24,660)	**(154)**	**247**	**379**	**267,026**	**-**	**242,838**

[1] Property and equipment and deferred capital funding
[2] Transponders under finance lease
[3] Consolidation of Special Purpose Entities
[4] Pension plans and employee-related expenses
[5] Long-term investments – fair value adjustment

5. Transition to IFRS (Continued)

F. Explanations to the Reconciliation Tables

i. Property and equipment

Under IFRS, the Corporation has elected to apply the fair value deemed cost exemption in IFRS 1 to certain real estate land and buildings. The fair value deemed cost as of the date of transition is $588.9 million. The effect of this election was to increase Property and equipment by $162.4 million at April 1, 2010. As a result of the change in asset values caused by the deemed cost election, the gain on disposal of assets for the year ended March 31, 2011, was decreased by $0.1 million. Also, as per IAS 16, the Corporation identified the significant components for each individual asset class and determined the respective useful lives of each component. This change impacted the Corporation's buildings, and increased Depreciation expense by $7.5 million for the year ended March 31, 2011.

As a result of these changes, the reconciliations in this note reflect an increase in the amortization of deferred capital funding as of March 31, 2011 by $7.4 million and a resulting decrease in deferred capital funding by $7.4 million to reflect the impact of the new depreciation methodology related to the componentization of assets under IFRS.

ii. Lease

As a result of the application of IFRIC 4 at the transition date, an agreement to lease satellite capacity was determined to be a finance lease under IFRS. As a result, the Corporation recognized Assets under finance lease of $55.6 million, and an Obligation under finance lease (short and long-term) of $7.3 million and $65.7 million, respectively. Net results for the year ended March 31, 2011, were also impacted: Depreciation expense increased by $7.1 million; Finance costs increased by $4.7 million; Television, radio, and new media services costs decreased by $3.9 million; Specialty services expenses decreased by $2.9 million; and Transmission, distribution and collection expense decreased by $5.3 million.

iii. Consolidation of Special Purpose Entities

Unlike GAAP, there is no accounting concept of a Qualified Special Purpose Entity (QSPE) under IFRS. Instead, an entity must apply the guidelines provided by IAS 27 *Consolidated and Separate Financial Statements*, as well as SIC 12 *Consolidation - Special Purpose Entities*. In following these guidelines, the Corporation has concluded that it bears the majority of the risk associated with the collection of the receivables through the guarantee it has provided. In addition, the management structure of the CBC Monetization Trust meets the "autopilot" criteria outlined in SIC 12. As a result, the Corporation has consolidated the CBC Monetization Trust under IFRS.

iv. Pension plans and employee-related liabilities and expenses

In addition to the transitional adjustment required by the Corporation's election under IFRS 1 related to employee benefits, other retrospective adjustments to the Corporation's pension plans and employee-related liabilities were required in order to comply with IAS 19 *Employee Benefits*. These adjustments, which were related to the discount rates used in determining the total benefit obligations and a change in the attribution period of post-employment retirees' benefits, decreased the total liability by $134.7 million, which was partly offset by the $51.9 million increase caused by the Corporation's IFRS 1 election, for a net decrease of $82.8 million.

As a result of the adoption of IAS 19, Other comprehensive income for the year ended March 31, 2011 increased by $237.6 million due to the recognition of actuarial gains earned during the period. This adjustment was recorded directly through Retained earnings. Also for the year ended March 31, 2011, pension plans and employee-related expenses were decreased by $29.5 million.

5. Transition to IFRS (Continued)

v. Long-term investments – fair value adjustment

The Class C shares that were held by the Corporation as part of its investment in Sirius Canada were treated as available-for-sale financial instruments and measured at cost as there was no quoted market price. IFRS demands that a valuation be made, unless the range in estimates is considered to be too great as to render them unreliable. The impact of this valuation was offset against the Class A shares held by the Corporation, creating no impact on the opening net balance in the Corporation's investment in Sirius Canada Inc. However, the impact of revaluing the Class C shares was recorded though Other comprehensive income (loss), while the impact on the Class A shares was recorded through Net results. The net impact on Total comprehensive income (loss) was nil.

vi. Reclassification of provision from accounts payable and accrued liabilities and pension plans and employee related liabilities

IAS 1 *Presentation of financial statements* specifically requires a separate line on the Consolidated Statement of Financial Position for the provisions that have been recorded by the Corporation. As such, amounts have been reclassified from Accounts payable and accrued liabilities to the newly created line Provisions.

vii. Change in presentation of the Consolidated Statement of Income (Loss)

The Corporation has chosen to classify its expenses on its Consolidated Statement of Income (Loss) by function as opposed to nature, with depreciation and amortization expenses reallocated accordingly to the other expense types.

In addition, losses on disposal of equipment are now presented on a separate line on the Consolidated Statement of Income (Loss) in the Non-operating items section of the statement. Previously, the amounts were included in Revenue as part of Other income.

viii. Statement of Cash flows

As a result of accounting policy choices made by the Corporation under IAS 7 *Statement of Cash Flows*, the presentation of certain items on the Consolidated Statement of Cash Flows has changed, namely the presentation of dividends received as an investing activity (as opposed to an operating activity as required under Canadian GAAP) and the reclassification from operating activities of interest paid to financing activities and interest received to investing activities. In addition, the previously discussed changes affecting the Consolidated Statement of Financial Position and the Consolidated Statement of Income (Loss) have also changed certain amounts previously presented in the Consolidated Statement of Cash Flows.

6. Cash

(in thousands of dollars)	March 31, 2012	March 31, 2011	April 1, 2010
Cash in hand	860	862	896
Bank balances	63,417	62,362	52,274
	64,277	**63,224**	**53,170**

Interest revenue generated from bank balances and included in Financing income totalled $1.9 million for the year (2011 - $1.5 million).

7. Trade and Other Receivables

(in thousands of dollars)	March 31, 2012	March 31, 2011	April 1, 2010
Trade receivables	163,871	158,643	182,776
Allowance for doubtful accounts	(1,979)	(1,103)	(2,725)
Other	15,439	16,058	14,605
	177,331	**173,598**	**194,656**

Credit terms average 30 days. The Corporation recognizes an allowance for doubtful accounts for receivables where there is objective evidence of impairment. Objective evidence is determined in accordance with Note 3K vii.

Before accepting any new customer, the Corporation reviews the credit application submitted by the customer. An external credit scoring agency may be used to assess the potential customer's credit quality and define credit limits by customer. Limits and scoring attributed to customers are reviewed at least once every three years to determine whether adjustments are required.

There are no customers who represent more than five per cent of the total balance of trade receivables.

Trade receivables disclosed above include amounts (see Note 7A) that are past due at the end of the reporting period for which the Corporation has not recognized an allowance for doubtful accounts because there has not been a significant change in credit quality and the amounts are still considered recoverable.

Consistent with others in the industry, the Corporation makes most of its conventional advertising sales through agencies. These agencies typically remit their payment over a period exceeding the Corporation’s average credit term of 30 days. As such, a significant portion of the Corporation’s trade receivables are past due, but not impaired.

The Corporation does not hold any collateral or other credit enhancements over these balances.

7. Trade and Other Receivables (Continued)

A. Age of Trade Receivables that are Past Due but not Impaired

(in thousands of dollars)	March 31, 2012	March 31, 2011	April 1, 2010
31-60 days	36,182	42,647	31,007
61-90 days	25,381	15,737	19,196
91-120 days	17,736	13,387	14,031
Total	**79,299**	**71,771**	**64,234**

B. Movement in Allowance for Doubtful Accounts

(in thousands of dollars)	March 31, 2012	March 31, 2011
Balance at beginning of the year	(1,103)	(2,725)
Amounts written off during the year as uncollectible	181	-
Amounts recovered during the year	144	-
(Increase) decrease in allowance for doubtful accounts	(1,201)	1,622
Balance at end of the year	**(1,979)**	**(1,103)**

The concentration of credit risk is limited due to the fact that the customer base is large and unrelated.

8. Programming

A. Programming by Genre

(in thousands of dollars)	March 31, 2012	March 31, 2011	April 1, 2010
Programs completed - externally produced	83,203	78,340	84,661
Programs completed - internally produced	7,770	6,993	7,019
Externally produced programs in process of production	34,500	33,446	43,431
Internally produced programs in process of production	11,545	7,622	10,068
Broadcast rights available for broadcast	29,086	37,257	33,064
	166,104	**163,658**	**178,243**

B. Movement in Programming

(in thousands of dollars)	March 31, 2012	March 31, 2011
Opening balance	163,658	178,243
Additions	1,013,491	1,015,784
Programs Broadcast	(1,011,045)	(1,030,369)
	166,104	**163,658**

Programming includes amounts for television programs including specialty services.

The programming write-offs for 2012 represent $7.7 million (2011 – $7.2 million). Programming write-offs are mainly due to terminated projects, programs not telecasted in the past two years, programming not suitable for telecast or pilots not progressing into a series.

9. Prepaid expenses

(in thousands of dollars)	March 31, 2012	March 31, 2011	April 1, 2010
Programming rights	95,809	103,451	110,676
Service agreements	17,561	34,910	37,539
	113,370	**138,361**	**148,215**

10. Promissory Notes Receivable

Through the CBC Monetization Trust, a special purpose entity, the Corporation has two promissory notes receivable relating to the sale of parcels of land. These notes, which mature in May 2027, bear a fixed annual interest rate of 7.15 per cent, with payments made in arrears in equal blended monthly instalments. The notes have a carrying value of $51.8 million (March 31, 2011 - $53.8 million, April 1, 2010 - $55.7 million) and are pledged as collateral for their total carrying value to the Corporation's borrowings through notes payable.

The Corporation provided an absolute and unconditional guarantee of the full payment and timely payments of receivables by the ultimate debtors until 2027.

The Corporation also holds, as a result of the Sirius Canada Inc. merger transaction (see Note 15), a promissory note receivable that is non-interest bearing and is expected to be repaid within the next six years. The carrying amount at March 31, 2012, is $0.3 million (March 31, 2011 and April 1, 2010 - nil).

Future minimum payments receivable under the term of the notes are as follows:

	March 31, 2012		March 31, 2011		April 1, 2010	
(in thousands of dollars)	Minimum payments receivable	Present value of minimum payments receivable	Minimum payments receivable	Present value of minimum payments receivable	Minimum payments receivable	Present value of minimum payments receivable
Less than one year	5,567	2,158	5,567	2,023	5,567	1,897
Later than one year but not later than five years	22,270	9,613	22,270	8,972	22,270	8,374
More than five years	57,005	40,290	62,169	42,793	67,737	45,414
Less: unearned financing income	(32,781)	-	(36,218)	-	(39,889)	-
Present value of minimum payments receivable	**52,061**	**52,061**	**53,788**	**53,788**	**55,685**	**55,685**

Interest revenue included in current year's revenues and presented as financing income is $3.6 million (2011 – $3.7 million).

10. Promissory Notes Receivable (Continued)

Present value of minimum payments receivable:

(in thousands of dollars)	March 31, 2012	March 31, 2011	April 1, 2010
Included in the Consolidated Statement of Financial Position as promissory notes receivable:			
current	2,158	2,023	1,897
long-term	49,903	51,765	53,788
	52,061	**53,788**	**55,685**

11. Net Investment in Finance Lease

The net investment in finance lease, which is held by CBC Monetization Trust, relates to the rental of two parcels of land in Toronto that bear a fixed annual interest rate of 7.15 per cent and with terms ending in May 2027. The lease receivables are pledged as collateral for their total carrying value to the Corporation's borrowings through the notes payable.

The Corporation provided an absolute and unconditional guarantee of the full payment and timely payments of the finance lease by the ultimate debtors until 2027.

	March 31, 2012		March 31, 2011		April 1, 2010	
(in thousands of dollars)	Minimum payments receivable	Present value of minimum payments receivable	Minimum payments receivable	Present value of minimum payments receivable	Minimum payments receivable	Present value of minimum payments receivable
Less than one year	6,050	2,499	6,050	2,351	6,050	2,214
Later than one year but not later than five years	24,199	10,143	24,199	9,456	24,199	8,815
More than five years	64,110	43,934	70,160	47,121	76,210	50,113
Less: unearned financing income	(37,783)	-	(41,481)	-	(45,317)	-
Present value of minimum lease payments receivable	**56,576**	**56,576**	**58,928**	**58,928**	**61,142**	**61,142**

Interest revenue included in current year's revenues and presented as financing income, is $3.7 million (2011 – $3.8 million).

Present value of minimum lease payments receivable:

(in thousands of dollars)	March 31, 2012	March 31, 2011	April 1, 2010
Included in the Consolidated Statement of Financial Position as net investment in finance lease:			
current	2,499	2,351	2,214
long-term	54,077	56,577	58,928
	56,576	**58,928**	**61,142**

12. Property and Equipment

A. Cost and Accumulated Depreciation

The property and equipment carrying amounts are as follows:

(in thousands of dollars)	March 31, 2012	March 31, 2011	April 1, 2010
Cost	2,215,122	2,271,790	2,255,139
Accumulated depreciation	(1,167,134)	(1,191,195)	(1,166,950)
	1,047,988	**1,080,595**	**1,088,189**

(in thousands of dollars)	Land	Buildings	Leasehold improvements	Technical equipment	Other	Uncompleted capital projects	Total
Cost at March 31, 2011	179,982	508,003	44,800	1,315,115	141,158	82,732	**2,271,790**
Additions	1,195	6,822	1,547	47,427	10,435	31,142	**98,568**
Transfers	63	11,982	542	59,346	3,363	(75,296)	**-**
Asset classified as held for sale	-	-	-	(3,724)	(2,308)	-	**(6,032)**
Disposals and write-offs	(40)	(1,798)	(1)	(130,464)	(13,323)	(3,578)	**(149,204)**
Cost at March 31, 2012	**181,200**	**525,009**	**46,888**	**1,287,700**	**139,325**	**35,000**	**2,215,122**
Accumulated depreciation at March 31, 2011	-	(86,790)	(18,609)	(984,429)	(101,367)	-	**(1,191,195)**
Depreciation for the year	-	(32,845)	(2,641)	(70,988)	(13,915)	-	**(120,389)**
Reverse depreciation on asset classified as held for sale	-	-	-	3,490	2,308	-	**5,798**
Reverse depreciation on disposals	-	707	1	125,031	12,913	-	**138,652**
Accumulated depreciation at March 31, 2012	**-**	**(118,928)**	**(21,249)**	**(926,896)**	**(100,061)**	**-**	**(1,167,134)**
Net carrying amount at March 31, 2012	**181,200**	**406,081**	**25,639**	**360,804**	**39,264**	**35,000**	**1,047,988**

12. Property and Equipment (Continued)

(in thousands of dollars)	Land	Buildings	Leasehold improvements	Technical equipment	Other	Uncompleted capital projects	Total
Cost at April 1, 2010	180,065	504,019	44,243	1,344,230	140,982	41,600	**2,255,139**
Additions	-	4,923	366	37,868	11,622	61,357	**116,136**
Transfers	-	756	32	15,869	3,568	(20,225)	**-**
Assets acquired through business combination	-	-	159	331	463	-	**953**
Asset classified as held for sale	(45)	(965)	-	-	-	-	**(1,010)**
Disposals	(38)	(730)	-	(83,183)	(15,477)	-	**(99,428)**
Cost at March 31, 2011	**179,982**	**508,003**	**44,800**	**1,315,115**	**141,158**	**82,732**	**2,271,790**
Accumulated depreciation at April 1, 2010	-	(56,159)	(15,876)	(991,181)	(103,734)	-	**(1,166,950)**
Depreciation for the year	-	(31,821)	(2,639)	(72,637)	(12,633)	-	**(119,730)**
Accumulated depreciation added through business combination	-	-	(94)	(275)	(395)	-	**(764)**
Reverse depreciation on asset classified as held for sale	-	856	-	-	-	-	**856**
Reverse depreciation on disposals	-	334	-	79,664	15,395	-	**95,393**
Accumulated depreciation at March 31, 2011	**-**	**(86,790)**	**(18,609)**	**(984,429)**	**(101,367)**	**-**	**(1,191,195)**
Net carrying amount at March 31, 2011	**179,982**	**421,213**	**26,191**	**330,686**	**39,791**	**82,732**	**1,080,595**
Net carrying amount at April 1, 2010	**180,065**	**447,860**	**28,367**	**353,049**	**37,248**	**41,600**	**1,088,189**

The contractual commitments for the acquisition of property and equipment are $16.0 million in 2012 (2011 – $14.3 million).

B. Impairment

i. Halifax Project

During 2011-2012, the Corporation decided to cancel its initiative to redevelop the CBC | Radio-Canada building in Halifax and consolidate all of its Halifax-based operations. The project was planned to be completed by February 2014.

The majority of the project costs incurred to date, primarily consisting of Real Estate costs, were deemed non-recoverable and a write-off of $3.6 million was included in net loss on disposal of property and equipment in the Consolidated Statement of Income (Loss) for the year ended March 31, 2012 (2011 – nil). Recoverable assets purchased amounted to $0.4 million and were transferred to other capital initiatives.

ii. Analogue Television Transmission

The switch from analog transmission to digital over-the-air television occurred August 31, 2011 for mandatory sites identified by the CRTC, in decision 2010-16. In markets where digital transmitters were rolled out, the Corporation has the obligation to cease analog transmission. To reflect the impact of the reduced useful life of these assets, the Corporation recorded an additional expense of $2.6 million in 2012 (2011 – $7.3 million), in its Consolidated Statement of Income (Loss).

12. Property and Equipment (Continued)

C. Asset Classified as Held For Sale

With the increased requirements for high-definition broadcasting, the Corporation no longer utilizes a standard-definition mobile unit. As such the Corporation has listed this unit for sale and intends to dispose of it within the next twelve months. This mobile unit has a net carrying amount of $0.2 million at March 31, 2012.

In November 2011, the Corporation disposed of a parcel of land it no longer utilized in Brossard (Quebec) that was classified as held for sale at March 31, 2011. The property was previously used for its AM broadcasting transmitter; however, this use ceased with the conversion from AM to FM in the Montreal market. The sale of this property resulted in a net gain on disposition of $8.5 million and was included in net loss on disposal of property and equipment in the Consolidated Statement of Income (Loss) for the current year.

13. Intangible Assets

A. Cost and Accumulated Amortization

The Corporation's intangible assets comprise software acquired separately and internally developed software for internal use. The intangible assets carrying amounts are as follows:

(in thousands of dollars)	March 31, 2012	March 31, 2011	April 1, 2010
Cost	150,807	145,187	135,602
Accumulated amortization	(122,372)	(105,500)	(87,877)
	28,435	**39,687**	**47,725**

13. Intangible Assets (Continued)

(in thousands of dollars)	Internally developed software	Acquired software	Uncompleted capital projects	Total
Cost at March 31, 2011	136,579	2,209	6,399	**145,187**
Additions	1,713	1,853	2,235	**5,801**
Transfers	220	6,534	(6,754)	**-**
Disposals	(181)	-	-	**(181)**
Cost at March 31, 2012	**138,331**	**10,596**	**1,880**	**150,807**
Accumulated amortization at March 31, 2011	(105,437)	(63)	-	**(105,500)**
Amortization for the year	(15,476)	(1,487)	-	**(16,963)**
Reverse amortization on disposals	91	-	-	**91**
Accumulated amortization at March 31, 2012	**(120,822)**	**(1,550)**	**-**	**(122,372)**
Net carrying amount as at March 31, 2012	**17,509**	**9,046**	**1,880**	**28,435**

(in thousands of dollars)	Internally developed software	Acquired software	Uncompleted capital projects	Total
Cost at April 1, 2010	133,465	-	2,137	**135,602**
Additions	2,113	2,095	5,630	**9,838**
Transfers	1,265	103	(1,368)	**-**
Disposals	(264)	11	-	**(253)**
Cost at March 31, 2011	**136,579**	**2,209**	**6,399**	**145,187**
Accumulated amortization at April 1, 2010	(87,877)	-	-	**(87,877)**
Amortization for the year	(17,824)	(63)	-	**(17,887)**
Reverse amortization on disposals	264	-	-	**264**
Accumulated amortization at March 31, 2011	**(105,437)**	**(63)**	**-**	**(105,500)**
Net carrying amount as at March 31, 2011	**31,142**	**2,146**	**6,399**	**39,687**
Net carrying amount as at April 1, 2010	**45,588**	**-**	**2,137**	**47,725**

B. Impairment

There were no indicators of impairment during 2012 and as such, no impairment expense was recorded (2011 – nil).

14. Assets Under Finance Lease

Assets under finance lease consist of two leases for mobile equipment and satellite transponders. The terms of these two leases are five and 17 years respectively.

(in thousands of dollars)	March 31, 2012	March 31, 2011	April 1, 2010
Automotive (cost)	619	619	-
Technical equipment (cost)	7,434	7,434	-
Transmission equipment (cost)	119,897	119,897	119,897
Accumulated depreciation – automotive	(53)	(23)	-
Accumulated depreciation – technical equipment	(1,244)	(326)	-
Accumulated depreciation – transmission equipment	(78,411)	(71,359)	(64,306)
Net carrying amount	**48,242**	**56,242**	**55,591**

Depreciation for the year ended March 31, 2012 was $8.0 million (2011 – $7.4 million). For more information on the related obligations, refer to Note 19.

15. Subsidiaries, Special Purpose Entities and Associates

A. Subsidiaries and Special Purpose Entities Undertakings

i. The Documentary Channel

The Corporation owns an 82 per cent partnership interest in The Documentary Channel (*documentary*), a specialty service broadcasting documentaries. Accordingly, The Documentary Channel (*documentary*) financial results are consolidated in the Corporation's books. The subsidiary's fiscal year end is August 31. Additional financial statements corresponding to the Corporation's reporting period are prepared for consolidation purposes.

ii. ARTV

ARTV is a French-language arts and entertainment specialty channel that has been broadcasting since September 2001 via cable and satellite. The Corporation owns 85 per cent of ARTV and, accordingly, consolidates their financial results in the Corporation's consolidated financial statements. The subsidiary's fiscal year end is August 31. Additional financial statements corresponding to the Corporation's reporting period are prepared for consolidation purposes.

The Corporation completed the acquisition on July 12, 2010, through the purchase of 2,750,000 shares of ARTV from the Société de télédiffusion du Québec ("Télé-Québec") for a cash consideration of $1 per share, increasing its equity interest from 62 per cent to 85 per cent. Even though the Corporation owned 62 per cent in ARTV before this acquisition, it did not control ARTV activities as 66 2/3 per cent of the voting shares were required to assume control. With this purchase, the Corporation now holds control of ARTV which is consolidated in the Corporation's financial statements since the date of acquisition. The business was acquired to participate fully in a channel largely broadcasting Radio-Canada's content.

15. Subsidiaries, Special Purpose Entities and Associates (Continued)

The following table summarizes the fair value of the assets acquired and liabilities assumed as of July 12, 2010:

(in thousands of dollars)	**Fair value**
Cash	(376)
Trade and other receivables	2,630
Programming	9,106
Prepaid expenses and other current assets	133
Current assets	**11,493**
Computer hardware and property	189
Deferred charges	1,679
Deferred tax asset	179
Long-term assets	**2,047**
Total assets acquired	**13,540**
Payables, accruals and provisions	(2,320)
Total liabilities assumed	**(2,320)**
Net assets acquired	**11,220**

At the acquisition date, the book values and fair values of the assets and liabilities acquired were identical and the amount of non-controlling interests measured at the proportionate share of ARTV's recognized net assets was of $1.7 million. The Corporation has recorded its share of ARTV's net results since July 12, 2010.

In June 2011, the Corporation and the other shareholder in ARTV revised the shareholder agreement to reflect the new ownership structure. As part of this amendment, a clause was added to the agreement that would allow the minority shareholder to compel the Corporation to purchase all of their outstanding shares, pending all necessary regulatory approvals, for the same consideration that was originally paid to purchase those shares, which equates to $1 per share. As at March 31, 2012, the Corporation has recorded a liability in relation to this option of $1.9 million (March 31, 2011 - nil) to reflect the 1,875,000 shares in ARTV currently held by the minority shareholder that can be put to the Corporation at any time. This option is considered to be short-term in nature given the on-demand characteristic associated with the option.

15. Subsidiaries, Special Purpose Entities and Associates (Continued)

iii. The Broadcast Centre Trust

The Broadcast Centre Trust (the TBC Trust) is a charitable trust that is a lessee under a long-term lease with the Corporation for the land on which the Canadian Broadcasting Centre (the building) is located in Toronto. The rent during the term is the sum of one dollar, paid on October 1, 1988. The TBC Trust is also a lessor under a long-term sub-lease with the Corporation for the Canadian Broadcasting Centre. In order to finance the construction of the building, the TBC Trust issued $400 million of bonds on January 30, 1997, which are guaranteed by the rent payments for the premises occupied by the Corporation. The rent payable by the Corporation to the TBC Trust covers all interest and principal on the bonds, all other payments on the bonds and all operating expenses and liabilities of the TBC Trust. The TBC Trust is a special purpose entity that is controlled by the Corporation and, accordingly, the financial results of the TBC Trust are consolidated in the Corporation's books.

iv. CBC Monetization Trust

In 2003, the Corporation sold two parcels of land to Ontrea Inc., a wholly owned subsidiary of Ontario Teachers' Pension Plan Board in exchange for two promissory notes receivable. At that time, the Corporation also renegotiated two land leases with WSIB and Cadillac Fairview and entered into a concurrent lease with the Trust for the two land leases. The CBC Monetization Trust was created during 2009 with the purpose of acquiring the Corporation's notes receivable and interest in the lease receivables. The Corporation has determined that it bears the majority of the risk associated with the collection of the Trust's receivables through the guarantee it has provided. As such this entity is consolidated by the Corporation.

B. Associates

i. Initial Investment in Sirius Canada Inc.

The Corporation previously held a 40 per cent voting interest and a 25 per cent equity interest in Sirius Canada Inc. (Sirius) through its investment in Class A Common Shares, originally obtained in exchange for a nominal amount of cash. Given that the Corporation's voting interest exceeded 20 per cent, the Corporation judged that it had significant influence over Sirius and applied equity accounting to its investment in Class A shares.

As a separate investment, the Corporation had invested a further $12 million in Class C Preferred Shares, which were entitled to cumulative dividends at a rate of 8 per cent per annum on the redemption price and were redeemable at any time by Sirius. These shares were classified as available-for-sale and recorded at fair value.

ii. Description of Sirius and Canadian Satellite Radio Holdings Inc. Merger

On June 21, 2011, Sirius and Canadian Satellite Radio Holdings Inc.(CSR), the parent company of XM Canada, completed a merger of the two companies. Pursuant to the arrangement between the Corporation, Sirius XM Radio Inc., Slaight Communications (collectively referred to as the Vendors), Canadian Satellite Radio Holdings Inc. (pre-merger CSR) and Sirius the Vendors sold all of the issued and outstanding shares of Sirius, in exchange for the equivalent of 71,284,578 Class A Subordinate Voting Shares of CSR providing the Vendors with control of 58 per cent of the equity in the newly-merged CSR (CSR). All previously existing Sirius shares were redeemed and cancelled.

15. Subsidiaries, Special Purpose Entities and Associates (Continued)

In exchange for its Sirius Class A shares, the Corporation received 53,570,361 Class B Voting Shares of CSR, which are equivalent to 17,856,787 Class A Subordinate Shares of CSR and represents a 14.54 per cent equity participation and a 19.95 per cent voting interest. The Corporation also received a promissory note with a face value of $1.5 million for dividends on the Class A shares, which was applied against the carrying value of the shares.

In exchange for the redemption of the Sirius Class C Shares, the Corporation received cash consideration amounting to $14.9 million and non-interest bearing promissory notes with a total face value of $2.2 million, which was treated as a combination of dividend income and return of capital. This consideration of $17.1 million represented the fair value of the Class C shares at the date of the transaction and included the cumulative accrued and unpaid dividends of these shares amounting to $5.1 million. These dividends had not been previously accrued to the value of the shares as the dividends had not been declared by Sirius prior to the merger transaction. These dividends have been accounted for as dividend income in the Consolidated Statement of Income (Loss).

As at March 31, 2012, the Corporation has a seat on the Board of Directors and holds a 21.66 per cent voting interest in CSR. The Corporation holds the power to participate in the financial and operating policy decisions of CSR through board representation, its voting interest and its ongoing business relationship with CSR. As such, the Corporation judges that it exerts significant influence and will continue to apply equity accounting to its investment in CSR.

The 21.66 per cent voting interest represents an increase from the voting interest that was held by the Corporation at the time of the merger, which was 19.95 per cent. This increase is the result of a secondary share issuance whereby two shareholders of CSR, neither of which were the Corporation, converted a number of Class B shares into Class A shares and then, subsequently, sold these Class A shares to the public. As no new shares have been issued from treasury, the Corporation's equity interest was unaffected. However, due to each Class B share having the same voting rights as a Class A share, the conversion of three Class B shares in exchange for each Class A share received by the CSR shareholders resulted in an increase in the Corporation's voting rights.

iii. Accounting Impact of the Sirius and CSR Merger Transaction on the Corporation

The reverse take-over and retention of significant interest resulted in the following:

- A non-cash dilution gain of $25.8 million was recognized, representing the gain on the disposed interest of 10.51 per cent and the Corporation's proportionate share of CSR's Class B share issuance, net of the Corporation's portion of pre-merger Sirius unrecognized losses and equity adjustments.
- A value of $5.8 million was attributed to the Class B shares obtained, which is calculated as being the difference in the Corporation's reduction in ownership in Sirius and the Corporation's share of the proceeds on the issuance of the new Class B shares.

iv. Impact of Post-Merger CSR Results

Following the merger CSR's fiscal year end is August 31, which differs from that of the Corporation. IAS 28, *Investments in Associates* limits the difference between the end of the reporting period of an associate and that of the investor to no more than three months. As such, the Corporation has included its portion of the interim results of CSR for the period up to February 29, 2012, which falls within the allowed three month window. This corresponds to the latest information available for CSR that can be disclosed publicly. The investment value at March 31, 2012 of $6.2 million includes $0.4 million related to the Corporation's share of CSR net results and equity movements up to February 29, 2012.

15. Subsidiaries, Special Purpose Entities and Associates (Continued)

v. *Financial Information*

The following is the summarized financial information for the Corporation's investments:

	Ownership interest as at:			Carrying value as at:		
(in thousands of dollars)	March 31 2012	March 31, 2011	April 1, 2010	March 31 2012	March 31, 2011	April 1, 2010
CSR - Class B	14.51%	-	-	6,191	-	-
ARTV[1]	-	-	62%	-	-	7,243
Other	-	-	-	17	17	17
Total assets	**-**	**-**	**-**	**6,208**	**17**	**7,260**
Sirius - Class A[2]	-	25%	25%	-	(18,417)	(5,742)
Sirius - Class C	-	-	-	-	17,000	4,325
Total liabilities	**-**	**-**	**-**	**-**	**(1,417)**	**(1,417)**

[1]On July 12, 2010, the Corporation acquired additional shares of ARTV for an amount of $2.75 million. The Corporation now owns 85 per cent of ARTV and is therefore consolidating ARTV in the accounts of the Corporation.

[2]At March 31, 2011 and April 1, 2010, the Corporation's proportionate share of unrecognized losses in Sirius were $5.4 million and $14.9 million, respectively.

The fair value of the Corporation's investment in CSR at March 31, 2012, is $53.6 million (March 31, 2011 and April 1, 2010 – nil) and was determined using the closing market price of CSR Class A shares at March 31, 2012.

The following tables present the summarized financial information for CSR:

(in thousands of dollars)	2012[1]	2011[2]
Revenue	211,045	164,539
Net income	7,264	17,734

[1]Amounts for the year ended March 31, 2012, include results for the combined CSR/Sirius entity up until February 29, 2012.

[2]Amounts for the year ended March 31, 2011, include results for Sirius up until March 31, 2011.

(in thousands of dollars)	**March 31, 2012** [1]	**March 31, 2011** [2]	**April 1, 2010**
Assets	397,158	69,382	45,277
Liabilities	354,367	145,394	135,903

[1] Amounts at March 31, 2012 include results for the combined CSR/Sirius entity as at February 29, 2012.

[2] Amounts at March 31, 2011 include results for Sirius as at March 31, 2011.

There are no significant restrictions imposed on CSR relating to their ability to transfer funds to their investors.

16. Accounts Payable and Accrued Liabilities

(in thousands of dollars)	March 31, 2012	March 31, 2011	April 1, 2010
Trade payables	54,925	53,280	57,641
Accruals	65,243	69,542	67,159
Other	4,470	1,324	1,548
	124,638	**124,146**	**126,348**

17. Pension Plans and Employee-Related Assets/Liabilities

Employee-related assets/liabilities are as follows:

	Current			Long-term		
(in thousands of dollars)	March 31 2012	March 31, 2011	April 1, 2010	March 31 2012	March 31, 2011	April 1, 2010
Accrued pension benefit asset	-	-	-	-	148,769	-
Accrued pension benefit liability	-	-	-	175,813	68,462	188,751
Employee future benefits	-	-	-	157,223	141,616	140,948
Vacation pay	57,099	57,416	58,845	-	-	-
Workforce reduction	6,310	12,956	12,308	-	-	-
Salary-related liabilities	66,441	66,140	54,170	171	190	208
	129,850	**136,512**	**125,323**	**333,207**	**210,268**	**329,907**

The Corporation maintains a contributory defined benefit pension plan, the CBC/Radio-Canada Pension Plan, covering substantially all employees of the Corporation. Retirement benefits are based on the length of pensionable service and on the average of the best five consecutive years of pensionable salary in the last 10 years of employment. Employees are required to contribute a percentage of their pensionable salary to the plan, with the Corporation providing the balance of the funding, as required, based on actuarial valuations. The Corporation also maintains unfunded non-contributory defined benefit pension arrangements. All plans are subject to an actuarial valuation, which have been made at least on a triennial basis and will be required on an annual basis going forward under new regulatory requirements. The amounts included in these financial statements reflect the latest funding valuation which was performed as of December 31, 2011. While this valuation has been completed, it has yet to be filed with the pension authorities.

17. Pension Plans and Employee-Related Assets/Liabilities (Continued)

The Corporation maintains a non-contributory long-term benefit plan for certain employees hired before April 1, 2005, July 1, 2005 or October 11, 2005, depending on the category of employees. Under the plan, employees retiring with more than three years of service with the Corporation can choose to receive a cash award upon retirement or improve their pension benefits. The benefits are based on the length of pensionable service and on the salary rate at March 2005, July 2005 or at retirement/death, depending on the category of employees. The Corporation also provides employee future benefits such as long-term disability and workers' compensation, continuation of benefits coverage for employees on long-term disability and post- retirement life insurance. The last actuarial valuations for the non-contributory long-term benefit plan and the continuation of benefits coverage plan were made as at December 2009.

The measurement date for the pension plan assets and the defined benefit obligation is March 31, 2012.

The principal assumptions used for the purposes of the actuarial valuations were as follows:

Assumptions – annual rates	March 31, 2012	March 31, 2011	April 1, 2010
Assumptions for the calculation of pension benefit costs:			
Expected long-term rate of return on plan assets	6.50%	6.50%	6.25%
Discount rate	5.25%	5.25%	5.25%
Assumptions for the calculation of the benefit obligation			
Discount rate – pension	4.25%	5.25%	5.25%
Discount rate – employee termination benefit	4.00%	5.00%	5.00%
Discount rate – LTD benefits	3.75%	5.00%	4.75%
Discount rate – post-employment benefit	4.25%	5.25%	5.25%
Long-term rate of compensation increase, excluding merit and promotion	2.75%	2.75%	2.75%
Health care cost trend rate	7.00% per annum until 2019, 4.50% thereafter	7.00% per annum until 2019, 4.50% thereafter	7.00% per annum until 2019, 4.50% thereafter
Indexation of pensions in payment	1.65%	1.65%	1.65%

The amount included in the consolidated statement of financial position arising from the Corporation's obligation in respect of its defined benefit plans is as follows:

	March 31, 2012			March 31, 2011			April 1, 2010		
(in thousands of dollars)	Funded pension plan	Unfunded pension plans	Other post-retirement plans	Funded pension plan	Unfunded pension plans	Other post-retirement plans	Funded pension plan	Unfunded pension plans	Other post-retirement plans
Benefit obligation	5,184,634	81,993	156,917	4,414,441	68,462	141,234	4,323,211	65,286	140,490
Fair value of plan assets	5,090,814	-	-	4,563,210	-	-	4,199,746	-	-
Deficit (surplus)	**93,820**	**81,993**	**156,917**	**(148,769)**	**68,462**	**141,234**	**123,465**	**65,286**	**140,490**
Less:									
Unamortized unvested past service costs	-	-	(306)	-	-	(382)	-	-	(458)
Net liability (asset) arising from defined benefit obligation	**93,820**	**81,993**	**157,223**	**(148,769)**	**68,462**	**141,616**	**123,465**	**65,286**	**140,948**

17. Pension Plans and Employee-Related Assets/Liabilities (Continued)

Movements in the present value of the defined benefit obligation were as follows:

	March 31, 2012		March 31, 2011	
(in thousands of dollars)	Pension plans	Other post-employment plans	Pension plans	Other post-employment plans
Opening defined benefit obligation	4,482,903	141,234	4,388,497	140,490
Current service cost	72,541	6,761	65,693	6,535
Interest cost	231,924	7,120	226,918	7,056
Contributions from employees	41,186	-	37,630	-
Actuarial losses (gain)	667,400	15,056	-	(153)
Benefits paid	(244,327)	(13,254)	(235,835)	(12,694)
Vested past service cost[1]	15,000	-	-	-
Closing defined benefit obligation	**5,266,627**[2]	**156,917**	**4,482,903**[3]	**141,234**

[1]Estimated cost of changes to certain minimum benefit requirements in the Pension Benefits Standards Act affecting the CBC/Radio-Canada Pension Plan. This cost is a one-time charge to the Consolidated Statement of Income (Loss) in the fiscal year ending March 31, 2012.
[2]The accrued benefit obligations for the funded plan and for the unfunded plans are $5,184,634 and $81,993 respectively
[3]The accrued benefit obligations for the funded plan and for the unfunded plans are $4,414,441 and $68,462 respectively.

Movements in the fair value of the plan assets were as follows:

	March 31, 2012		March 31, 2011	
(in thousands of dollars)	Pension plans	Other post-employment plans	Pension plans	Other post-employment plans
Opening fair value of plan assets	4,563,210	-	4,199,746	-
Expected return on plan assets	291,938	-	268,354	-
Actuarial gains	379,386	-	237,563	-
Contributions from employees	41,186	-	37,630	-
Contributions from the Corporation	59,421	13,254	55,752	12,694
Benefits paid	(244,327)	(13,254)	(235,835)	(12,694)
Closing fair value of plan assets	**5,090,814**	**-**	**4,563,210**	**-**

The Corporation expects to make a contribution of $59.7 million to the defined benefit plans during the next financial year.

17. Pension Plans and Employee-Related Assets/Liabilities (Continued)

Amounts recognized in comprehensive income in respect to these defined benefit plans are indicated in the table below.

(in thousands of dollars)	2012	2011
Current service cost	79,302	72,228
Interest on obligation	239,044	233,974
Expected return on plan assets	(291,938)	(268,354)
Actuarial loss (gain)	1,255	(153)
Unamortized unvested past service costs	(76)	(76)
Vested past service cost	15,000	-
Expense recognized in net results	42,587	37,619
Plus:		
Actuarial losses (gains) recognized in other comprehensive income (loss)	301,815	(237,563)
Total amounts recognized in comprehensive income (loss)	**344,402**	**(199,944)**

The cumulative actuarial losses recognized in Other Comprehensive Income (Loss) represent $64.3 million as of March 31, 2012 (2011 gain – $237.6 million).

The total expense recognized in net results has been recorded in the Corporation's Consolidated Statement of Income (Loss) as follows:

(in thousands of dollars)	2012	2011
Television, radio and new media services costs	39,109	34,594
Specialty services	1,849	1,584
Transmission, distribution and collection	1,222	1,081
Corporate management	407	360
Total	**42,587**	**37,619**

The overall expected rate of return is a weighted average of the expected returns of the various categories of plan assets held. The Corporation's assessment of the expected returns is based on historical return trends and analysts' forecast of the market returns for the asset over the life of the related obligations. The actual return on plan assets for the period was $671.3 million or 14.9 per cent (2011 – 12.3 per cent).

The assets of the plan have been invested as follows:

	March 31, 2012	March 31, 2011	April 1, 2010
Fixed income	53%	50%	49%
Canadian equities	12%	15%	12%
Global equities	20%	20%	25%
Strategic[1]	15%	15%	14%
	100%	**100%**	**100%**

[1] Strategic investments include real estate, private placements, hedge funds and infrastructure funds.

17. Pension Plans and Employee-Related Assets/Liabilities (Continued)

The following table summarizes the defined benefit plans' experience gains and losses:

(in thousands of dollars)	2012 Pension plans	2012 Other post-employment plans	2011 Pension plans	2011 Other post-employment plans
Experience losses (gains) on defined benefit obligations[1]	7,412	(150)	-	10
Experience losses (gains) on plan assets	(379,386)	-	237,563	-
	(371,974)	**(150)**	**237,563**	**10**

[1] Experience losses (gains) due to plan experience but excluding impact of changes in assumptions

For the year ending March 31, 2012, the total expense related to employee benefits incurred by the Corporation was $981.5 million (2011 - $949.8 million).

18. Bonds Payable

The Corporation, through its relationship with the Broadcast Centre Trust, guarantees the bonds payable with its rent payments for the premises occupied by the Corporation in Toronto. The Broadcast Centre Trust issued $400 million in secured bonds on January 30, 1997. The bonds are secured by the assets of Canadian Broadcast Centre, which have a carrying value of $230.3 million (March 31, 2011 - $241.0 million). These bonds bear a fixed interest rate of 7.53 per cent annually and require blended semi-annual payments of $16.5 million, which will retire the following principal amounts:

(in thousands of dollars)	March 31, 2012 Minimum payments	March 31, 2012 Present value of minimum payments	March 31, 2011 Minimum payments	March 31, 2011 Present value of minimum payments	April 1, 2010 Minimum payments	April 1, 2010 Present value of minimum payments
Less than one year	33,039	20,093	33,039	19,642	33,039	19,223
Later than one year but not later than five years	132,155	51,682	132,155	47,999	132,155	44,579
More than five years	346,907	236,851	379,946	251,238	412,985	264,600
Less: future finance charges	(203,475)	-	(226,261)	-	(249,777)	-
Present value of minimum payments	**308,626**	**308,626**	**318,879**	**318,879**	**328,402**	**328,402**

Interest expense related to bonds payable included in current year's expenses and presented as finance costs is $22.8 million (2011 – $23.5 million).

18. Bonds Payable (Continued)

Present value of minimum payments:

(in thousands of dollars)	March 31, 2012	March 31, 2011	April 1, 2010
Included in the Consolidated Statement of Financial Position as bonds payable:			
current	20,093	19,642	19,223
long-term	288,533	299,237	309,179
	308,626	**318,879**	**328,402**

19. Obligations under Finance Leases

Obligations under finance lease include satellite transponders and mobile equipment.

	Effective Interest rate	Ending Date
Transponder lease	6.8 per cent per annum	February 18, 2018
Mobile equipment lease	2.95 per cent per annum	January 28, 2016

The Corporation has an option to purchase the mobile equipment for a nominal amount at the end of the lease term.

	March 31, 2012		March 31, 2011		April 1, 2010	
(in thousands of dollars)	Minimum lease payments	Present value of minimum lease payments	Minimum lease payments	Present value of minimum lease payments	Minimum lease payments	Present value of minimum lease payments
Less than one year	13,760	9,945	13,760	9,343	12,030	7,300
Later than one year but not later than five years	53,021	44,468	54,751	43,465	48,120	34,774
More than five years	10,024	9,738	22,055	20,671	34,084	30,902
Less: future finance charges	(12,654)	-	(17,087)	-	(21,258)	-
Present value of minimum lease payments	**64,151**	**64,151**	**73,479**	**73,479**	**72,976**	**72,976**

Interest expense related to obligations under finance lease included in current year's expenses and presented as finance costs is $4.4 million (2011 - $4.8 million).

Present value of minimum lease payments:

(in thousands of dollars)	March 31, 2012	March 31, 2011	April 1, 2010
Included in the Consolidated Statement of Financial Position as obligation under finance lease:			
current	9,945	9,343	7,300
long-term	54,206	64,136	65,676
	64,151	**73,479**	**72,976**

20. Notes Payable

The notes payable, held by the CBC Monetization Trust, a special purpose entity of the Corporation, mature in May 2027 and bears interest at an annual rate of 4.688 per cent. Blended semi-annual payments are made in May and November of each year. The notes are redeemable at the CBC Monetization Trust's option in whole or in part from time to time before maturity, on not less than 30 days and not more than 60 days prior notice. The redemption price is the greater of the outstanding principal amount of the notes to be redeemed and the net present value of all scheduled semi-annual payments on the notes from the date of redemption to the date of maturity, using the Government of Canada yield plus 0.30 percent on such date, together, in each case, with accrued but unpaid interest to, but excluding, the redemption date. The notes payable are secured by the promissory notes receivable and the net investment in finance lease described in Notes 10 and 11.

Principal payments are scheduled as follows:

	March 31, 2012		March 31, 2011		April 1, 2010	
(in thousands of dollars)	Minimum payments	Present value of minimum payments	Minimum payments	Present value of minimum payments	Minimum payments	Present value of minimum payments
Less than one year	11,473	7,794	11,473	7,625	10,517	6,514
Later than one year but not later than five years	45,892	25,096	45,892	23,933	45,892	22,824
More than five years	120,466	93,789	131,939	100,520	143,412	106,933
Less: future finance charges	(51,152)	-	(57,226)	-	(63,550)	-
Present value of minimum payments	**126,679**	**126,679**	**132,078**	**132,078**	**136,271**	**136,271**

Interest expense included in current year's expenses and presented as finance costs is $6.1 million (2011 – $6.3 million).

Present value of minimum payments:

(in thousands of dollars)	March 31, 2012	March 31, 2011	April 1, 2010
Included in the Consolidated Statement of Financial Position as notes payable:			
current	7,794	7,625	6,514
long-term	118,885	124,453	129,757
	126,679	**132,078**	**136,271**

21. Provisions

	March 31, 2012			March 31, 2011		
(in thousands of dollars)	Claims and legal proceedings	Environmental	Total	Claims and legal proceedings	Environmental	Total
Balance, beginning of year	35,272	300	35,572	55,817	-	55,817
Additional provisions recognized	13,045	-	13,045	9,190	300	9,490
Reductions resulting from re-measurement or settlement without cost	(6,314)	-	(6,314)	-	-	-
Reductions resulting from payments	(3,241)	-	(3,241)	(29,735)	-	(29,735)
Balance, end of year	**38,762**	**300**	**39,062**	**35,272**	**300**	**35,572**

A. Claims and legal proceedings

Various claims and legal proceedings have been asserted or instituted against the Corporation. Some of these claims demand large monetary damages or other form of relief, and could result in significant expenditures. These claims consist mainly of real estate valuation and related municipal taxes, copyright tariffs, grievances and other legal claims.

Litigation is subject to many uncertainties and the outcome of individual matters is not always predictable. Claims that are uncertain in terms of the outcome or potential outflow or that are not measurable are considered to be a contingency and are not recorded in the Corporation's consolidated financial statements. At March 31, 2012, the Corporation had provisions amounting to $38.8 million (March 31, 2011 – $35.3 million; April 1, 2010 - $55.8 million) in respect of legal claims. All matters are classified as current as where estimable the Corporation expects them to be resolved within 12 months.

The Corporation has not recorded any provision in relation to onerous contracts.

B. Environmental liabilities

At March 31, 2012, the Corporation had provisions totalling $0.3 million for two environmental matters. One former AM transmission site in Rimouski has Polychlorinated Biphenyls (PCB) concentrations exceeding permitted levels determined by the Ministère du Développement durable, de l'Environnement et des Parcs (MDDEP). Additionally, remediation work is required at the Corporation's Mont Logan property to clean-up oil contaminants found in ground samples from the site's former transmission tower and associated building.

Costs associated with remediation work at these two sites are estimated at $0.2 million, and $0.1 million, respectively. Both matters are subject to ministry approvals and other environmental reviews. The Corporation expects clean-up on the properties to begin within 12 months.

C. Contingencies

Various claims and legal proceedings have been asserted or instituted against the Corporation. Some of these claims demand large monetary damages or other form of relief and could result in significant expenditures. Litigations are subject to many uncertainties and the outcome of individual matters is not always predictable. Contingent liabilities are potential liabilities, which may become actual liabilities when one or more future events occur or fail to occur. No amounts have been recorded in relation to contingent liabilities.

22. Revenue

The Corporation recognized revenue from the following sources:

(in thousands of dollars)	**2012**	**2011**
Advertising	375,725	367,700
Building, tower, facility and service rentals	46,493	48,160
Production revenue	17,633	17,366
Digital programming	5,736	8,376
Retransmission rights	7,572	6,468
Program sponsorship	5,433	4,928
Other services	4,864	3,148
Total Rendering of services	**463,456**	**456,146**
Total Specialty Services	**167,754**	**158,108**
Total Financing income	**9,141**	**9,032**
Contribution from the Local Programming Improvement Fund (LPIF)	45,755	36,718
Contra revenues other than advertising	2,152	2,750
Gain (Loss) on foreign exchange rates	(325)	1
Net gain (loss) from fair value of financial instruments	1,031	(418)
Total Revenue	**688,964**	**662,337**

23. Specialty Services

The Corporation operates CBC News Network (CBC NN) and the Réseau de l'information de Radio-Canada (RDI), under CRTC licence conditions that require the reporting of incremental costs and revenues. bold is also reported on an incremental cost basis. On an incremental basis, only expenses that are charged directly to the specialty services are reported. Indirect costs for support services are not allocated to specialty services and expenses relating to pension plans and employee related liabilities are recognized only when the related benefits are paid by the specialty services. In accordance with IFRS, however, the Corporation has included in the financial results of the specialty services the portion of earned pension plans and employee related liabilities relating to their respective employees.

On March 28, 2012, the Corporation launched a new specialty channel, Explora. The new channel did not generate any material revenue or incur material operating expenses prior to March 31, 2012.

23. Specialty Services (Continued)

	2012					
(in thousands of dollars)	CBC NN	RDI	bold	*documentary* [2]	ARTV [2]	Total Specialty Services
Revenue	84,437	56,022	4,047	5,644	17,604	**167,754**
Expenses including pension plans and employee related liabilities	(68,991)	(43,594)	(3,906)	(3,625)	(14,112)	**(134,228)**
Total	**15,446**	**12,428**	**141**	**2,019**	**3,492**	**33,526**
Repayments for capital acquisitions[1]	(3,615)	(2,753)	-			
Pension plans and employee related liabilities	(572)	(448)	(11)			
Total on an incremental costs basis	**11,259**	**9,227**	**130**			

	2011					
(in thousands of dollars)	CBC NN	RDI	bold	*documentary* [2]	ARTV [2]	Total Specialty Services
Revenue	81,655	54,773	4,146	5,385	12,149	**158,108**
Expenses including pension plans and employee related liabilities	(72,154)	(43,526)	(3,835)	(3,564)	(10,855)	**(133,934)**
Total	**9,501**	**11,247**	**311**	**1,821**	**1,294**	**24,174**
Repayments for capital acquisitions[1]	(2,500)	(2,043)	-			
Pension plans and employee related liabilities	(559)	(438)	(11)			
Total on an incremental costs basis	**6,442**	**8,766**	**300**			

[1] Capital expenditures for the acquisition of equipment and software to introduce, maintain and expand the specialty services are made by the Corporation from its capital appropriation with an approved corporate repayment plan for recovery from the specialty services' revenues. Those repayments are funded from the accumulated excess revenues over expenses.

[2] Consolidated entities

24. Finance Costs

The Corporation's finance costs include the following:

(in thousands of dollars)	2012	2011
Interest on bonds payable	22,786	23,516
Interest on notes payable	6,074	6,313
Interest on obligations under finance lease	4,432	4,771
Interest on financial liability related to the monetization of receivables	163	442
	33,455	**35,042**

25. Government Funding

Parliamentary appropriations approved and the amounts received by the Corporation during the year are as follows:

(in thousands of dollars)	**2012**	**2011**
Operating funding		
Base funding	977,988	980,814
Additional non-recurring funding for programming initiatives	60,000	60,000
Transfer to capital funding	(9,941)	(9,233)
Operating funding received	**1,028,047**	**1,031,581**
Capital funding		
Base funding	92,331	92,331
Transfer from operating funding	9,941	9,233
Capital funding received	**102,272**	**101,564**
Working capital funding	**4,000**	**4,000**
	1,134,319	**1,137,145**

Total funding approved and received by the Corporation for the year is not the same as the total government funding presented in the Consolidated Statement of Income (Loss). Capital Funding received is recorded as Deferred Capital Funding in the Consolidated Statement of Financial Position and is amortized and recognized on the same basis and over the same periods as the related property, equipment, intangible assets and equipment under capital lease.

(in thousands of dollars)	**March 31, 2012**	**March 31, 2011**
Balance, beginning of year	602,025	632,221
Government funding for capital expenditures	102,272	101,564
Amortization of deferred capital funding	(130,270)	(131,760)
Balance, end of year	**574,027**	**602,025**

26. Income Taxes

A. Income tax recognized in profit or loss

The income tax expense for the year can be reconciled to the income tax expense that would be computed by applying the Corporation's federal statutory tax rate of 26.13 per cent (2011 – 27.63 per cent) to accounting profit as follows:

(in thousands of dollars)	**2012**	**2011**
Income tax provision (recovery) at federal statutory rate	10,676	(2,044)
Permanent differences	(1,277)	1,466
Increase (decrease) resulting from:		
Adjustment to reflect the expected income tax payable in future periods in respect of taxable and deductible temporary differences	(9,399)	578
Income tax expense recognized in profit or loss	-	-

The tax rate used for the 2012 reconciliation above is the corporate tax rate payable by a corporation that is a prescribed Federal Crown Corporation under Part LXXI of the Income Tax Regulations and is subject to the provisions of the Income Tax Act (Canada). The Corporation's activities are not subject to provincial taxes. An adjustment to reflect the expected income tax payable in future periods in respect of taxable and deductible temporary differences is reflected above.

As a federal Crown Corporation that receives a substantial portion of its funding from the Government of Canada, the Corporation operates within a specific operating structure to match cash expenses with available resources, and to break even over the long term. The Corporation draws and uses appropriations only to the extent required to fund its operating expenses, and may not borrow to fund working capital shortfalls. Therefore, the Corporation does not expect to generate material taxable income or losses in the periods that temporary differences are scheduled to reverse. Accordingly, the expected deferred tax asset or liability is not recognized in the financial statements as long as these specified operating conditions are met at the end of the reporting period.

26. Income Taxes (Continued)

B. Temporary Differences

(in thousands of dollars)	March 31, 2012	March 31, 2011	April 1, 2010
The sources of the deductible (taxable) temporary differences for which no deferred tax asset or liability was recognized were as follows:			
Accrued liabilities	22,000	24,108	15,856
Pension plan	175,812	(80,308)	188,752
Employee-related liabilities	157,396	141,808	141,156
Loss carry-forward	112,120	103,192	108,356
Long-term receivables and investments	18,005	20,108	19,344
Programming	(172)	(628)	(712)
Deferred income for tax purposes related to the sale of receivables	(53,000)	(56,564)	(60,108)
Property and equipment	(262,947)	(260,846)	(172,228)
Other	(6,547)	5,952	(11,688)

The loss carry-forwards will begin to expire in 2015.

27. Movements in Working Capital

(in thousands of dollars)	2012	2011
Changes in Working Capital are comprised of:		
Trade and other receivables	(3,749)	21,205
Programming	(2,446)	24,580
Merchandising inventory	278	614
Prepaid expenses	24,991	9,854
Promissory notes receivable	(12)	(9)
Accounts payable and accrued liabilities	492	(2,202)
Provisions	3,490	(20,245)
Deferred revenues	(314)	1,638
Pension plans and employee-related liabilities	(6,601)	14,067
Notes payable	-	11
	16,129	**49,513**

28. Commitments

A. Program-related and Other

(in thousands of dollars)	**March 31, 2012**	**March 31, 2011**	**April 1, 2010**
Sports rights	182,887	280,331	379,750
Procured programs, film rights and co-productions	74,219	68,499	89,610
Property and equipment	15,987	14,342	9,419
Other	379,793	432,305	436,679
	652,886	**795,477**	**915,458**

Future annual payments as of March 31, 2012, are as follows:

(in thousands of dollars)	**March 31, 2012**	**March 31, 2011**	**April 1, 2010**
Less than one year	207,190	192,751	177,245
Later than one year but not later than five years	314,065	429,880	524,674
More than five years	131,631	172,846	213,539
	652,886	**795,477**	**915,458**

28. Commitments (Continued)

B. The Corporation as a Lessee - Operating Leases

Operating leases relate to leases of property, network distribution and equipment with lease terms of between one and 47 years. Certain leases contain clauses allowing for the renewal/extension of the original term. The Corporation does not have an option to purchase any of the property, network distribution or equipment at the expiry of the lease periods.

As at March 31, the Corporation had total commitments under operating leases, which consists mainly of property leases, network distribution leases and equipment leases.

Non-cancellable operating lease commitments:

(in thousands of dollars)	**March 31, 2012**	**March 31, 2011**	**April 1, 2010**
Less than one year	19,414	19,972	27,962
Later than one year but not later than five years	67,707	65,482	64,193
More than five years	75,466	85,050	95,610
	162,587	**170,504**	**187,765**

The payments recognized as an expense for minimum lease payments in 2012 amounted to $22.1 million (2011 - $31.2 million)

C. The Corporation as a Lessor - Operating Leases

Operating leases relate to buildings and transmission towers owned by the Corporation with lease terms of between 1 to 97 years. All operating lease contracts contain market review clauses in the event that the lessee exercises its option to renew. The lessee does not have an option to purchase the property at the expiry of the lease period.

Non-cancellable operating lease receivables as at March 31, 2012 were $10.1 million for less then one year; $20.4 million for later then one year but no later then five years and $23.5 million for more then five years.

29. Related Parties

The Corporation enters into transactions with related parties in the normal course of business, on normal trade terms applicable to all individuals and enterprises and at market prices. These transactions are recorded at fair value by the Corporation. The following transactions were carried out with related parties:

A. Transactions with Related Parties Excluding Government-Related Entities

	Rendering of services		Receipt of services		Pension contributions	
(in thousands of dollars)	2012	2011	2012	2011	2012	2011
Associate	3,852	3,604	2	9	-	-
Other related entities	-	-	-	20	-	-
Corporate Pension Plan	-	-	-	-	59,421	55,752
	3,852	**3,604**	**2**	**29**	**59,421**	**55,752**

The following balances were outstanding at the end of the year:

	Amounts owed by related parties			Amounts owed to related parties		
(in thousands of dollars)	March 31, 2012	March 31, 2011	April 1, 2010	March 31, 2012	March 31, 2011	April 1, 2010
Associate	446	195	329	-	-	-
Other related entities	-	-	-	-	23	-
	446	**195**	**329**	**-**	**23**	**-**

The amounts outstanding are unsecured and will be settled in cash. No expense has been recognized in the current or prior years for bad or doubtful debts in respect of the amounts owed by related parties.

B. Other Transaction with Associate

On June 21, 2011 the Corporation exchanged its interests in Sirius for shares in CSR pursuant to the reverse take-over of CSR by Sirius. The reverse take-over and retention of significant influence in the CSR combined entity caused the Corporation to recognize a non-cash dilution gain of $25.8 million. This amount is made up of a gain on the disposed interest in the amount of $3.3 million as well as the Corporation's proportionate share of CSR's share issuance amounting to $22.5 million. In addition, the Corporation recognized $5.1 million in dividend income related to redemption of the original $12.0 million investment the Corporation had in Sirius Class C shares. Finally, the Corporation received a promissory note in connection with dividends declared on the Class A shares of the associate. More information on this transaction is provided in Note 15 to the consolidated financial statements.

29. Related Parties (Continued)

C. Transactions with Government-Related Entities

CBC/Radio-Canada is a Federal Crown Corporation that operates in an economic environment dominated by entities directly or indirectly controlled by the federal government through its government authorities, agencies, affiliations and other organizations (collectively referred to as "government-related entities"). The Corporation has transactions with other government-related entities including but not limited to sales and purchases of goods and rendering and receiving of services.

These transactions are conducted in the ordinary course of the Corporation's activities on terms comparable to those with other entities that are not government-related. The Corporation has established procurement policies, pricing strategy and approval process for purchases and sales of products and services which are independent of whether the counterparties are government-related entities or not.

For the year ended March 31, 2012, the aggregate amount of the Corporation's significant transactions with other government-related entities amounted to $0.8 million of its rendering of services (2011 – $0.4 million) and $1.4 million of its purchase of goods and services (2011 – $1.1 million). There were no individually significant transactions during the year ended March 31, 2012 (2011 – none).

D. Compensation of Key Management Personnel

Key management personnel are those people that have authority and responsibility for planning, directing and controlling the activities of the Corporation. This includes the Senior Executive Team (SET) and all members of the Board of Directors.

Senior Executive Team

The remuneration of the Senior Executive Team during the year was as follows:

(in thousands of dollars)	**2012**	**2011**
Short-term benefits (1)	4,419	4,521
Post-employment benefits (2)	1,086	1,126
Other long-term benefits (3)	88	-
Termination benefits (4)	841	1,152
	6,434	**6,799**

[1]Short-term benefits include wages, salaries, social security contributions, paid annual leave, short-term disability, incentive pay (if payable within twelve months of the end of the period) and other benefit packages (healthcare, life insurance, dental, accident insurance) for current employees.

[2]Post-employment benefits include pensions and post-employment life insurance.

[3]Other long-term benefits include long-term incentive pay, long-term disability and worker's compensation.

[4]Termination benefits include benefits that are payable as a result of the Corporation terminating employment before the normal retirement date or an employee's decision to accept an offer of voluntary departure. Termination benefits include termination payments, severance pay and long-service gratuity.

29. Related Parties (Continued)

Board of Directors

Members of the Board of Directors, except the President and CEO, receive meeting fees for attendance in person at the Board and Committee meetings based on a fee schedule.

Total compensation paid to the Board of Directors, excluding the President and CEO, during the year was $0.2 million (2011 – $0.2 million). Additional data on meetings attended by the Board members is provided in the section *Board of Directors Attendance* of the Annual Report.

The remuneration of key management personnel is as follows:

- The President and CEO and the Chair of the Board of Directors' remuneration is in accordance with the terms of the Order-in-Council appointing him/her;
- Members of the Board of Directors remuneration is in accordance with the Corporations' by-laws;
- SET members' remuneration, excluding the President and CEO, is approved by the Board of Directors upon recommendation of the Human Resources and Compensation Committee, having regard to the performance of individuals and market trends.

30. Financial Instruments

A. Fair Value

The fair values of cash, trade and other receivables, the short-term portion of the promissory notes receivable, accounts payable and accrued liabilities, the short-term portion of the bonds payable, financial liability related to the monetization of receivables, the short-term portion of the obligations under finance lease and the short-term portion of the notes payable approximate their carrying value due to the short-term nature of these instruments.

30. Financial Instruments (Continued)

The carrying values and fair values of the Corporation's remaining financial instruments are listed in the following table:

	March 31, 2012		March 31, 2011		April 1, 2010			
(in thousands of dollars)	Carrying values	Fair values	Carrying values	Fair values	Carrying values	Fair values	Method [1]	Note
Financial instruments measured at fair value:								
Derivative financial asset instruments	80	80	-	-	-	-	Level 1	(a)
Derivative financial asset instruments – stock options	53	53	-	-	-	-	Level 2	(b)
Derivative financial liability instruments	11	11	715	715	297	297	Level 1	(a)
Long-term investments – non-voting Class C shares	-	-	17,000	17,000	4,325	4,325	Level 2	(b)
Financial instruments measured at amortized cost:								
Long-term receivables	-	-	-	-	10,090	9,400		(c)
Promissory notes receivable (long-term)	49,903	58,764	51,765	56,775	53,788	57,600		(c)
Net investment in finance lease (long-term)	54,077	64,999	56,577	62,594	58,928	63,400		(c)
Bonds payable (long-term)	288,533	396,127	299,237	382,250	309,179	389,100		(d)
Financial liability related to the monetization of receivables (long-term)	-	-	-	-	10,221	10,157		(d)
Obligations under finance lease (long-term)	54,206	58,955	64,136	68,634	65,676	71,000		(d)
Notes payable (long-term)	118,885	132,835	124,453	128,045	129,757	130,100		(d)

[1]Method refers to the hierarchy levels described below. Each level is based on the transparency of the inputs used to measure the fair values of assets and liabilities:

- Level 1 - quoted prices in active markets for identical assets or liabilities instruments
- Level 2 - directly observable market inputs other than Level 1 inputs
- Level 3 - inputs that are not based on observable market data (unobservable inputs)

(a) The fair value is based on quoted forward market prices at the end of the reporting period.

(b) The estimated fair value is determined using discounted projected future cash flows.

(c) The fair values related to the various amounts receivable were determined using the expected future cash flows and discounted using rates that reflect the credit worthiness of the various counterparties.

(d) The fair values related to the Corporation's various financial liabilities were determined using the expected future cash flows and were discounted using Government bond rates with similar terms and characteristics.

30. Financial Instruments (Continued)

B. Capital Risk Management

The Corporation defines capital that it manages as the aggregate of its equity, which is comprised of retained earnings and reserves.

The Corporation is not subject to externally imposed capital requirements. The Corporation is, however, subject to Part III of the *Broadcasting Act*, which imposes restrictions in relation to borrowings and requires authorization from Parliament and approval from the Minister of Finance.

The Corporation's objectives in managing capital are to safeguard its ability to continue as a going concern, to fund its asset base and to fulfil its mission and objectives for the Government of Canada to the benefit of Canadians.

The Corporation manages its capital by reviewing formally, on a regular basis, the actual results against set budgets, and shares this information with its Audit Committee and Board of Directors. The Corporation's overall strategy with respect to capital management includes the balancing of its operating and capital activities with its funding on an annual basis. The Corporation makes adjustments to its capital management strategy in light of general economic conditions, the risk characteristics of the underlying assets and the Corporation's working capital requirements.

The Corporation's objectives, policies and processes for managing capital are consistent with those in place as at March 31, 2011.

C. Categories of Financial Instruments

(in thousands of dollars)	March 31, 2012	March 31, 2011	April 1, 2010
Financial assets			
Fair value through profit or loss (FVTPL)			
Cash	64,277	63,224	53,170
Derivative financial instruments	133	-	-
Loans and receivables	229,392	227,386	260,431
Available-for-sale financial assets	17	17,017	4,342
Financial liabilities			
Fair value through profit or loss (FVTPL)			
Held for trading	11	715	297
Other liabilities	559,943	585,440	611,414

30. Financial Instruments (Continued)

D. Financial Risk Management

The Corporation's activities are exposed to a variety of financial risks: market risk, credit risk and liquidity risk. The Corporation's overall risk management program focuses on the unpredictability of financial and economic markets and seeks to minimise potential effects on the Corporation's financial performance. The risk management is carried out through financial management practices in conjunction with the overall Corporation's governance. The Board of Directors is responsible for overseeing the management of financial risk.

E. Market Risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and price risk. The Corporation is exposed to all of these risks.

The Corporation's exposure to market risk and its objectives, policies and processes for managing market risk are consistent with those in place as at March 31, 2011.

i. Currency Risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in foreign exchange rates. The Corporation is exposed to limited foreign exchange risk on revenues and expenses denominated in a foreign currency. The majority of these transactions are denominated in US dollars, Euros and British Pounds. The policy on currency risk requires the Corporation to minimize currency risk to protect the value of foreign cash flows, both committed and anticipated, from the negative impact of exchange rate fluctuations.

The Corporation mitigates this risk by entering into forward exchange contracts. Accordingly, the Corporation has limited sensitivity to changes in foreign exchange rates.

The Corporation's net foreign currency exposure as at March 31, 2012 (expressed in Canadian equivalent dollars) is as follows:

	March 31, 2012			March 31, 2011			April 1, 2010		
(in thousands of dollars)	$US	Euros	GBP	$US	Euros	GBP	$US	Euros	GBP
Cash	1,107	239	295	2,344	260	136	500	708	1,007
Trade and other receivables	540	348	109	670	350	241	1,586	401	157
Accounts payable and accrued liabilities	(2,480)	(129)	(626)	(1,755)	(170)	(259)	(2,254)	(183)	(303)
Net exposure	**(833)**	**458**	**(222)**	**1,259**	**440**	**118**	**(168)**	**926**	**861**

Based on the net exposure as at March 31, 2012, and assuming all the other variables remain constant, a hypothetical five per cent change in the Canadian dollar against the US dollar, the Euro and the GBP would not have a significant impact on the Corporation's net results.

30. Financial Instruments (Continued)

ii. Interest Rate Risk

Interest risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market interest rates. The Corporation's bonds payable, notes payable and financial liability related to the monetization of receivables bear fixed interest rates and, as such, are subject to interest rate risk because the fair value of the financial instruments will be affected by changes in the market rates. However, a change in fair value would not impact the profit and loss of the Corporation.

For its short-term cash balances, the Corporation has a policy of maximizing interest revenues. The Corporation may invest in marketable securities with terms to maturity of less than one year. To be compliant with the *Broadcasting Act*, these securities must be fully guaranteed by the Government of Canada (e.g. Canada treasury bills). The Corporation may also place its cash in interest bearing accounts with Schedule I Canadian banks. Consequently, the interest rate risk associated with the cash balances is directly tied to the movements of the Bank of Canada's Key Overnight Lending Rate and to the banks' prime rates. To manage interest rate risk, the Corporation deals with a number of banks to obtain competitive rates and to mitigate its exposure to any one particular investment vehicle. Given that the prevailing interest rates on treasury bills and other similar investments have not been favourable, the Corporation did not have any such investments as at March 31, 2012 (March 31, 2011 – nil).

iii. Price Risk

Price risk is the risk that the value of financial instruments will fluctuate as a result of changes in market prices caused by factors specific to a security, its issuer or all factors affecting a market or a market segment. Maximum risk resulting from financial instruments is equivalent to their fair value.

F. Credit Risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Corporation. The Corporation has adopted a policy of only dealing with creditworthy counterparties as a means of mitigating the risk of financial loss from defaults. The Corporation's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties. Credit exposure is controlled by counterparty limits that are reviewed and approved by the risk management committee annually.

The Corporation is exposed to credit risk through its cash and investments, accounts receivable, forward exchange contracts, promissory notes receivable and investment in finance lease.

The maximum exposure to credit risk of the Corporation at March 31, 2012, March 31, 2011 and April 1, 2010, is the carrying value of these assets.

30. Financial Instruments (Continued)

i. Cash and investments

The Corporation has deposited cash with reputable financial institutions (members of the Canadian Payments Association or local Cooperative Credit Societies that are members of a Central Cooperative Credit Society having membership in the Canadian Payments Association or subject to the approval of the Minister of Finance, any financial institutions outside Canada), from which management believes the risk of loss to be remote.

ii. Trade and other receivables

The Corporation's trade and other receivables are mainly derived from the sale of advertising airtime. Credit risk concentration with respect to trade receivables is limited by following a program of credit evaluation and by limiting the amount of customer credit where deemed necessary. The Corporation does not believe that it is exposed to an unusual or significant level of credit risk. As at March 31, 2012, March 31, 2011 and April 1, 2010, no single client had balances representing a significant portion of the Corporation's trade receivables. See Note 7 for more information.

The Corporation establishes an allowance for doubtful accounts that reflects the estimated impairment of accounts receivable. The Corporation has a specific policy on credit and collections and guidelines that provide for how the allowance should be determined. The Corporation establishes a specific allowance for receivables where there is objective evidence that the receivable is not recoverable. This is determined by considering the Corporation's knowledge of the financial condition of its customers, the aging of accounts receivable, the current economic climate, customer and industry concentrations, and historical experience. An additional general allowance is recognized where there are known anomalies or negative economic trends in industries in which a significant portion of outstanding debtors operate.

The Corporation's allowance for doubtful accounts amounted to $2.0 million in 2012 (2011 – $1.1 million; 2010 – $2.7 million). See Note 7 for more information.

iii. Forward exchange contracts

The policy on currency risk requires that all significant forward contracts, options and other instruments used to hedge a foreign currency exposure will be negotiated with providers holding credit ratings equivalent to or better than that of the major Canadian banks. To this end, the Corporation has qualified five counterparties meeting this criterion (three Canadian chartered banks, One subsidiary of a foreign bank and 1 credit union), with which it places all its currency hedging business.

	March 31, 2012		March 31, 2011		April 1, 2010	
(in thousands of dollars)	Notional	Fair values	Notional	Fair values	Notional	Fair values
Forward exchange contracts-$US[1]	17,463	68	23,251	(715)	18,651	(297)

[1]The forward contracts rates are between 0.995 and 1.003 for forward contracts in US dollars and the maturity dates are between May 2012 and February 2013.

30. Financial Instruments (Continued)

iv. Promissory notes receivable and Net investment in finance lease

The Corporation's promissory notes receivable and net investment in finance lease are the result of transactions that occurred in 2003, when the Corporation agreed to sell and rent several parcels of land to a wholly-owned subsidiary of the Ontario Teachers' Pension Plan. At the time of the transaction, the Corporation ensured that the counterparty met the criteria set out by the Corporation with regards to credit worthiness and risk, especially given the long-term nature of the receivables. The Corporation monitors the collection of the promissory notes receivable and rental payments associated with the net investment in finance lease, which are collected on a monthly basis through the CBC Monetization Trust.

G. Liquidity Risk

Liquidity risk is the risk that the Corporation will encounter difficulties in meeting its financial obligations associated with financial liabilities.

The Corporation's approach to managing liquidity risk is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions without incurring losses. The Corporation also manages liquidity risk by continuously monitoring actual and budgeted cash flows. Also, the Board of Directors reviews and approves the Corporation's operating and capital budgets, as well as large transactions.

The Corporation does not have the authority to obtain a line of credit or long-term debt without the prior approval of the Minister of Finance.

The following table presents a maturity analysis of the Corporation's financial liabilities based on the expected cash flows from the date of the Consolidated Statement of Financial Position to the contractual maturity date. The amounts are the contractual undiscounted cash flows.

(in thousands of dollars)	Carrying amount of liability at March 31, 2012	Contractual cash flows	Within 1 Year	2 to 5 Years	6 to 9 Years	Over 9 Years
Bonds payable	308,626	512,101	33,039	132,155	132,155	214,752
Notes payable	126,679	177,831	11,473	45,892	45,892	74,574
Finance lease – Transponders	57,873	70,174	12,030	48,120	10,024	-
Finance lease – Mobile equipment	6,278	6,631	1,730	4,901	-	-

(in thousands of dollars)	Carrying amount of liability at March 31, 2011	Contractual cash flows	Within 1 Year	2 to 5 Years	6 to 9 Years	Over 9 Years
Bonds payable	318,879	545,140	33,039	132,155	132,155	247,791
Notes payable	132,078	189,304	11,473	45,892	45,892	86,047
Finance lease – Transponders	65,676	82,205	12,030	48,120	22,055	-
Finance lease – Mobile equipment	7,803	8,361	1,730	6,631	-	-

30. Financial Instruments (Continued)

(in thousands of dollars)	Carrying amount of liability at April 1, 2010	Contractual cash flows	Within 1 Year	2 to 5 Years	6 to 9 Years	Over 9 Years
Bonds payable	328,402	578,180	33,039	132,156	132,156	280,829
Notes payable	136,271	199,821	10,517	45,892	45,892	97,520
Finance lease – Transponders	72,976	94,235	12,030	48,120	34,085	-

There are no expected future cash flow requirements for the derivative financial instruments and the financial guarantee.

31. Subsequent Event

On April 4, 2012, the Corporation announced a three-year financial plan that includes various restructuring initiatives. This plan is being implemented to address financial pressures inherent in funding the business and proceeding with the Corporation's strategic priorities, as well as in response to the government-wide Deficit Reduction Action Plan. The government has announced a reduction in the Corporation's annual appropriations of $115.0 million which will be phased in over a 3-year period. An initial reduction of $27.8 million is scheduled for 2012-2013, followed by a $69.6 million reduction for 2013-2014 prior to the full reduction of $115.0 million applied in 2014-2015.

The financial plan announced on April 4, 2012, includes new revenue and cost reduction initiatives to allow the Corporation to continue to match its planned operating expenses with available resources.

The restructuring initiatives within the Corporation's financial plan include workforce reductions to better align staffing levels with the programming and services to be offered by the Corporation on a long-term basis. The Corporation estimates its costs in connection with workforce reductions, comprising of severance, benefits continuation and outplacement services, will total approximately $17.0 million in 2012-2013. Further costs will be incurred in future years and these costs will be accrued when the Corporation becomes demonstrably committed and the amounts are estimable.

The Corporation has also announced as part of the financial plan that it will the cease shortwave transmission of RCI programming, and accelerate the shutdown of remaining analogue television transmitters. As a result of ceasing these transmission and distribution services, the Corporation expects to incur additional one-time costs including impairment charges, site restoration and equipment disposal fees, contract termination fees, and other related costs. At this time, the Corporation is unable to estimate the total amount of charges in connection with these activities as it is in the process of evaluating its facilities and equipment at all impacted locations.

Governance Matters

Access to Information

In 2011–2012, the Corporation continued to improve considerably its efficiency in dealing with requests under the *Access to Information Act*. In addition, it began issuing a new *Transparency and Accountability Bulletin*, which provides, among other things, updates on the Corporation's performance under the Act. The Corporation also updates its Transparency and Accountability website regularly, providing Canadians with thousands of pages of information released either proactively or as part of ATI requests.

In November 2011, the President and CEO and the Vice-President, Real Estate Services, Legal Services and General Counsel of CBC/Radio-Canada appeared before the Standing Committee on Access to Information, Privacy and Ethics. They outlined some of the proactive steps we have taken – including internal training, revised guidelines and new transparency and accountability bulletins – to demonstrate and reaffirm our commitment to transparency and accountability so that Canadians can be confident that the resources invested in CBC/Radio-Canada are used effectively.

On that front, the Corporation continues to provide Canadians with even more information about its administration on its Transparency and Accountability website, where records released in answer to five categories of ATI requests are posted. The site has been consulted more than 65,000 times this fiscal year.

Also on our Transparency and Accountability website, following the Treasury Board of Canada Secretariat directive and criteria of November 2011, CBC/Radio-Canada has begun posting the texts of the completed ATI requests in both official languages on a monthly basis.

Section 68.1

In 2007, Parliament adopted section 68.1 of the *Access to Information Act*, which provides CBC/Radio-Canada a limited exclusion to protect information that "relates to its journalistic, creative or programming activities."

As an independent news organization, we need guaranteed protection of sensitive information such as the files of our journalists, investigative materials and the identity of confidential sources. If we are to remain viable, we also need to be able to protect our programming strategies from our direct competitors.

In November 2011, the court ruled that the Information Commissioner has the right to examine our records to which we applied 68.1, subject to certain exceptions including, most importantly, journalistic sources. This finding is extremely important to us. Protecting our journalistic sources was one of the most important reasons for pursuing this court challenge.

Journalistic Standards and Practices

CBC/Radio-Canada has an extensive code of Journalistic Standards and Practices and editorial control mechanisms to guide employees and to ensure that our programming remains balanced and accurate.

To address new challenges, CBC/Radio-Canada adopted an updated and modernized Journalistic Standards and Practices (JS&P) document. This latest version still holds the national public broadcaster to the highest standards of accuracy and fairness when it comes to its news and current affairs, but also takes into account many of the new situations encountered in the world of social media and the Internet. The Corporation also adopted guidelines to ensure employees consider the implications of each and every posting they make on social media sites and services, and can act in a way that reflects CBC/Radio-Canada's values.

Complaints about news and current affairs programming from the public that are not resolved at the program level to the satisfaction of the complainants are dealt with by the Corporation's two Ombudsmen. The Ombudsmen are completely independent of CBC/Radio-Canada programming staff and programming management and report directly to the President of the Corporation and, through the President, to the Corporation's Board of Directors. The role of the Ombudsmen is pivotal in strengthening the national public broadcaster's accountability and transparency to Canadians.

Ombudsmen

In 2011–2012, the offices of the Ombudsmen handled a total of 5,861 complaints, expressions of concern and other communications (English Services and French Services combined). Of these, 3,881 concerned English Services and 1,980 concerned French Services, as documented in the annual reports from the Ombudsmen. For English Services, 2,954 communications fell within the mandate of the Ombudsmen (news and current affairs programming), compared to 1,242 for French Services. Communications not directly related to CBC/Radio-Canada news and current affairs programming were forwarded to the programming departments concerned.

In 2011, CBC/Radio-Canada initiated a review of its Ombudsmen's mandate to determine if it should be updated and modernized. This review followed last year's update of the Journalistic Standards and Practices and dealt specifically with the role of the Ombudsmen in the current media landscape.

The independent committee responsible for the review provided its recommendations to the Board, the Ombudsmen's mandate was amended to align better with our Journalistic Standards and Practices, and the Board approved this revised version of their role. The Ombudsmen will remain an appeal authority for complainants, a key function within the public broadcaster.

The Ombudsmen can be reached at:

The Ombudsman for English Services, CBC/Radio-Canada, PO Box 500, Station A, Toronto ON M5W 1E6 (*ombudsman@cbc.ca*); and Bureau de l'ombudsman pour les Services français, CBC/Radio-Canada, CP 6000, Montréal QC H3C 3A8 (*ombudsman@radio-canada.ca*).

Code of Conduct

CBC/Radio-Canada employees at all levels across the Corporation are expected to adhere to the Code of Conduct and policies governing their behaviour in such areas as respect for democracy, respect for people, integrity, stewardship and excellence. The Corporation's code of conduct and human resources policies are available for viewing online.

Board of Directors

Timothy W. Casgrain
Chair, Board of Directors
Toronto

Timothy W. Casgrain was appointed Chair of the CBC/Radio-Canada Board of Directors on April 26, 2007, for a five-year term, which ended in May 2012. He will remain in his position until a new chair is appointed.

As Chair, Mr. Casgrain acts as the principal liaison between the Board and the President and CEO, ensuring the Board is alert to its obligations under federal law and to its public responsibilities.

Mr. Casgrain is Vice-Chairman of Skyservice Investments Inc., a wholly-owned Canadian aviation company, and has been involved with Skyservice since 1997. From 1976 to 2002 he served as Executive Vice President of Brascan Financial Corporation (now Brookfield Asset Management) and from 1988 to 1995 he was seconded to NBS Technologies Inc. as President and Chief Executive Officer. Mr. Casgrain began his career as a teacher with CUSO in Chad, Africa, and he later became an accountant with Deloitte & Touche.

Born in Montréal, he received a Bachelor of Arts degree from McGill University in 1969. In 1976, he became a member of the Order of Chartered Accountants of Quebec.

Hubert T. Lacroix
President and CEO
Montréal

Hubert T. Lacroix was appointed President and CEO of CBC/Radio-Canada on November 5, 2007, for a five-year term beginning on January 1, 2008.

As President and CEO, Mr. Lacroix is responsible for overseeing the management of CBC/Radio-Canada in order to ensure that Canada's national public broadcaster can deliver on the various aspects of its mandate and continue to offer Canadians a broad spectrum of high quality programming that informs, enlightens and entertains, and that is created by, for and about Canadians.

Just before joining CBC/Radio-Canada, Mr. Lacroix held the position of Senior Advisor with the Montreal office of Stikeman Elliott, a law firm recognized nationally and internationally for its business law practice. Prior to this, Mr. Lacroix was Executive Chairman of Telemedia Corporation and of the other Boards of Directors of the various companies in the Telemedia corporate structure. Before joining Telemedia, he was a Senior Partner at McCarthy Tétrault, a major Canadian law firm.

Mr. Lacroix received his Bachelor of Civil Law (1976) and his Master's degree in Business Administration (1981) from McGill University. He has been a member of the Bar since 1977.

In addition, he is a Trustee of the Lucie and André Chagnon Foundation and a Director of their private holding company, as well as a Director of the Montreal General Hospital Foundation.

Linda Black, Q.C.

Calgary

Linda Black was appointed to the Board of Directors of CBC/Radio-Canada effective April 21, 2008, for a four-year term, which ended on April 20, 2012.

Ms. Black sits on the Law Enforcement Review Board of Alberta and is a member of the Alberta Secretariat for Action on Homelessness. She participated in the Government of Canada's Task Force on Governance and Cultural Change in the RCMP. Ms. Black has been active on a number of boards throughout her career including, currently, the Law Enforcement Review Board of Alberta, the Board of Governors of Mount Royal College, the Peter and Catharine Whyte Foundation (Banff), and the Whyte Museum of the Canadian Rockies. Until recently, she was a public member of the Alberta Board of Certified Management Accountants. Ms. Black was also involved with the Board of Governors of StrathconaTweedsmuir School in Okotoks, Alberta.

Ms. Black attended Memorial University of Newfoundland, studying economics (1970–1972). She later earned a Bachelor of Laws from Dalhousie University (1975) and a Master of Laws from the University of Ottawa (1982).

Edward W. Boyd

Toronto

Edward W. Boyd was appointed to the Board of Directors of CBC/Radio-Canada effective June 1, 2010 for a five-year term.

Mr. Boyd is Chief Executive Officer of 58Ninety Inc., a digital marketing agency, where he has created interactive marketing strategies and solutions for major corporate clients. Previously, Mr. Boyd was President and CEO of Iceberg Media.com, a pioneering Canadian Internet radio broadcaster, which was later acquired by Standard Radio. Before joining Iceberg, he held the position of President at e-commerce book retailing company Indigo Online. Mr. Boyd has served as Senior Vice-President of New Media and New Business for Young and Rubicam Canada, as well. There, he provided interactive strategies for a variety of significant clients. He also served as the founding President of the Interactive Advertising Bureau of Canada.

Mr. Boyd holds a Bachelor of Arts degree in political science from the University of Toronto (1986), and a Masters in Business Administration degree from the Rotman School of Management at the University of Toronto (1997). He also received an ICD.D certification from the Institute of Corporate Directors (2011).

Peter D. Charbonneau
Ottawa

Peter D. Charbonneau was appointed to the Board of Directors of CBC/Radio-Canada effective December 19, 2008, for a five-year term.

Mr. Charbonneau is a general partner at Skypoint Capital Corporation, an early-stage technology venture capital firm. He also sits on the boards of Mitel Networks Corporation, CounterPath Corporation (TSX-V:CCV), Teradici Corporation, and TrueContext Corporation (TSX-V:TMN).

Mr. Charbonneau completed a Bachelor of Science degree from the University of Ottawa (1975) and an MBA from the University of Western Ontario (1977). He has been a member of the Institute of Chartered Accountants of Ontario since 1979. Mr. Charbonneau also holds the ICD.D certification, having completed the Directors' Education Program of the Institute of Corporate Directors of Canada. He is a member and Fellow of the Institute of the Chartered Accountants of Ontario.

George T.H. Cooper, CM, QC
Halifax

George Cooper was appointed to the Board of Directors of CBC/Radio-Canada effective May 9, 2008, for a four-year term, which will continue until he resigns or a new appointment is made.

Mr. Cooper is a senior partner in the law firm McInnes Cooper in Halifax, and is the immediate past Chair of its Board of Directors. He currently acts as Managing Trustee of the Killam Trusts, which oversee educational and scholarship trusts worth some $400 million at five Canadian universities and the Canada Council for the Arts.

Mr. Cooper received his Bachelor of Science (1962) and his Bachelor of Laws (1965) from Dalhousie University. He later attended Oxford University as a Rhodes Scholar, where he received a Bachelor of Civil Law (1967), and was admitted to the Nova Scotia Bar the same year. Dalhousie University, the University of Alberta and the University of King's College have each granted him honorary Doctor of Laws degrees in 2004, 2007 and 2008, respectively.

Pierre Gingras
Blainville

Pierre Gingras was appointed to the CBC/Radio-Canada Board of Directors effective February 3, 2011, for a five-year term.

Mr. Gingras was previously a member of the Quebec National Assembly for the electoral district of Blainville. In this capacity, he chaired the official opposition caucus and was opposition critic for transportation. Prior to being elected MNA, Mr. Gingras was a Blainville city councillor for four years before going on to serve a 12-year term as mayor. He founded and led the Parti de l'action civique de Blainville. At the time he entered municipal politics, he was commissioner of the Sainte-Thérèse school board and, before that, worked in the printing industry.

Over the course of his career, Mr. Gingras has also acted as chair of the Laurentides Regional Development Council, as a board member of the MRC Thérèse-De Blainville, and as board member and treasurer of the Union of Quebec Municipalities (UMQ). Mr. Gingras currently sits on the board of the Amicale des anciens parlementaires du Québec. Active in the community, he has been a member and vice-president of youth services with the Blainville Optimist Club, chair of the Carrefour action municipale et famille, and has held a number of positions with the World Family Organization.

Patricia A. McIver, CA
Vancouver

Patricia A. McIver was appointed to the Board of Directors of CBC/Radio-Canada effective June 18, 2008, for a five-year term.

Mrs. McIver is a Chartered Accountant and currently works with Richardson Partners Financial Limited, a prominent independent wealth management firm. In the course of her extensive career in the financial industry, she also has been employed by two well-known chartered accounting firms, PriceWaterhouseCoopers and Manning Elliott. Prior to joining Richardson Partners Financial Limited, she held an advisory position at Standard Life, an important international financial services group.

Mrs. McIver holds a Bachelor of Arts (honours) in business administration from the Richard Ivey Business School at the University of Western Ontario (1985). In 1988, she earned her Chartered Accountant Designation from the Canadian Institute of Chartered Accountants (CICA) and the Institute of Chartered Accountants of British Columbia (ICABC). Subsequently, Mrs. McIver completed the CICA In-Depth Tax Program and the CICA Tax Specialty programs in Corporate Reorganizations and Wealth Preservation. She holds both the CFP (Certified Financial Planner) and TEP (Trust and Estate Practitioner) designations.

Brian R. Mitchell

Montreal

Brian R. Mitchell was appointed to the Board of Directors of CBC/Radio-Canada for a five-year term, effective April 21, 2008.

Mr. Mitchell is a corporate commercial lawyer and serves as the managing partner of Mitchell Gattuso, a boutique Montreal law firm with an extensive corporate practice. He previously worked as a junior associate for the Montreal law firm Ahern Lalonde Nuss Drymer.

Mr. Mitchell graduated from St-Andrews College, Aurora. He holds a Bachelor of Arts (cum laude) degree in History and Literature from Harvard University. He subsequently attended the Faculty of Law at McGill University, where he was awarded the 125th Anniversary Entrance Scholarship and in 1985 graduated from the National Program with a Bachelor of Common Law and a Bachelor of Civil Law.

Rémi Racine

Montréal

Rémi Racine was appointed to the CBC/Radio-Canada Board of Directors effective October 12, 2007, for a four-year term. On December 1, 2011, he was appointed to the Board of Directors for another four-year term.

Since 1999, Mr. Racine has been Chairperson of the Board and CEO and Executive Producer of Behaviour Interactive (formerly A2M), the leading independent video game developer in Canada and an award-winning interactive multimedia business. From 1996 to 1999, he held the position of Executive Producer and General Manager at Behaviour Interactive, a platform game producing company that he eventually acquired. In 1994, Mr. Racine co-founded MMI MultiMedia Interactif, a CD-ROM entertainment maker, where he served as Vice-President, Finance and Development, before selling the company in 1996.

Mr. Racine holds a bachelor's degree in business administration (major in administration, finance and real estate) from Université du Québec à Montréal.

Edna Turpin

St. John's

Edna Turpin was appointed to the CBC/Radio-Canada Board of Directors effective December 6, 2006, for a five-year term, which will continue until she resigns or a new appointment is made.

Dr. Turpin has been an executive consultant for local, national and international clients since 2002 and was previously involved in business organizations in various capacities, including as Interim Executive Director of the Canadian Mental Health Association's Newfoundland and Labrador Division and Director of Marketing and International Development for the College of the North Atlantic.

Dr. Turpin holds a master's degree in education, educational psychology, (M.Ed.) from Memorial University of Newfoundland (1971), and a doctorate in education (Ed.D.) from the University of Maine at Orono (1981).

John Fitzgerald Young

Prince George

John Fitzgerald Young was appointed to the CBC/Radio-Canada Board of Directors effective September 9, 2009 and served on the Board until May 21, 2012.

Mr. Young is the Dean of the College of Arts, Social and Health Sciences at the University of Northern British Columbia and a Senior Fellow at the International Center for Law and Religion Studies at Brigham Young University. Prior to that, he was an Assistant Professor of Political Science (1997-2004), and later the Chair of Political Science (2004-2008) at the University of Northern British Columbia. Mr. Young has also been a Visiting Research Fellow at the Slavic Research Centre at Hokkaido University and a Visiting Professor at Brigham Young University.

Mr. Young holds a doctorate in political science from the University of Toronto (1997), as well as a Master of Arts degree from the Institute of Soviet and East European Studies at Carleton University (1989). He received a Bachelor of Arts degree with honours in Slavic Studies from the University of Alberta (1987), and a certificate in Russian language training from the Pushkin Pedagogical Institute in Moscow (1988).

Board Committee Members

Standing Committees on English and French - Language Broadcasting

Standing Committees on English and French language broadcasting comprise Timothy Casgrain as Chair Hubert Lacroix, Edward Boyd, Peter Charbonneau, George Cooper, Pierre Gingras, Patricia McIver, Brian Mitchell, Rémi Racine and Edna Turpin.

Audit Committee

Audit Committee membership comprises Peter Charbonneau as Chair, Edward Boyd, Patricia McIver, Brian Mitchell and Edna Turpin.

Governance and Nominating Committee

The Governance and Nominating Committee comprises Edna Turpin as Chair, Edward Boyd, Pierre Gingras and John Young.

Human Resources and Compensation Committee

The Human Resources and Compensation Committee comprises Rémi Racine as Chair, Timothy Casgrain, Linda Black and George Cooper.

Real Estate Committee

The Real Estate Committee comprises Rémi Racine as Chair, Timothy Casgrain, Patricia McIver and Brian Mitchell.

Strategic Planning Committee

The Strategic Planning Committee comprises Peter Charbonneau as Chair, Edward Boyd, Timothy Casgrain, George Cooper and Rémi Racine.

Director Compensation

The rules for director compensation are as follows:

The Chair of the Board is compensated in accordance with the terms of the Order-in-Council appointing him/her.

Directors (excluding the Chair of the Board and the President and CEO) receive meeting fees for attendance (in person) at the Board and Committee meetings in accordance with the following fee schedule:

Board	$2,000 per meeting (to a maximum of six meetings per year)
Audit Committee	$1,300 per meeting (to a maximum of six meetings per year)
All other Committees	$1,000 per meeting (to a maximum of four meetings per year)

For additional meetings of the Board or a Committee over and above the maximum number indicated above, the meeting fee is $625 per meeting.

For conference call meetings of the Board or a Committee, the meeting fee is $250.

Directors are entitled to receive only one meeting fee for each day (24 hours), even if they attend more than one meeting during that period.

Directors do not receive an annual retainer for serving as a Board member of CBC/Radio-Canada.

Compensation data for CBC's Directors is summarized in Note 29 of the Audited Financial Statements.

Board of Directors Attendance

The following table outlines the attendance of Board members at meetings during the past two fiscal years.

2011–2012 Board Meetings

Board Member	Board Meetings	Governance and Nominating Committee	Human Resources and Compensation Committee	Audit Committee	Broadcasting Committee	Real Estate Committee	Strategic Planning Committee	Ad hoc Sub-Committee on Nominations
Meetings	6	2	5	5	2	4	2	
Conference call	7	2	3			1	2	1
Timothy W. Casgrain	13/13		8/8		2/2	5/5	4/4	
Hubert T. Lacroix	13/13				2/2			
Linda Black	12/13	4/4	7/8		2/2		4/4	1/1
Edward W. Boyd	12/13	4/4		5/5	2/2		1/1	
Peter D. Charbonneau	13/13			5/5	2/2		4/4	
George T.H. Cooper	12/13		7/8		2/2		4/4	1/1
Pierre Gingras	10/13	2/3			1/2			
Patricia A. McIver	13/13			5/5	2/2	5/5		
Brian R. Mitchell	13/13			5/5	2/2	4/5		
Rémi Racine	13/13		8/8		2/2	5/5	4/4	
Edna Turpin	13/13	4/4		5/5	2/2			1/1
John F. Young	9/13	4/4			2/2			

2010–2011 Board Meetings

Board Member	Board Meetings	Governance and Nominating Committee	Human Resources and Compensation Committee	Audit Committee	Broadcasting Committee	Real Estate Committee	Strategic Planning Committee
Meetings	6	4	4	5	6	3	4
Conference call	5		4			1	3
Timothy W. Casgrain	10/11		8/8		6/6	4/4	7/7
Hubert T. Lacroix	11/11				6/6		
Linda Black	10/11	4/4	7/8		6/6		7/7
Edward W. Boyd	9/10	1/2		2/2	4/5		
Peter D. Charbonneau	11/11			5/5	6/6		7/7
George T.H. Cooper	9/11		8/8		4/6		6/7
Pierre Gingras	1/1				2/2		
Patricia A. McIver	10/11			5/5	6/6	4/4	
Brian R. Mitchell	10/11			5/5	5/6	4/4	
Rémi Racine	9/11		8/8		5/6	4/4	6/7
Edna Turpin	11/11	4/4		5/5	6/6		
John F. Young	8/11	4/4			5/6		

Senior Executive Team

The Senior Executive Team, led by the President and CEO, manages CBC/Radio-Canada's day-to-day operations.

Hubert T. Lacroix

President and CEO

Refer to the previous Board of Directors section.

Maryse Bertrand

Vice-President, Real Estate Services, Legal Services and General Counsel

Maryse Bertrand is responsible for the real estate portfolio of CBC/Radio-Canada across Canada and abroad and for the General Counsel's offices in Montreal, Toronto and Ottawa, the Corporate Secretariat and the administration of the access to information and privacy laws. Before coming to CBC/Radio-Canada, Ms. Bertrand was a partner specialising in securities law and mergers and acquisitions at Davies Ward Phillips & Vineberg (1981–2009).

Ms. Bertrand earned an honours bachelor's degree in civil law from McGill University in 1980. (University Scholar 1978–1980). Ms. Bertrand is a member of the Quebec Bar, which awarded her the distinction of Advocatus Emeritus (Ad. E.) in 2007, and a member of the Canadian Bar Association and American Bar Association.

Ms. Bertrand is a director and member of the Risk Management and Audit Committee of the National Bank of Canada, the chair of the board of directors of ARTV and a founding member and director of Cinemania, a non-profit organization.

William B. Chambers

Vice-President, Brand, Communications and Corporate Affairs

William B. Chambers was appointed CBC/Radio-Canada's Vice-President, Brand, Communications and Corporate Affairs, on September 15, 2008. Previously, he was Vice-President, Communications, appointed on January 15, 2003.

Mr. Chambers is responsible for developing and implementing a single coherent corporate branding strategy for CBC/Radio-Canada, for leading internal and external communications across the Corporation, and for formulating the overall strategic direction for the promotion and marketing of programs. He also oversees the Government Relations group, which puts forward the Corporation's interests to Members of Parliament, and advises the President and CEO and his colleagues on these issues.

Prior to joining CBC/Radio-Canada, Mr. Chambers was based in London, England, where he was Managing Director, Europe, for Goldfarb Consultants.

Mr. Chambers holds a Master of Business Administration from the European School of Management (EAP) in Paris, France (1996), and has completed the Executive Education Program at the Wharton School of the University of Pennsylvania (1993).

Steven Guiton

Vice-President and Chief Regulatory Officer

Steven Guiton, Vice-President and Chief Regulatory Officer, was appointed to CBC/Radio-Canada's Senior Executive Team in June 2009.

Mr. Guiton is responsible for developing and implementing television and radio regulatory policies across the Corporation, pursuant to the *Broadcasting Act*, and for all representations before the CRTC.

Mr. Guiton is also responsible for Media Technology Services, which provides centralized technology services and expertise nationally to CBC/Radio-Canada media and corporate clients, including telecommunications, transmission and new broadcast technologies. He also oversees the Corporation's advertising standards policies.

Before becoming Vice-President and Chief Regulatory Officer, Mr. Guiton was CBC/Radio-Canada's Executive Director, Strategy and Government Relations. Mr. Guiton holds an M.A. in Economics from Simon Fraser University and a B.A. in Economics and Commerce from the University of Toronto; he also attended the University of British Columbia for doctoral studies in Economics.

Louis Lalande

Executive Vice-President, French Services

Louis Lalande was appointed Executive Vice-President of CBC/Radio-Canada French Services on January 16, 2012, after holding the position on an interim basis since September 26, 2011.

Mr. Lalande oversees all aspects of CBC/Radio-Canada's French-language programming services, which include, among other things, Télévision de Radio-Canada, Réseau de l'information de Radio-Canada (RDI), ARTV, Radio de Radio-Canada, Radio Canada International (RCI), Radio-Canada.ca, Espace.mu and Tou.tv.

Mr. Lalande has been in the news business for 25 years, mainly at Radio-Canada. Before joining CBC/Radio-Canada's Senior Executive Team, he was Executive Director of Regional Services, which comprise television, radio and web services. Prior to that, he helped establish the Centre de l'information de Radio-Canada in Montreal where he was the News and Current Affairs Director for Télévision de Radio-Canada and RDI for more than two years, after having been Executive Director of Technical Production. Mr. Lalande stopped working for the national public broadcaster for a few years, during which he notably created LCN, TVA's all-news television channel.

Suzanne Morris

Vice-President and Chief Financial Officer

Suzanne Morris was appointed CBC/Radio-Canada's Vice-President and Chief Financial Officer (CFO) effective April 2009.

In addition to being responsible for all aspects of financial management and corporate information technology for Canada's national public broadcaster, Ms. Morris plays an instrumental role in helping to achieve a sustainable economic model for the future of the Corporation.

Before becoming a member of CBC/Radio-Canada's Senior Executive Team, Ms. Morris was Secretary/Treasurer to the CBC Pension Board of Trustees, where she was responsible for the CFO, IT, risk management, benefit administration and secretariat functions at the Pension Fund and managed operations through a period of financial market turmoil and credit crisis.

Ms. Morris earned her Bachelor of Commerce degree with honours from the University of Ottawa in 1986 and holds a Chartered Accountant designation. She is an Institute of Chartered Accountants of Ontario prize-winner and served as a marker for the Institute's professional examinations. She has also lectured on accounting topics at the University of Ottawa. In 2011, Ms. Morris was appointed a member of the Board of Governors of the University of Ottawa.

Kirstine Stewart

Executive Vice-President, English Services

Kirstine Stewart is the Executive Vice-President of CBC's English Services, CBC/Radio-Canada.

Appointed to this role in January 2011, Ms. Stewart is responsible for overseeing CBC's English radio and audio, television and digital operations, covering multiple media platforms across the country. She was previously appointed General Manager of CBC Television in 2006.

Prior to joining CBC, Ms. Stewart was Senior Vice-President, Programming, Alliance Atlantis. There she was responsible for overseeing the programming of 17 international broadcast channels watched by more than 50 million people worldwide.

Ms. Stewart is a graduate of the University of Toronto and the Global Leadership in the 21st Century program at the Kennedy School of Government, Harvard University.

She is a founding board member of Culture Days and sits on the Banff Television and Film Festival board, as well as and on the boards of White Knights and Amfar.

Michel Tremblay

Senior Vice-President, Corporate Strategy and Business Partnerships

Michel Tremblay was appointed Senior Vice-President, Corporate Strategy and Business Partnerships in September 2008. He was previously Vice-President, Strategy and Business Development since 2001.

Mr. Tremblay is responsible for all strategic planning across the organization. He also oversees Corporate Business Partnerships, and Audience Research and Strategic Analysis. Mr. Tremblay sits on the Board of Canadian Satellite Radio Holdings Inc., which provides satellite radio service to more than 2 million Canadians.

Prior to joining CBC/Radio-Canada, Mr. Tremblay held the position of Executive Vice-President at the Canadian Association of Broadcasters (CAB) from 1989−1998.

Mr. Tremblay holds a bachelor's degree in communications from Concordia University (1976). He pursued graduate business studies at École des Hautes Études Commerciales (HEC) Montréal and at the University of Ottawa. He obtained the Chartered Director (C.Dir.) designation from The Directors College (a joint venture of McMaster University and the Conference Board of Canada) in 2012.

Roula Zaarour

Vice-President, People and Culture

Roula Zaarour was appointed CBC/Radio-Canada's Vice-President, People and Culture, on December 1, 2011.

Ms. Zaarour is responsible for delivering the Corporation's human resources services and ensuring a positive relationship between management and employees. She helps lead the "people" component of the Corporation's five-year strategic plan, Strategy 2015, ensuring that CBC/Radio-Canada is a rewarding, progressive and diverse workplace that builds professional teams of innovative and highly skilled people dedicated to accomplishing the plan.

Before coming to CBC/Radio-Canada, Ms. Zaarour was Vice-President of Business Transformation at the Argentinean airline Aerolineas Argentinas, a company of around 10,000 employees. There, she led the implementation of their transformation plan based on their five-year business strategy following a full re-nationalization of the airline. Prior to that, Ms. Zaarour was Senior Consultant at MatlinPatterson Global Advisors LLC, a private equity firm specialized in distressed investments. In this role, she developed and led the execution of the restructuring plans for investments in the aviation sector in the U.S. and South America. She was heavily involved in industrial relations with various governmental and unionized stakeholders.

Ms. Zaarour earned her Bachelor of Science in Computer Science from the Lebanese American University in Beirut. She then moved to Boston where she pursued her M.Sc. in Engineering Management at Northeastern University, and then to Montreal where she completed an MBA at Concordia University.

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