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.