Auditor General of Canada
Vérificateur général du Canada

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 statement of financial position as at 31 March 2013, and the consolidated statement of income, consolidated statement of comprehensive income (loss), consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, 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 audit. I conducted my audit 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 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 2013, and its financial performance and its cash flows for the year then ended 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 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 audit 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.

Maurice Laplante, CA
Assistant Auditor General
for the Auditor General of Canada

19 June 2013
Ottawa, Canada

Consolidated Statement of Financial Position

(Canadian $)

(in thousands of dollars)	March 31, 2013	March 31, 2012
ASSETS		
Current		
Cash (NOTE 5)	51,459	64,277
Trade and other receivables (NOTE 6)	184,470	177,331
Programming (NOTE 7)	145,379	166,104
Merchandising inventory	755	811
Prepaid expenses (NOTE 8)	137,563	113,370
Promissory notes receivable (NOTE 9)	2,154	2,158
Net investment in finance lease (NOTE 10)	2,387	2,499
Derivative financial instruments (NOTE 30)	629	133
Assets classified as held for sale (NOTE 11)	1,801	234
	526,597	**526,917**
Long-term		
Property and equipment (NOTE 11)	997,710	1,047,988
Intangible assets (NOTE 12)	17,563	28,435
Assets under finance lease (NOTE 13)	41,374	48,242
Promissory notes receivable (NOTE 9)	48,250	49,903
Net investment in finance lease (NOTE 10)	52,706	54,077
Deferred charges	9,509	7,806
Investment in associate (NOTE 14)	3,490	6,208
	1,170,602	**1,242,659**
TOTAL ASSETS	**1,697,199**	**1,769,576**
LIABILITIES		
Current		
Accounts payable and accrued liabilities (NOTE 15)	96,213	124,638
Provisions (NOTE 20)	51,296	39,062
Pension plans and employee-related liabilities (NOTE 16)	135,593	129,850
Bonds payable (NOTE 17)	20,578	20,093
Obligations under finance leases (NOTE 18)	10,906	9,945
Notes payable (NOTE 19)	7,960	7,794
Deferred revenues	8,982	3,522
Option liability (NOTE 14)	1,875	1,875
	333,403	**336,779**
Long-term		
Deferred revenues	9,039	2,587
Pension plans and employee-related liabilities (NOTE 16)	343,835	333,207
Bonds payable (NOTE 17)	277,008	288,533
Obligations under finance leases (NOTE 18)	44,447	54,206
Notes payable (NOTE 19)	113,049	118,885
Deferred capital funding (NOTE 24)	525,696	574,027
	1,313,074	**1,371,445**
Equity		
Retained earnings	50,162	60,996
Total equity attributable to the Corporation	**50,162**	**60,996**
Non-controlling interests	**560**	**356**
TOTAL EQUITY	**50,722**	**61,352**
TOTAL LIABILITIES AND EQUITY	**1,697,199**	**1,769,576**

Commitments (NOTE 28)

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

APPROVED BY THE
BOARD OF DIRECTORS:

DIRECTOR

DIRECTOR

Consolidated Statement of Income

(Canadian $) *(in thousands of dollars)*	For the year ended March 31	
	2013	**2012**
REVENUE (NOTE 21)		
Advertising	330,410	375,725
Specialty services (NOTE 22)	170,991	167,754
Other income	134,341	136,344
Financing income	10,323	9,141
	646,065	**688,964**
EXPENSES		
Television, radio and new media services costs	1,501,852	1,580,469
Specialty services (NOTE 22)	130,152	134,228
Transmission, distribution and collection	103,465	78,449
Corporate management	10,391	11,423
Payments to private stations	2,527	2,766
Finance costs (NOTE 23)	31,836	33,455
Share of profit in associate	(1,701)	(21)
	1,778,522	**1,840,769**
Operating loss before Government funding and non-operating items	**(1,132,457)**	**(1,151,805)**
GOVERNMENT FUNDING (NOTE 24)		
Parliamentary appropriation for operating expenditures	999,484	1,028,047
Parliamentary appropriation for working capital	4,000	4,000
Amortization of deferred capital funding	151,366	130,270
	1,154,850	**1,162,317**
Net results before non-operating items	**22,393**	**10,512**
NON-OPERATING ITEMS		
Gain (loss) on disposal of property and equipment	12,314	(517)
Gain on business divestitures (NOTE 25)	7,185	-
Dilution gain from merger transaction (NOTE 14)	-	25,775
Dividend income from merger transaction (NOTE 14)	-	5,094
	19,499	**30,352**
Net results for the year	**41,892**	**40,864**
Net results attributable to:		
The Corporation	41,688	40,940
Non-controlling interests	204	(76)
	41,892	40,864

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	
	2013	**2012**
COMPREHENSIVE INCOME		
Net results for the year	41,892	40,864
Other comprehensive loss		
Actuarial losses on defined benefit plans	(52,522)	(301,815)
Net unrealized gain on available-for-sale financial assets	-	94
Reclassification to income of net unrealized gain on available-for-sale financial asset arising from merger transaction	-	(5,094)
Total comprehensive loss for the year	**(10,630)**	**(265,951)**
Total comprehensive loss attributable to:		
The Corporation	(10,834)	(265,875)
Non-controlling interests	204	(76)
	(10,630)	(265,951)

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, 2013				
	Retained earnings	Total accumulated other comprehensive income	Total equity attributable to the Corporation	Non-controlling interests	Total
Balance as at March 31, 2012	60,996	-	60,996	356	61,352
Changes in year					
Net results for the year	41,688	-	41,688	204	41,892
Actuarial losses on post-retirement benefit plans	(52,522)	-	(52,522)	-	(52,522)
Balance at March 31, 2013	**50,162**	**-**	**50,162**	**560**	**50,722**

(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**

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	
	2013	**2012**
CASH FLOWS FROM (USED IN)		
OPERATING ACTIVITIES		
Net results for the year	41,892	40,864
Adjustments for:		
(Gain) loss on disposal of property and equipment	(12,314)	517
Interest revenue	(10,323)	(9,141)
Finance costs	31,836	33,455
Change in fair value of financial instruments designated as at fair value through profit and loss	(496)	(837)
Depreciation of property and equipment	137,893	120,389
Amortization of intangible assets	17,010	16,963
Depreciation of assets under finance lease	8,103	8,000
Impairment charge on property and equipment	6,986	-
Reclassification to income of net unrealized gain on available-for-sale financial asset arising from merger transaction	-	(5,094)
Gain on business divestitures	(7,185)	-
Share of profit in associate	(1,701)	(21)
Dilution gain from merger transaction	-	(25,775)
Change in deferred charges	(1,703)	(4,803)
Amortization of deferred capital funding	(151,366)	(130,270)
Change in deferred revenues [long-term]	6,381	(139)
Change in financial liability related to the monetization of receivables	-	(10,500)
Change in pension plan asset	-	148,769
Change in pension plans and employee-related liabilities [current]	788	(61)
Change in pension plans and employee-related liabilities [long-term]	(41,893)	(178,876)
Change in non-controlling interests	-	44
Accretion of promissory notes receivable	(18)	(194)
Movements in working capital (NOTE 27)	(19,741)	16,129
	4,149	**19,419**
FINANCING ACTIVITIES		
Repayment of obligation under finance lease	(10,033)	(9,324)
Repayment of bonds	(10,704)	(9,941)
Repayment of notes	(5,660)	(5,404)
Interest paid	(31,992)	(33,603)
	(58,389)	**(58,272)**
INVESTING ACTIVITIES		
Parliamentary appropriations for capital funding (NOTE 24)	103,035	102,272
Acquisition of property and equipment	(104,783)	(98,568)
Acquisition of intangible assets	(5,969)	(5,801)
Return of capital-investment in associate	-	9,855
Proceeds from disposal of property and equipment	20,761	10,279
Collection of promissory notes receivable	1,981	5,079
Collection of finance lease receivables	2,101	1,958
Proceeds from business divestitures	10,588	-
Dividend received	4,420	5,094
Interest received	9,288	9,738
	41,422	**39,906**
Change in cash	**(12,818)**	**1,053**
Cash, beginning of the year	**64,277**	**63,224**
Cash, end of the year	**51,459**	**64,277**

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

Notes to the consolidated financial statements for the year ended March 31, 2013

(Canadian $)

1. General Information

As the national public broadcaster, CBC/Radio-Canada (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.

The Corporation is a federal Crown Corporation domiciled in Canada. The address of the Corporation's registered office is 181 Queen Street, Ottawa ON K1P 1K9.

These consolidated financial statements have been authorized for issuance by the Board of Directors on June 19, 2013.

2. Future Changes in Accounting Policies

The Corporation has reviewed new and revised accounting pronouncements as well as the ongoing annual improvements 2009–2011 that have been issued. Conclusions made regarding the expected impact of future changes in accounting policies remain subject to change until the standards are adopted.

The Corporation has completed its assessment of the following Standards and amendments and has concluded that their impact on the consolidated financial statements is as described below:

Amendments to IAS 19 Employee Benefits (IAS 19 R)

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, 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. Accordingly, the amendments will be applied by the Corporation on a retrospective basis starting April 1, 2013.

2. Future Changes in Accounting Policies (Continued)

The Corporation has completed its assessment of adopting this revised standard. The differences which will have an impact on the Corporation's net results are:

- Under the revised standard, expected returns on plan assets will be replaced by a net interest concept, where returns to be recognized in net results are based on the same discount rate used to measure the pension obligation as opposed to the expected return on plan assets historically used under the previous standard. The variance, if any, between the actual rate of return on defined benefit plan assets and the discount rate, as well as related effects from the limit on defined benefit assets, if any, would be included in other comprehensive income as a re-measurement. Given that the Corporation's returns on plan assets historically have exceeded the discount rate used on plan obligations, this change will increase plan benefit costs recognized in net results relative to other comprehensive income, with no expected change in the Corporation's total comprehensive income in both the year of adoption and the comparative period.
- Administrative fees other than those incurred for managing plan assets will be recognized immediately in the income statement when they occur. Under the current standard, all administrative expenses are deducted from the expected return of plan assets and the effect recognized in other comprehensive income.

In addition, the revised standard requires past service costs to be fully recognised in the statement of income in the same period a plan amendment occurs instead of deferring the portion related to unvested benefits. Past service costs may arise when an entity introduces a pension plan or changes the benefit payable under an existing pension. Accordingly, on transition to the amended standard, the Corporation will fully recognize $0.3 million of unvested past service costs as an adjustment to opening retained earnings at April 1, 2012.

The comparative periods presented for the year ended March 31, 2014 will require retrospective application of the revised Standard. It is estimated that the application of these changes will decrease net results by approximately $93 million in 2013, with a corresponding increase in other comprehensive income of $93 million. The amended Standard is not expected to affect the Corporation's statement of financial position. The level of disclosure required will also increase as a result of adopting this standard.

2. Future Changes in Accounting Policies (Continued)

The amended standard affects the Corporation's Consolidated Statement of Income and Statement of Comprehensive Income as follows:

(Canadian $) *(in thousands of dollars)*	March 31, 2013		
	As currently reported	**Pro forma**	**Impact**
REVENUE			
Advertising	330,410	330,410	-
Specialty Services	170,991	170,991	-
Other income	134,341	134,341	-
Financing income	10,323	10,323	-
	646,065	**646,065**	**-**
EXPENSES			
Television, radio and new media services costs	1,501,852	1,582,710	80,858
Specialty Services	130,152	138,517	8,365
Transmission, distribution and collection	103,465	106,253	2,788
Corporate management	10,391	11,320	929
Payments to private stations	2,527	2,527	-
Finance Costs	31,836	31,836	-
Share of profit in associate	(1,701)	(1,701)	-
	1,778,522	**1,871,462**	**92,940**
GOVERNMENT FUNDING	1,154,850	1,154,850	-
NON-OPERATING ITEMS	19,499	19,499	-
Net results for the year	**41,892**	**(51,048)**	**(92,940)**
Other comprehensive income (loss):			
Actuarial gains (losses) on defined benefit plans	**(52,522)**	**40,418**	**92,940**
Total comprehensive loss for the year	**(10,630)**	**(10,630)**	**-**

IFRS 13 Fair Value Measurement

IFRS 13 defines fair value, sets out a single framework for measuring fair value and requires disclosures about fair value measurements. It applies to IFRS that require or permit fair value measurements or disclosures about fair value measurement. IFRS 13 is effective on a prospective basis for annual periods beginning on or after January 1, 2013. Therefore, the Corporation will adopt this standard beginning April 1, 2013.

The Corporation does not expect any fair value measurement changes from the adoption of this standard. However, there will be increased disclosure, specifically related to the disclosure of the hierarchy levels for financial assets and liabilities not measured at fair value and the related disclosures about how those fair values are calculated.

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 interests in other entities and the effects of those interests on its financial position, financial performance and cash flows. IFRS 12 is effective for annual periods beginning on or after January 1, 2013, accordingly the Corporation will adopt the standard on April 1, 2013.

2. Future Changes in Accounting Policies (Continued)

The Corporation has concluded that increased disclosure will be required relative to its interests in subsidiaries, consolidated structured entities, and its associate. This information will expand on quantitative and qualitative disclosures about the risks and returns of each of those entities, as well as their overall significance.

Amendments to IAS 1 Presentation of financial statements

IAS 1 was amended in June 2011 to 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 are effective for annual periods beginning on or after July 1, 2012, accordingly the Corporation will adopt these changes beginning April 1, 2013.

The Corporation has completed its assessment of the following Standards and amendments and has concluded that their adoption will not have an impact on its consolidated financial statements:

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 establishes a single basis of control to determine whether an entity should be included in the consolidated financial statements. IFRS 10 is effective for annual periods beginning on or after January 1, 2013, and accordingly, will be adopted retrospectively by the Corporation on April 1, 2013.

The Corporation has determined that the adoption of IFRS 10 will not result in changes to the entities it consolidates or in the consolidation of any additional entities.

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 is effective for annual periods beginning on or after January 1, 2013. Accordingly, this standard will be adopted retrospectively by the Corporation on April 1, 2013.

The Corporation has performed an analysis of its contractual arrangements and concluded that it does not have any interests in jointly controlled entities. As such, the adoption of IFRS 11 will not have an impact on the Corporation's consolidated financial statements.

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,

2. Future Changes in Accounting Policies (Continued)

2013, accordingly the Corporation will adopt the standard on April 1, 2013. The Corporation does not expect these amendments to impact its consolidated financial statements.

Annual Improvements to IFRSs 2009–2011 Cycle Issued in May 2012

The *Annual Improvements to IFRSs 2009–2011* Cycle included a number of amendments to various IFRSs, effective for annual periods beginning on or after January 1, 2013. The Corporation has concluded these amendments will have no impact when adopted by the Corporation on April 1, 2013.

The Corporation is still assessing the potential impact of the following standard on its consolidated financial statements:

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.

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).

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 interests' proportionate share in the recognised amounts of the acquiree's identifiable net assets. All other components of non-controlling interests have been 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 the Corporation's associate, Sirius XM Canada Holdings Inc., 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 in associates 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 in the fiscal year for which the appropriations were approved.

Parliamentary appropriations for property and equipment and intangible assets 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 assets.

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

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 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, obligations under finance lease and notes payable. Finance costs are recognized in the Consolidated Statement of Income 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, according to the expense recognition schedule described in this section, 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 described in this section, 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 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.

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 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, 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.

J. Asset Impairment

The carrying amounts of the Corporation’s property and equipment, intangible assets, assets under finance lease 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.

Assets that are not yet available for use are 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.

3. Significant Accounting Policies (Continued)

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.

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 investments[1]	Available-for-sale	Fair value
Accounts payable and accrued liabilities	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.

3. Significant Accounting Policies (Continued)

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.

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. The net gain or loss recognized in profit or loss incorporates any interest earned on the financial asset.

3. Significant Accounting Policies (Continued)

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.

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 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.

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.

3. Significant Accounting Policies (Continued)

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.

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.

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.

iv. Financial Liabilities

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

3. Significant Accounting Policies (Continued)

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. 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.

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.

v. 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 unrealized gain or loss is recognized in Consolidated Statement of Income immediately.

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.

vi. 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.

3. Significant Accounting Policies (Continued)

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.

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.

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.

3. Significant Accounting Policies (Continued)

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 including 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.

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 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.

3. Significant Accounting Policies (Continued)

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 highly 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.

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, as well as payments received for services not yet rendered. Deferred revenues relating to leases are recognized in the Consolidated Statement of Income 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.

3. Significant Accounting Policies (Continued)

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 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.

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.

3. Significant Accounting Policies (Continued)

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 individuals, 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 such 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, intangible assets and programming, allowance for doubtful accounts, provisions associated with legal claims and other contingencies, and accruals associated with the Federal Budget 2012 restructuring.

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

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 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, 2013		
Impact of changes in assumptions	**Amounts recognized in net operating results**	**Amounts recognized in Other Comprehensive Loss**
Discount rate		
Impact of a 1% increase	($13.2) million	($714) million
Impact of a 1% decrease	$18.1 million	912 million
Expected return on plan assets		
Impact of a 1% increase	($50.2) million	N/A
Impact of a 1% decrease	$50.2 million	N/A
Actual return on plan assets		
Impact of a 1% gain (greater return)	N/A	($50.2) million
Impact of a 1% loss (lower return)	N/A	$50.2 million

N/A = Not applicable

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:

- 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 this lease and the ones related to a mobile production vehicle and office equipment 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;
- The determination that an arrangement to lease a portion of a building owned by the Corporation meets the criteria of an operating lease and that the leased portion of the building does not qualify as an investment property;
- The determination that the Corporation's current restructuring activities did not result in a curtailment; 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. Cash

(in thousands of dollars)	**March 31, 2013**	**March 31, 2012**
Cash in hand	748	860
Bank balances	50,711	63,417
	51,459	**64,277**

Interest revenue generated from bank balances and included in Financing income totalled $1.8 million for the year (2012 - $1.9 million).

6. Trade and Other Receivables

(in thousands of dollars)	**March 31, 2013**	**March 31, 2012**
Trade receivables	171,542	163,871
Allowance for doubtful accounts	(3,627)	(1,979)
Other	16,555	15,439
	184,470	**177,331**

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 iii.

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 a year to determine whether adjustments are required. In addition, the Corporation monitors its customers throughout the year for any indications of deterioration in credit quality.

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 6A) 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.

6. Trade and Other Receivables (Continued)

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

(in thousands of dollars)	**March 31, 2013**	**March 31, 2012**
31 - 60 days	37,359	36,182
61 - 90 days	17,392	25,381
91 - 120 days	22,594	17,736
Total	**77,345**	**79,299**

B. Movement in Allowance for Doubtful Accounts

(in thousands of dollars)	**March 31, 2013**	**March 31, 2012**
Balance at beginning of the year	(1,979)	(1,103)
Amounts written off during the year as uncollectible	536	190
Impairment losses reversed	384	695
Increase in allowance for new impairments	(2,568)	(1,761)
Balance at end of the year	**(3,627)**	**(1,979)**

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

7. Programming

A. Programming by Genre

(in thousands of dollars)	**March 31, 2013**	**March 31, 2012**
Programs completed - externally produced	71,522	83,203
Programs completed - internally produced	8,493	7,770
Externally produced programs in process of production	32,782	34,500
Internally produced programs in process of production	6,196	11,545
Broadcast rights available for broadcast	26,386	29,086
	145,379	**166,104**

B. Movement in Programming

(in thousands of dollars)	**March 31, 2013**	**March 31, 2012**
Opening balance	166,104	163,658
Additions	1,041,480	1,121,068
Programs Broadcast	(1,062,205)	(1,118,622)
	145,379	**166,104**

The programming write-offs for 2013 represent $9.2 million (2012 – $7.7 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.

8. Prepaid expenses

(in thousands of dollars)	**March 31, 2013**	**March 31, 2012**
Programming rights	105,605	95,809
Service agreements	31,958	17,561
	137,563	**113,370**

9. 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 $50.1 million (March 31, 2012 - $51.8 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 14), a promissory note receivable that is non-interest bearing and is expected to be repaid within the next five years. The carrying amount at March 31, 2013, is $0.3 million (March 31, 2012 - $0.3 million).

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

	March 31, 2013		March 31, 2012	
(in thousands of dollars)	Minimum payments receivable	Present value of minimum payments receivable	Minimum payments receivable	Present value of minimum payments receivable
Less than one year	5,567	2,154	5,567	2,158
Later than one year but not later than five years	22,270	10,301	22,270	9,613
More than five years	51,437	37,949	57,005	40,290
Less: unearned financing income	(28,870)	-	(32,781)	-
Present value of minimum payments receivable	**50,404**	**50,404**	**52,061**	**52,061**

Interest revenue included in current year's revenues and presented as financing income is $3.4 million (2012 – $3.6 million).

Present value of minimum payments receivable:

(in thousands of dollars)	March 31, 2013	March 31, 2012
Included in the Consolidated Statement of Financial Position as promissory notes receivable:		
current	2,154	2,158
long-term	48,250	49,903
	50,404	**52,061**

10. 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, 2013		March 31, 2012	
(in thousands of dollars)	Minimum payments receivable	Present value of minimum payments receivable	Minimum payments receivable	Present value of minimum payments receivable
Less than one year	6,050	2,387	6,050	2,499
Later than one year but not later than five years	24,199	10,880	24,199	10,143
More than five years	58,060	41,826	64,110	43,934
Less: unearned financing income	(33,216)	-	(37,783)	-
Present value of minimum lease payments receivable	**55,093**	**55,093**	**56,576**	**56,576**

Interest revenue included in current year's revenues and presented as financing income, is $3.6 million (2012 – $3.7 million).

Present value of minimum lease payments receivable:

(in thousands of dollars)	March 31, 2013	March 31, 2012
Included in the Consolidated Statement of Financial Position as net investment in finance lease:		
current	2,387	2,499
long-term	52,706	54,077
	55,093	**56,576**

11. Property and Equipment

A. Cost, Accumulated Depreciation and Impairment Charges

The property and equipment carrying amounts are as follows:

(in thousands of dollars)	**March 31, 2013**	**March 31, 2012**
Cost	2,211,720	2,215,122
Accumulated depreciation and impairment charges	(1,214,010)	(1,167,134)
	997,710	**1,047,988**

(in thousands of dollars)	**Land**	**Buildings**	**Leasehold improvements**	**Technical equipment**	**Other**	**Uncompleted capital projects**	**Total**
Cost at March 31, 2012	181,200	525,009	46,888	1,287,700	139,325	35,000	**2,215,122**
Additions	-	18,737	3,794	54,143	9,111	18,998	**104,783**
Transfers (refer to Note 12)	4	11,463	2,748	14,198	1,891	(30,473)	**(169)**
Assets classified as held for sale	(980)	(5,837)	-	(3,469)	(2,367)	-	**(12,653)**
Disposals and write-offs	(594)	(6,471)	(564)	(78,466)	(9,222)	(46)	**(95,363)**
Cost at March 31, 2013	**179,630**	**542,901**	**52,866**	**1,274,106**	**138,738**	**23,479**	**2,211,720**
Accumulated depreciation at March 31, 2012	-	(118,928)	(21,249)	(926,896)	(100,061)	-	**(1,167,134)**
Depreciation for the year	-	(35,761)	(3,011)	(86,091)	(13,030)	-	**(137,893)**
Impairment charges	(423)	-	-	(6,117)	(446)	-	**(6,986)**
Reverse depreciation on assets classified as held for sale	-	5,297	-	3,423	2,366	-	**11,086**
Reverse depreciation on disposals	-	2,421	350	75,237	8,909	-	**86,917**
Accumulated depreciation and impairment charges at March 31, 2013	**(423)**	**(146,971)**	**(23,910)**	**(940,444)**	**(102,262)**	**-**	**(1,214,010)**
Net carrying amount at March 31, 2013	**179,207**	**395,930**	**28,956**	**333,662**	**36,476**	**23,479**	**997,710**

11. Property and Equipment (Continued)

(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**

The contractual commitments for the acquisition of property and equipment are $8.3 million as at March 31, 2013 (March 31, 2012 – $16.0 million).

B. Impairment

On April 4, 2012, as part of the financial plan addressing Federal Budget 2012, the Corporation announced the cessation of shortwave transmission of RCI programming and the acceleration of the shutdown of remaining analogue television transmitters. As a result of ceasing these transmission and distribution services, the Corporation recorded an impairment charge of $6.5 million (2012—nil) and an additional depreciation expense of $26.0 million (2012—$2.6 million) in its Consolidated Statement of Income.

An additional charge of $0.4 million has been recorded during the current fiscal year to fully impair a mobile unit which is no longer in useable condition.

11. Property and Equipment (Continued)

C. Assets Classified as Held For Sale

With the increased requirements for high-definition broadcasting, the Corporation no longer utilizes one of its standard-definition mobile units. 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, 2013 (March 31, 2012—$0.2 million).

As part of the Corporation's financial plan, it has developed a strategy to reduce ownership in land and buildings. As part of this initiative, a property, located in Iqaluit, Nunavut, is classified as held for sale for accounting purposes. This land has a carrying amount of $0.5 million as at March 31, 2013 and is expected to be sold in the next twelve months.

The Corporation has also classified as held for sale 57 transmission sites no longer required following the end of TV analogue transmission. These sites have a net carrying amount of $1.0 million as at March 31, 2013 and will be sold on a site by site basis following a public offer.

D. Items Disposed of During the Year

During 2012-2013, the Corporation disposed of a number of property and equipment resulting in a gain of $12.3 million. This gain was primarily made up of the following disposals:

- The Corporation disposed of two properties located in Edmonton, Alberta and Calgary, Alberta that were previously used as radio transmission sites. These sites became available for sale following the transfer of their signals to other locations. The net proceeds on the sale of these properties were $19.6 million and resulted in a gain on disposition of $19.5 million.
- The Corporation also disposed of land and buildings previously classified as held for sale that resulted in a total loss of $0.04 million. These properties are located in Corner Brook, Newfoundland, Sydney, Nova Scotia, Stoneham, Quebec and Rimouski, Quebec.

Gains on disposal of property and equipment were offset by retirements made during normal course of business.

12. Intangible Assets

The intangible assets carrying amounts are as follows:

(in thousands of dollars)	**March 31, 2013**	**March 31, 2012**
Cost	155,925	150,807
Accumulated amortization	(138,362)	(122,372)
	17,563	**28,435**

(in thousands of dollars)	**Internally developed software**	**Acquired software**	**Uncompleted capital projects**	**Total**
Cost at March 31, 2012	138,331	10,596	1,880	**150,807**
Additions	1,236	2,542	2,191	**5,969**
Transfers (refer to Note 11)	769	1,178	(1,778)	**169**
Disposals	(1,020)	-	-	**(1,020)**
Cost at March 31, 2013	**139,316**	**14,316**	**2,293**	**155,925**
Accumulated amortization at March 31, 2012	(120,822)	(1,550)	-	**(122,372)**
Amortization for the year	(14,526)	(2,484)	-	**(17,010)**
Reverse amortization on disposals	1,020	-	-	**1,020**
Accumulated amortization at March 31, 2013	**(134,328)**	**(4,034)**	**-**	**(138,362)**
Net carrying amount as at March 31, 2013	**4,988**	**10,282**	**2,293**	**17,563**

12. 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**

13. Assets Under Finance Lease

Assets under finance lease consist of leases for mobile equipment, office equipment and satellite transponders. The original terms of these leases are five years for the mobile and office equipment and seventeen years for the satellite transponders.

(in thousands of dollars)	**March 31, 2013**	**March 31, 2012**
Automotive (cost)	619	619
Office equipment (cost)	1,235	-
Technical equipment (cost)	7,434	7,434
Transmission equipment (cost)	119,897	119,897
Accumulated depreciation – automotive	(84)	(53)
Accumulated depreciation – office equipment	(103)	-
Accumulated depreciation – technical equipment	(2,160)	(1,244)
Accumulated depreciation – transmission equipment	(85,464)	(78,411)
Net carrying amount	**41,374**	**48,242**

Depreciation for the year ended March 31, 2013 was $8.1 million (2012 – $8.0 million). For more information on the related obligations, refer to Note 18.

14. 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, *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

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

subsidiary's fiscal year end is August 31. Additional financial statements corresponding to the Corporation's reporting period are prepared for consolidation purposes.

The ARTV shareholder agreement contains a clause that allows the minority shareholder to compel the Corporation to purchase all of minority shareholder's 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, 2013, the Corporation has a liability in relation to this option of $1.9 million (March 31, 2012 - $1.9 million) 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.

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. The CBC Monetization Trust was created during 2009 with the purpose of acquiring the Corporation's notes receivable and interest in the lease receivables. 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 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.

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

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.

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 represented a 14.54 per cent equity participation and a 19.95 per cent voting interest at the time of the merger. 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 were accounted for as dividend income in the Consolidated Statement of Income in 2011-2012.

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.

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

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 28, 2013, 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, 2013 of $3.5 million (March 31, 2012 - $6.2 million) includes $1.7 million related to the Corporation's share of CSR net results and equity movements up to February 28, 2013 (2012 - $0.4 million).

In November 2012, CSR announced the initiation of quarterly dividends as well as a special dividend to be paid out to all shareholders of Class A and Class B shares. For the year ended March 31, 2013, the Corporation received $4.4 million (2012 – nil) in dividends, which were recorded against the value of the Corporation's investment in CSR.

v. Current investment in Sirius XM Canada Holdings Inc.

On January 15, 2013, CSR officially changed its name to Sirius XM Canada Holdings Inc (Sirius XM).

As at March 31, 2013, the Corporation had a seat on the Board of Directors and held a 24.13 per cent voting interest in Sirius XM. The Corporation held the power to participate in the financial and operating policy decisions of Sirius XM through board representation, its voting interest and its ongoing business relationship with Sirius XM. As such, the Corporation judged that it exercised significant influence and continued to apply equity accounting to its investment in Sirius XM.

vi. 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, 2013**	**March 31, 2012**	**March 31, 2013**	**March 31, 2012**
Sirius - Class B	14%	15%	3,473	6,191
Other	-	-	17	17
	-	-	**3,490**	**6,208**

The fair value of the Corporation's investment in Sirius XM at March 31, 2013, is $114.8 million (March 31, 2012 – $53.6 million) and was determined using the closing market price of Sirius XM Class A shares (formerly CSR Class A shares) at March 31, 2013.

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

The following tables present the summarized financial information for Sirius XM:

(in thousands of dollars)	**2013[1]**	**2012[2]**
Revenue	273,656	211,045
Net income	9,265	7,264

[1]Amounts for the year ended March 31, 2013, include Sirius XM results for the 12-month period ended February 28, 2013.

[2]Amounts for the year ended March 31, 2012, include results for the combined CSR/Sirius entity for the 12-month period ended February 29, 2012.

(in thousands of dollars)	**March 31, 2013[1]**	**March 31, 2012[2]**
Assets	393,010	397,158
Liabilities	369,007	354,367

[1]These amounts reflect the Sirius XM balances as at February 28, 2013.

[2]These amounts reflect the CSR balances as at February 29, 2012.

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

15. Accounts Payable and Accrued Liabilities

(in thousands of dollars)	**March 31, 2013**	**March 31, 2012**
Trade payables	34,729	54,925
Accruals	58,553	65,243
Other	2,931	4,470
	96,213	**124,638**

16. Pension Plans and Employee-Related Liabilities

Employee-related liabilities are as follows:

	Current		Long-term	
(in thousands of dollars)	March 31, 2013	March 31, 2012	March 31, 2013	March 31, 2012
Accrued pension benefit liability	-	-	193,329	175,813
Employee future benefits	-	-	150,356	157,223
Vacation pay	58,237	57,099	-	-
Workforce reduction	11,898	6,310	-	-
Salary-related liabilities	65,458	66,441	150	171
	135,593	**129,850**	**343,835**	**333,207**

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 annual actuarial valuation. The amounts included in these financial statements reflect the latest funding valuation which was performed as of December 31, 2012. While this valuation has been completed, it has yet to be filed with the pension authorities.

The Corporation maintains a non-contributory long-term benefit plan for certain employees hired prior to the various plan closure dates which vary by category of employees between April 1, 2005 and October 1, 2007. 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 31, 2012.

The measurement date for the pension plan assets and the defined benefit obligation is March 31, 2013.

16. Pension Plans and Employee-Related Liabilities (Continued)

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

Assumptions – annual rates	**March 31, 2013**	**March 31, 2012**
Assumptions for the calculation of pension benefit costs:		
Expected long-term rate of return on plan assets	6.00%	6.50%
Discount rate	4.25%	5.25%
Assumptions for the calculation of the benefit obligation:		
Discount rate - pension	4.00%	4.25%
Discount rate - employee termination benefit	3.50%	4.00%
Discount rate – LTD benefit	3.50%	3.75%
Discount rate – post-employment benefit	3.75%	4.25%
Long-term rate of compensation increase, excluding merit and promotion	2.75%	2.75%
Health care cost trend rate	8.00% in 2013 declining to 4.50% over 15 years	7.00% per annum until 2019, 4.50% thereafter
Indexation of pensions in payment	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, 2013			**March 31, 2012**			**March 31, 2011**		
(in thousands of dollars)	**Funded pension plan**	**Unfunded pension plans**	**Other post-employment plans**	**Funded pension plan**	**Unfunded pension plans**	**Other post-employment plans**	**Funded pension plan**	**Unfunded pension plans**	**Other post-employment plans**
Benefit obligation	5,500,267	86,546	150,126	5,184,634	81,993	156,917	4,414,441	68,462	141,234
Fair value of plan assets	5,393,484	-	-	5,090,814	-	-	4,563,210	-	-
Deficit (surplus)	**106,783**	**86,546**	**150,126**	**93,820**	**81,993**	**156,917**	**(148,769)**	**68,462**	**141,234**
Less:									
Unamortized unvested past service costs	-	-	(230)	-	-	(306)	-	-	(382)
Net liability (asset) arising from defined benefit obligation	**106,783**	**86,546**	**150,356**	**93,820**	**81,993**	**157,223**	**(148,769)**	**68,462**	**141,616**

16. Pension Plans and Employee-Related Liabilities (Continued)

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

(in thousands of dollars)	**March 31, 2013** Pension plans	**March 31, 2013** Other post-employment plans	**March 31, 2012** Pension plans	**March 31, 2012** Other post-employment plans
Opening defined benefit obligation	5,266,627	156,917	4,482,903	141,234
Current service cost	101,558	7,707	72,541	6,761
Interest cost	221,695	6,332	231,924	7,120
Contributions from employees	44,452	-	41,186	-
Actuarial losses (gain)	212,888	(6,967)	667,400	15,056
Benefits paid	(260,407)	(13,863)	(244,327)	(13,254)
Vested past service cost[1]	-	-	15,000	-
Closing defined benefit obligation	**5,586,813**[2]	**150,126**	**5,266,627**[3]	**156,917**

[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 in the fiscal year ending March 31, 2012.

[2]The accrued benefit obligations for the funded plan and for the unfunded plans are $5,500,267 and $86,546 respectively.

[3]The accrued benefit obligations for the funded plan and for the unfunded plans are $5,184,634 and $81,993 respectively.

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

(in thousands of dollars)	**March 31, 2013** Pension plans	**March 31, 2013** Other post-employment plans	**March 31, 2012** Pension plans	**March 31, 2012** Other post-employment plans
Opening fair value of plan assets	5,090,814	-	4,563,210	-
Expected return on plan assets	301,178	-	291,938	-
Actuarial gains	156,257	-	379,386	-
Contributions from employees	44,452	-	41,186	-
Contributions from the Corporation	61,190	13,863	59,421	13,254
Benefits paid	(260,407)	(13,863)	(244,327)	(13,254)
Closing fair value of plan assets	**5,393,484**	**-**	**5,090,814**	**-**

16. Pension Plans and Employee-Related Liabilities (Continued)

The Corporation expects to make a contribution of $59.6 million to the defined benefit plans during the next financial year.

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

(in thousands of dollars)	**2013**	**2012**
Current service cost	109,265	79,302
Interest on obligation	228,027	239,044
Expected return on plan assets	(301,178)	(291,938)
Actuarial loss (gain)	(2,858)	1,255
Unamortized unvested past service costs	(76)	(76)
Vested past service cost	-	15,000
Expense recognized in net results	33,180	42,587
Plus:		
Actuarial losses recognized in other comprehensive loss	52,522	301,815
Total amounts recognized in comprehensive loss	**85,702**	**344,402**

The cumulative actuarial losses recognized in Other Comprehensive Loss represent $116.8 million as of March 31, 2013 (March 31, 2012 losses – $64.3 million).

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

(in thousands of dollars)	**2013**	**2012**
Television, radio and new media services costs	29,521	39,109
Specialty services	2,428	1,849
Transmission, distribution and collection	923	1,222
Corporate management	308	407
Total	**33,180**	**42,587**

16. Pension Plans and Employee-Related Liabilities (Continued)

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 $457.4 million or 9.1 per cent (2012 – 14.9 per cent).

The assets of the plan have been invested as follows:

(in thousands of dollars)	**March 31, 2013**	**March 31, 2012**
Fixed income	50%	53%
Canadian equities	10%	12%
Global equities	24%	20%
Strategic[1]	16%	15%
	100%	**100%**

[1] Strategic investments include property, private investments and hedge funds.

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

	2013		**2012**		**2011**	
(in thousands of dollars)	**Pension plans**	**Other post-employment plans**	**Pension plans**	**Other post-employment plans**	**Pension plans**	**Other post-employment plans**
Experience losses (gains) on defined benefit obligations[1]	18,913	(11,173)	7,412	(150)	-	10
Experience gains on plan assets	(156,257)	-	(379,386)	-	(237,563)	-
	(137,344)	**(11,173)**	**(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, 2013, the total expense related to employee benefits, which includes all salary and related costs, was $946.3 million (2012 - $981.5 million).

17. 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 Broadcasting Centre, which have a carrying value of $223.8 million (March 31, 2012 - $230.3 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 require the following principal amounts:

	March 31, 2013		March 31, 2012	
(in thousands of dollars)	Minimum payments	Present value of minimum payments	Minimum payments	Present value of minimum payments
Less than one year	33,039	20,578	33,039	20,093
Later than one year but not later than five years	132,155	55,647	132,155	51,682
More than five years	313,869	221,361	346,907	236,851
Less: future finance charges	(181,477)	-	(203,475)	-
Present value of minimum payments	**297,586**	**297,586**	**308,626**	**308,626**

Interest expense related to bonds payable included in current year's expenses and presented as finance costs is $22.0 million (2012 – $22.8 million).

Present value of minimum payments:

(in thousands of dollars)	March 31, 2013	March 31,2012
Included in the Consolidated Statement of Financial Position as bonds payable:		
current	20,578	20,093
long-term	277,008	288,533
	297,586	**308,626**

18. Obligations under Finance Leases

Obligations under finance lease include satellite transponders, mobile equipment and office 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
Office equipment lease	2.97 per cent per annum	October 24, 2017

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

	March 31, 2013		March 31, 2012	
(in thousands of dollars)	Minimum lease payments	Present value of minimum lease payments	Minimum lease payments	Present value of minimum lease payments
Less than one year	14,024	10,906	13,760	9,945
Later than one year but not later than five years	50,233	44,447	53,021	44,468
More than five years	-	-	10,024	9,738
Less: future finance charges	(8,904)	-	(12,654)	-
Present value of minimum lease payments	**55,353**	**55,353**	**64,151**	**64,151**

Interest expense related to obligations under finance lease included in current year's expenses and presented as finance costs is $3.8 million (2012 – $4.4 million).

Present value of minimum lease payments:

(in thousands of dollars)	March 31, 2013	March 31, 2012
Included in the Consolidated Statement of Financial Position as obligations under finance leases:		
current	10,906	9,945
long-term	44,447	54,206
	55,353	**64,151**

19. Notes Payable

The notes payable, held by the CBC Monetization Trust, a special purpose entity of the Corporation, mature in May 2027 and bear 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 9 and 10.

Principal payments are scheduled as follows:

	March 31, 2013		March 31, 2012	
(in thousands of dollars)	Minimum payments	Present value of minimum payments	Minimum payments	Present value of minimum payments
Less than one year	11,473	7,960	11,473	7,794
Later than one year but not later than five years	45,892	26,316	45,892	25,096
More than five years	108,993	86,733	120,466	93,789
Less: future finance charges	(45,349)	-	(51,152)	-
Present value of minimum payments	**121,009**	**121,009**	**126,679**	**126,679**

Interest expense included in current year's expenses and presented as finance costs is $5.8 million (2012 – $6.1 million).

Present value of minimum payments:

(in thousands of dollars)	March 31, 2013	March 31, 2012
Included in the Consolidated Statement of Financial Position as notes payable:		
current	7,960	7,794
long-term	113,049	118,885
	121,009	**126,679**

20. Provisions

	March 31, 2013				
			Restructuring costs		
(in thousands of dollars)	**Claims and legal proceedings**	**Environmental**	**Workforce reduction**	**Decommissioning**	**Total**
Balance, beginning of year	38,762	300	-	-	39,062
Additional provisions recognized	19,193	175	15,469	6,658	41,495
Increases due to accretion	-	-	-	119	119
Provisions utilized	(7,965)	(210)	(13,897)	(1,534)	(23,606)
Reductions resulting from re-measurement or settlement without cost	(4,582)	(5)	(337)	(850)	(5,774)
Balance, end of year	**45,408**	**260**	**1,235**	**4,393**	**51,296**

	March 31, 2012				
			Restructuring costs		
(in thousands of dollars)	**Claims and legal proceedings**	**Environmental**	**Workforce reduction**	**Decommissioning**	**Total**
Balance, beginning of year	35,272	300	-	-	35,572
Additional provisions recognized	13,045	-	-	-	13,045
Provisions utilized	(3,241)	-	-	-	(3,241)
Reductions resulting from re-measurement or settlement without cost	(6,314)	-	-	-	(6,314)
Balance, end of year	**38,762**	**300**	**-**	**-**	**39,062**

20. Provisions (Continued)

A. Restructuring costs

Restructuring costs incurred during the year have arisen from the Corporation's response to the announcement of Federal Budget 2012, as well as other financial pressures. Expenses related to restructuring costs recognized during the year include workforce reductions where demonstrably committed and estimable, accelerating the shutdown of analogue television transmitters and associated decommissioning work, and ceasing shortwave transmission for the Corporation's RCI service as discussed in Note 11. In addition, incremental deferred capital funding has been recognized in relation to these depreciation and impairment charges, as presented in Note 24.

For the year ended March 31, 2013, the total expense related to restructuring costs is $56.8 million (2012—nil). The associated capital funding recognized in income is $32.1 million for the year ended March 31, 2013 (2012— nil). The majority of these costs have been recorded as part of Transmission, distribution and collection expenses on the Corporation's Statement of Income. At March 31, 2013, the Corporation had total liabilities related to restructuring costs of $5.6 million (March 31, 2012 – nil).

It is expected that the Corporation will continue to incur costs related to the current restructuring plan for the next 3 years.

B. 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, 2013, the Corporation had provisions amounting to $45.4 million (March 31, 2012 – $38.8 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.

C. Environmental liabilities

At March 31, 2013, the Corporation had provisions totalling $0.3 million for one environmental matter (March 31, 2012—$0.3 million for two matters). 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. The total costs associated with remediation work at this site has been estimated at $0.3 million. This matter is subject to ministry approvals and other environmental reviews.

20. Provisions (Continued)

Included in the amounts provided at March 31, 2012 was $0.2 million for work to be performed on a former AM transmission site in Rimouski, which had Polychlorinated Biphenyls (PCB) concentrations exceeding permitted levels determined by the Ministère du Développement durable, de l'Environnement et des Parcs (MDDEP).

Work on the Rimouski site was significantly completed during the year, with spending for the year totalling $0.2 million. The Corporation has also begun work on the Mont Logan property, with spending for the year totalling $0.04 million. The work is expected to continue in the next fiscal year.

D. 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.

21. Revenue

The Corporation recognized revenue from the following sources:

(in thousands of dollars)	**2013**	**2012**
Advertising	330,410	375,725
Building, tower, facility and service rentals	46,698	46,493
Production revenue	17,888	17,633
Digital programming	10,400	5,736
Retransmission rights	7,866	7,572
Program sponsorship	5,596	5,433
Other services	3,957	4,864
Total Rendering of services	**422,815**	**463,456**
Total Specialty Services	**170,991**	**167,754**
Total Financing income	**10,323**	**9,141**
Contribution from the Local Programming Improvement Fund (LPIF)	37,507	45,755
Contra revenues other than advertising	3,649	2,152
Gain (Loss) on foreign exchange rates	255	(325)
Net gain from fair value of financial instruments	525	1,031
Total Revenue	**646,065**	**688,964**

22. 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** and Explora are 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.

	2013						
(in thousands of dollars)	**CBC NN**	**RDI**	**bold**	**Explora**	**documentary**[2]	**ARTV**[2]	**Total Specialty Services**
Subscriber revenue	68,399	43,203	3,923	1,114	5,961	13,362	**135,962**
Advertising and other revenue	18,155	12,140	81	685	254	3,714	**35,029**
Expenses including pension plans and employee related liabilities	(64,971)	(41,565)	(2,387)	(3,918)	(3,489)	(13,822)	**(130,152)**
Total	**21,583**	**13,778**	**1,617**	**(2,119)**	**2,726**	**3,254**	**40,839**
Repayments for capital acquisitions[1]	(611)	(2,720)	-	-			
Pension plans and employee related liabilities	(785)	(646)	(15)	(42)			
Total on an incremental costs basis	**20,187**	**10,412**	**1,602**	**(2,161)**			

	2012						
(in thousands of dollars)	**CBC NN**	**RDI**	**bold**	**Explora**	**documentary**[2]	**ARTV**[2]	**Total Specialty Services**
Subscriber revenue	68,279	44,821	3,992	-	5,458	13,969	**136,519**
Advertising and other revenue	16,158	11,201	55	-	186	3,635	**31,235**
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**	**-**			

[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

22. Speciality Services (Continued)

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.

On March 26, 2013, the Corporation completed the sale of **bold** assets and license to Blue Ant Media (BAM). See Note 25 for more information.

23. Finance Costs

The Corporation's finance costs include the following:

(in thousands of dollars)	**2013**	**2012**
Interest on bonds payable	21,999	22,786
Interest on notes payable	5,804	6,074
Interest on obligations under finance lease	3,843	4,432
Interest on financial liability related to the monetization of receivables	-	163
Other non-cash finance costs	190	-
	31,836	**33,455**

24. Government Funding

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

(in thousands of dollars)	**2013**	**2012**
Operating funding		
Base funding	977,988	977,988
Additional non-recurring funding for programming initiatives	32,200	60,000
Transfer to capital funding	(10,704)	(9,941)
Operating funding received	**999,484**	**1,028,047**
Capital funding		
Base funding	92,331	92,331
Transfer from operating funding	10,704	9,941
Capital funding received	**103,035**	**102,272**
Working capital funding	**4,000**	**4,000**
	1,106,519	**1,134,319**

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. 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 and intangible assets.

(in thousands of dollars)	**March 31, 2013**	**March 31, 2012**
Balance, beginning of year	574,027	602,025
Government funding for capital expenditures	103,035	102,272
Amortization of deferred capital funding	(151,366)	(130,270)
Balance, end of period	**525,696**	**574,027**

25. Gain on Business Divestitures

On March 26, 2013, the Corporation completed the sale of its **bold** specialty channel to Blue Ant Media (BAM) for total proceeds of $10.0 million for the sale of the channel's assets and the sublicensing of certain programming to BAM. Additionally, a transitional services agreement was entered into with the Corporation to provide certain services to BAM until August 31, 2013.

A total non-operating gain on sale of $6.3 million was recognized as follows:

(in thousands of dollars)	**2013**
Proceeds on disposition	10,000
Less costs of sale:	
Liability assumed for future programming	(2,500)
Programming write-offs	(755)
Brokerage fees and other	(423)
Total gain on sale	**6,322**

During the year, the Corporation also sold a warrant it received as part of the sale of the Galaxie pay audio service that was completed in 2010. The proceeds received and resulting gain amounted to $0.9 million.

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 25.00 per cent (2012 – 26.13 per cent) to accounting profit as follows:

(in thousands of dollars)	**2013**	**2012**
Income tax provision at federal statutory rate	10,481	10,676
Permanent differences	(2,747)	(1,277)
Decrease resulting from:		
Adjustment to reflect the expected income tax payable in future periods in respect of taxable and deductible temporary differences	(7,734)	(9,399)
Income tax expense recognized in profit or loss	-	-

26. Income Taxes (Continued)

The tax rate used for the 2013 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 breakeven 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.

B. Temporary Differences

(in thousands of dollars)	**2013**	**2012**
The sources of the deductible (taxable) temporary differences for which no deferred tax asset or liability was recognized were as follows:		
Accrued liabilities	40,830	22,000
Pension plan	193,329	175,812
Employee-related liabilities	150,506	157,396
Loss carry-forward	76,398	112,120
Long-term receivables and investments	16,870	18,005
Deferred income for tax purposes related to the sale of receivables	(48,969)	(53,000)
Property and equipment	(230,496)	(262,947)
Other	(5,910)	(6,719)

The loss carry-forwards will begin to expire in 2027.

27. Movements in Working Capital

(in thousands of dollars)	**2013**	**2012**
Changes in Working Capital are comprised of:		
Trade and other receivables	(7,016)	(3,749)
Programming	19,965	(2,446)
Merchandising inventory	56	278
Prepaid expenses	(24,193)	24,991
Promissory notes receivable	(10)	(12)
Accounts payable and accrued liabilities	(28,425)	492
Provisions	12,115	3,490
Deferred revenues	2,812	(314)
Pension plans and employee-related liabilities	4,955	(6,601)
	(19,741)	**16,129**

28. Commitments

A. Program-related and Other

This note shows amounts to which the Corporation is contractually committed, but which do not meet the criteria for inclusion in the Balance Sheet.

(in thousands of dollars)	**March 31, 2013**	**March 31, 2012**
Facilities management	277,604	310,770
Sports rights	159,552	182,887
Procured programs, film rights and co-productions	61,151	74,219
Transmission distribution	46,108	-
Maintenance and support	28,970	29,145
Property and equipment	8,299	15,987
Other	43,771	39,878
	625,455	**652,886**

28. Commitments (Continued)

Future annual payments as of March 31 are as follows:

(in thousands of dollars)	**March 31, 2013**	**March 31, 2012**
Less than one year	243,356	207,190
Later than one year but not later than five years	273,413	314,065
More than five years	108,686	131,631
	625,455	**652,886**

B. The Corporation as a Lessee - Operating Leases

Operating leases relate to leases of property, network distribution and equipment with remaining lease terms of between one and 47 years. Certain leases contain clauses allowing for the renewal/extension of the original term at market rates. 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 future aggregate minimum lease payments under non-cancellable operating leases are as follows:

(in thousands of dollars)	**March 31, 2013**	**March 31, 2012**
Less than one year	20,330	19,414
Later than one year but not later than five years	71,009	67,707
More than five years	69,261	75,466
	160,600	**162,587**

The amounts presented above include a total of $53.3 million (2012 - $47.4 million) representing operating costs and property taxes payable.

The payments recognized as an expense for minimum lease payments in 2013 amounted to $20.6 million (2012 - $22.1 million).

Included in the above amounts are lease payments to be made in the normal course of business in the amount of $5.1 million (2012 - $5.9 million) to a related party including government-related entities.

C. The Corporation as a Lessor - Operating Leases

Operating leases relate to buildings and transmission towers owned by the Corporation with remaining lease terms of between one 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.

28. Commitments (Continued)

As at March 31 the future aggregate minimum lease receivables under non-cancellable operating leases are as follows:

(in thousands of dollars)	**March 31, 2013**	**March 31, 2012**
Less than one year	9,340	9,058
Later than one year but not later than five years	27,989	18,049
More than five years	336,169	6,960
	373,498	**34,067**

In addition to the amounts presented above, the Corporation has receivables related to operating expenses and property taxes under building leases that total $162.6 million (2012 - $19.9 million).

Included in the above amounts are lease payments to be received in the normal course of business in the amount of $2.6 million (2012 - $1.8 million) from a related party including government-related entities.

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)	**2013**	**2012**	**2013**	**2012**	**2013**	**2012**
Associate	3,484	3,852	34	2	-	-
Other related entities	-	-	23	-	-	-
Corporate Pension Plan	-	-	-	-	61,190	59,421
	3,484	**3,852**	**57**	**2**	**61,190**	**59,421**

29. Related Parties (Continued)

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, 2013**	**March 31, 2012**	**March 31, 2013**	**March 31, 2012**
Associate	351	446	-	-
	351	**446**	**-**	**-**

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

There were no significant transactions with the Corporation's associate during the current fiscal year other than the dividends received. However, 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 14 to the consolidated financial statements.

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.

29. Related Parties (Continued)

For the year ended March 31, 2013, the aggregate amount of the Corporation's significant transactions with other government-related entities amounted to $1.3 million of its rendering of services (2012 – $0.8 million) and $1.3 million of its purchase of goods and services (2012 – $1.4 million). There were no individually significant transactions during the year ended March 31, 2013 (2012 – 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)	**2013**	**2012**
Short-term benefits[1]	3,755	4,419
Post-employment benefits[2]	1,291	1,086
Other long-term benefits[3]	50	88
Termination benefits[4]	609	841
	5,705	**6,434**

[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. The Chair of the Board also receives an annual retainer.

The total compensation paid to the members of the Board of Directors, excluding the President and CEO, during the year was $0.2 million (2012 – $0.2 million). Additional data on meetings attended by 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 them;
- The remuneration of the other members of the Board of Directors is in accordance with the Corporations' by-laws (as approved by the Minister of Canadian Heritage);
- SET members' remuneration, excluding the President and CEO, is approved by the Board of Directors upon recommendation of the Human Resources and Governance 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, the short-term portion of the net investment in finance lease, accounts payable and accrued liabilities, the short-term portion of the bonds payable, the short-term portion of the obligations under finance lease, the short-term portion of the notes payable and the option liability 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, 2013		March 31, 2012			
(in thousands of dollars)	Carrying values	Fair values	Carrying values	Fair values	Method[1]	Note
Financial instruments measured at fair value:						
Derivative financial asset instruments	458	458	80	80	Level 1	(a)
Derivative financial asset instruments - stock options	171	171	53	53	Level 2	(b)
Financial instruments measured at amortized cost:						
Promissory notes receivable (long-term)	48,250	56,743	49,903	58,764		(c)
Net investment in finance lease (long-term)	52,706	62,893	54,077	64,999		(c)
Bonds payable (long-term)	277,008	381,053	288,533	396,127		(d)
Obligations under finance lease (long-term)	44,447	47,881	54,206	58,955		(d)
Notes payable (long-term)	113,049	128,009	118,885	132,835		(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 an option pricing model.

(c) The fair values related to the various amounts receivable were determined using the expected future cash flows and were 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.

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, 2012.

C. Categories of Financial Instruments

(in thousands of dollars)	**March 31, 2013**	**March 31, 2012**
Financial assets		
Fair value through profit or loss (FVTPL)		
Cash	51,459	64,277
Derivative financial instruments	629	133
Loans and receivables	234,874	229,392
Available-for-sale financial assets	17	17
Financial liabilities		
Other liabilities	514,434	559,943

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, 2012.

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 (expressed in Canadian equivalent dollars) is as follows:

	March 31, 2013			March 31, 2012		
(in thousands of dollars)	**$US**	**Euros**	**GBP**	**$US**	**Euros**	**GBP**
Cash	4,182	295	190	1,107	239	295
Trade and other receivables	343	402	129	540	348	109
Accounts payable and accrued liabilities	(1,472)	(148)	(311)	(2,480)	(129)	(626)
Net exposure	**3,053**	**549**	**8**	**(833)**	**458**	**(222)**

Based on the net exposure as at March 31, 2013, 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 notes receivable, bonds payable and notes payable 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 or 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, 2013 (March 31, 2012 – 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, trade and other receivables, forward exchange contracts, promissory notes receivable and investment in finance lease.

The maximum exposure to credit risk of the Corporation at March 31, 2013 and March 31, 2012 is the carrying value of these assets.

30. Financial Instruments (Continued)

i. Cash

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, 2013 and March 31, 2012, no single client had balances representing a significant portion of the Corporation's trade receivables. See Note 6 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.

The Corporation's allowance for doubtful accounts amounted to $3.6 million at March 31, 2013 (March 31, 2012 – $2.0 million). See Note 6 for more information.

iii. Forward exchange contracts

The policy on currency risk requires that all significant forward contracts, options and other instruments used to economically 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 with which it places all its currency hedging business.

	March 31, 2013		**March 31, 2012**	
(in thousands of dollars)	**Notional**	**Fair values**	**Notional**	**Fair values**
Forward exchange contracts-$US[1]	12,288	457	17,463	68

[1]The forward contracts rates are between 0.979 and 0.987 for forward contracts in US dollars and the maturity dates are between April 2013 and December 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, 2013**	**Contractual cash flows**	**Within 1 Year**	**2 to 5 Years**	**Over 5 years**
Bonds payable	297,586	479,063	33,039	132,155	313,869
Notes payable	121,009	166,358	11,473	45,892	108,993
Finance lease – Transponders	49,510	58,145	12,030	46,115	-
Finance lease – Mobile equipment	4,708	4,901	1,730	3,171	-
Finance lease – Office equipment	1,135	1,211	264	947	-

30. Financial Instruments (Continued)

(in thousands of dollars)	Carrying amount of liability at March 31, 2012	Contractual cash flows	Within 1 Year	2 to 5 Years	Over 5 years
Bonds payable	308,626	512,101	33,039	132,155	346,907
Notes payable	126,679	177,831	11,473	45,892	120,466
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	-

There are no expected future cash flow requirements for the derivative financial instruments.

31. Comparative Figures

The Corporation has reclassified certain comparative figures in the Consolidated Statement of Income to conform to the current presentation. The reclassification was immaterial and did not have an impact on the Consolidated Statement of Financial Position or the Consolidated Statement of Cash Flows. As a result, a third statement of financial position, as at April 1, 2011, and related note disclosures have not been provided.