Notes to the Consolidated Financial Statements for the Year Ended March 31, 2014

(In thousands of Canadian dollars, unless otherwise noted)

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 18, 2014.

2. Significant Accounting Policies

A. Statement of Compliance

The Corporation has prepared these consolidated financial statements in accordance with International Financial Reporting Standards (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 Structured Entities

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

Control over an entity exists when the following three elements are present: an investor has power over an investee (i.e. the right to direct the relevant activities of the investee); an investor is exposed to or has right to variable returns of the investee; and the investor has the ability to exercise its power over the investee to affect the returns of the investee.

The financial statements of subsidiaries and structured 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 structured 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 liquidation may be initially measured either at fair value or at the present ownership interests' proportionate share in the recognized amounts of the acquiree's identifiable net assets. All 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 less any distributions made to the non-controlling interest holders. 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.

2. 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 arrangement. Significant influence is the power to participate in the financial and operating policy decisions of the investee but does not result in control or joint control over those policies.

The financial results, assets and liabilities of the Corporation's associate, Sirius XM Canada Holdings Inc. (SiriusXM), 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 associate is adjusted for the Corporation's share of income, other comprehensive income and distributions of the associate. The accounting policies of the associate 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, with income being recognized in the Consolidated Statement of Income on the same basis and over the same periods as the assets acquired using the appropriations.

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

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, subscriber fees, 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.

2. Significant Accounting Policies (Continued)

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 Subscriber fees

Subscriber fees include revenue related to specialty television channels and other subscription-based sales of programming. Revenue is 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 or contracting of facilities and related services is recognized in the Consolidated Statement of Income as other income on a straight-line basis over the term of the lease.

Lease incentives granted are recognized as a part of the rental income over the term of the lease.

Revenue from the sale of other 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.

iv Financing Income

Financing income includes interest revenue from bank accounts, notes receivable and on the investment in finance lease. Interest revenue from notes receivable and the investment in finance lease 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.

2. Significant Accounting Policies (Continued)

F. Transmission, Distribution and Collection Costs

Transmission, distribution and collection costs include all costs related to the broadcasting of the Corporation's programs, including direct out-of-pocket expenditures, departmental and administration expenses, and the cost of activities related to technical labour. A portion of the expenses that are attributable to the cost of transmission and distribution, 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 included in the related expenses.

G. Finance costs

Finance costs comprise the interest attributable to bonds payable, obligations under finance leases, notes payable and the accretion of liabilities. Finance costs are recognized in the Consolidated Statement of Income in the period in which they are incurred using the effective interest method.

H. 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, deferred charges 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, if they are expected to be used in the next twelve months following the reporting date, or as deferred charges if they are expected to be used in a period that exceeds twelve months from the reporting date. 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.

2. 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	Description	Expense recognition schedule by telecast
Movies	All movie genres	50% / 30% / 20%
Series	Includes: Dramatic series, comedy series, animated programs, mini-series (excluding strips[1])	Drama: CBC: 70% / 20% / 10% RC: 85% / 15% All other series: 70% / 30%
Factual	Factual, informal education and game shows (excluding strips[1])	70% / 30%
Documentaries	Includes all type of documentaries (excluding strips[1])	CBC: 70% / 30% RC: 100%
Programs telecast as strips	Includes: Drama series, comedy series, animated programs, documentaries and factual programs	Drama & Comedy: 50% / 30% / 20% All other programs: Evenly over each telecast up to a maximum of 5 telecasts
Arts, Music and Variety	Includes: Arts, music and variety programs and sketch comedy programs (excluding strips[1])	70% / 30%
	Sketch comedy programs telecast as strips[1]	50% / 30% / 20%
Youth	Family series	50% / 30% / 20%
	Youth and children drama programs	70% / 30%
	Other youth programs	34% / 33% / 33%
	Children - animated and pre-school programs	Evenly over each telecast up to a maximum of 5 telecasts

1. Method of broadcasting consecutive episodes.

2. Significant Accounting Policies (Continued)

I. Property and Equipment and Assets Under Finance Lease

Property and equipment and assets under finance lease are recorded at cost less accumulated depreciation. Cost includes expenditures that are directly attributable to the acquisition of the items. The cost of assets constructed by the Corporation includes material, direct labour and related overhead. Amounts included in uncompleted capital projects are transferred to the appropriate property and equipment classification upon completion.

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 components 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.

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

2. Significant Accounting Policies (Continued)

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.

J. 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.

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.

K. 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.

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.

2. Significant Accounting Policies (Continued)

L. 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
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

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.

Interest income and expense is recognized on an effective interest basis only for financial instruments measured at amortized cost, except for short-term receivables when the recognition of interest would be immaterial.

2. Significant Accounting Policies (Continued)

iii Financial Assets

Financial assets are classified into the following specified categories: financial assets at FVTPL (including held for trading) 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 changes in fair value arising on remeasurement recognized in "Other income" in the Consolidated Statement of Income. The net gain or loss recognized in profit or loss incorporates any interest earned on the financial asset.

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.

The Corporation does not hold any held-to-maturity or available-for-sale investments.

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.

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

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

2. Significant Accounting Policies (Continued)

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.

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.

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".

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.

2. Significant Accounting Policies (Continued)

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 derivative 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.

M. Accounts Payable and Accrued Liabilities

Accounts payable and accrued liabilities are recognized initially at fair value and subsequently measured at amortized cost.

N. Provisions

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

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

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

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

O. 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.

2. Significant Accounting Policies (Continued)

P. 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 rate of compensation, inflation, retirement ages of employees and mortality of members), with actuarial valuations being carried out at the end of each annual reporting period.

The components of defined benefit costs are categorized as follows:

- service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements);
- net interest expense or income;
- remeasurements.

Service cost and net interest expense or income are recognized as part of net results for the period. Past service costs, generally resulting from changes in the benefits payable for past services under an existing plan, are recognized in the Consolidated Statement of Income in the period of a plan amendment. Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset. These components, in aggregate, are allocated between the various functions on the Consolidated Statement of Income.

Remeasurements, comprising actuarial gains and losses, the effect of changes to the asset ceiling (if applicable) and the return on plan assets (excluding interest), are reflected immediately in the Consolidated Statement of Financial Position with a charge or credit recognized in other comprehensive income in the period in which they occur. Remeasurements recognized in other comprehensive income are never subsequently reclassified to net results. The Corporation transfers all remeasurements directly from other comprehensive income to retained earnings as a policy choice.

The liability recognized in the Consolidated Statement of Financial Position in respect of defined benefit pension plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rate 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.

Q. 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.

Short-term employee benefits are expensed as the related service is provided. A liability is recognized for the amount expected to be paid if the Corporation has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably. The liability associated with these benefits is not discounted due to its short term nature.

2. Significant Accounting Policies (Continued)

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. The Corporation recognizes termination benefits at the earlier of the following dates: (a) when the Corporation can no longer withdraw the offer of those benefits; and (b) when the Corporation recognizes costs for a restructuring that is within the scope of IAS 37 and involves the payment of termination benefits.

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.

R. Assets 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 carrying amount and fair value less costs to sell.

S. 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.

2. Significant Accounting Policies (Continued)

T. 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 lease period.

U. 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, as well as acquired licence agreements that do not meet the criteria to be classified as programming and are not expected to be used in the next twelve months (see note 2H).

V. 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.

W. 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 consolidated financial statements as long as these specified operating conditions are met at the end of the reporting period.

X. 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.

2. Significant Accounting Policies (Continued)

Y. 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 Corporate Pension Plan. The list of public entities in the national sphere of government was provided by the Government of Canada on their website.

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.

Z. Regulatory Licences

The Corporation holds licences, 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 licence. The Corporation has elected to record this non-monetary grant at its nominal value of nil.

3. New and Future Changes in Accounting Policies

A. Adoption of New and Revised International Financial Reporting Standards

The following new pronouncements issued by the IASB or the IFRS Interpretations Committee were adopted by the Corporation effective April 1, 2013. These new standards and amendments affected amounts reported, the presentation of balances or related disclosure in the consolidated financial statements as at and for the year ended March 31, 2014 as follows.

Amendments to IAS 19 *Employee Benefits* (IAS 19 R)

During the year, the Corporation applied IAS 19 *Employee Benefits* (as revised in June 2011) and the related consequential amendments for the first time.

IAS 19 (as revised in June 2011) amended the requirements for the accounting of defined benefit plans and termination benefits. The most significant changes related to the accounting for changes in defined benefit obligations and plan assets. The amendments require the recognition of changes in defined benefit obligations and in the fair value of plan assets when they occur, and hence eliminate the option to defer the recognition of gains and losses as permitted under the previous version of IAS 19 and accelerate the recognition of past service costs. Under the amended standard, all past service costs and actuarial gains and losses are recognized immediately, and the concepts of "interest cost" and "expected return on plan assets" used under the previous version of IAS 19 are replaced with a "net interest" amount. Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. In addition, IAS 19 (as revised in June 2011) enhanced disclosure requirements.

The impact of adopting these amendments primarily resulted from changes to the computation of net interest income on pension plan assets, which is now 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. Also contributing to the impact on the Corporation's net results, albeit to a lesser extent is the new requirement to record all administrative fees, other than those incurred for managing plan assets, immediately in the statement of income (loss). These changes have had an impact on the amounts recognized in net results, other comprehensive income and net defined benefit liability in prior years (see tables below for details).

Specific transitional provisions are applicable to first-time application of IAS 19 (as revised in June 2011). The Corporation has applied the relevant transitional provisions and revised the comparative amounts on a retrospective basis (see tables below for details).

3. New and Future Changes in Accounting Policies (Continued)

Consolidated statement of income (loss)

(in thousands of Canadian dollars)	For the year ended March 31, 2013		
	Unrevised[1]	IAS 19 R effects	Revised
REVENUE	646,065	-	646,065
EXPENSES			
Television, radio and new media service costs	1,623,413	89,152	1,712,565
Transmission, distribution and collection	111,679	2,784	114,463
Corporate management	10,345	928	11,273
Payments to private stations	2,527	-	2,527
Finance costs	31,836	-	31,836
Share of profit in associate	(1,701)	-	(1,701)
	1,778,099	92,864	1,870,963
GOVERNMENT FUNDING	1,154,850	-	1,154,850
NON-OPERATING ITEMS	19,076	-	19,076
NET RESULTS FOR THE YEAR	**41,892**	**(92,864)**	**(50,972)**

1. Unrevised includes results as previously reported with adjustments described in note 3B.

Consolidated statement of comprehensive income (loss)

(in thousands of Canadian dollars)	For the year ended March 31, 2013		
	Unrevised[1]	IAS 19 R effects	Revised
COMPREHENSIVE INCOME (LOSS)			
Net results for the year	41,892	(92,864)	(50,972)
Other comprehensive loss - not subsequently reclassified to net results			
Remeasurements of defined benefit plans	(52,522)	92,864	40,342
TOTAL COMPREHENSIVE LOSS FOR THE YEAR	**(10,630)**	**-**	**(10,630)**

1. Unrevised includes results as previously reported with adjustments described in note 3B.

3. New and Future Changes in Accounting Policies (Continued)

Consolidated statement of financial position – impacted line items

(in thousands of Canadian dollars)			As at March 31, 2013
	As previously reported	IAS 19 R effects	Revised
LIABILITIES			
Current			
Pension plans and employee-related liabilities	135,593	-	135,593
Long-term			
Pension plans and employee-related liabilities	343,835	(230)	343,605
EQUITY			
Retained earnings	50,162	230	50,392
TOTAL LIABILITIES AND EQUITY	**1,697,199**	**-**	**1,697,199**

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 has applied the standard on April 1, 2013. For more details about the enhanced disclosure requirements, see Note 14.

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. The standard requires 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.

The Corporation has applied this standard on a prospective basis, effective April 1, 2013. In addition, specific transitional provisions were given to entities such that they need not apply the disclosure requirements set out in IFRS 13 in comparative information provided for periods before the initial application of this standard. In accordance with these transitional provisions, the Corporation has not made new disclosures required by IFRS 13 for the 2012 comparative period (please see Note 27 for the current period disclosures). Other than the additional disclosures, the application of IFRS 13 has not resulted in any impact on the Corporation's consolidated financial statements.

Amendments to IAS 1 *Presentation of financial statements*

The Corporation applied the amendments to IAS 1 *Presentation of Items of Other Comprehensive Income* for the first time as of April 1, 2013. 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, and those elements that will not. The amendments to IAS 1 retain the option to present profit or loss and other comprehensive income in either single statement or in two separate but consecutive statements. The Corporation has added the required disclosures related to other comprehensive income and retained the two statement approach.

3. New and Future Changes in Accounting Policies (Continued)

IFRS 10 *Consolidated Financial Statements*

IFRS 10 replaced 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. The Corporation concluded that the adoption of IFRS 10 did 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, superseded 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 was 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. The Corporation 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 did not have an impact on the Corporation's consolidated financial statements.

Other Standards, Amendments and Annual Improvements Adopted

The following were also adopted effective April 1, 2013. Their adoption did not have a significant impact on the consolidated financial statements:

- IAS 28 *Investments in Associates and Joint Ventures*;
- Amendments to IFRS 10, IFRS 11 and IFRS 12 – *Transition Guidance*;
- Annual Improvements to IFRSs 2009—2011 Cycle Issued in May 2012.

B. Change Other Than Due to the Adoption of a New and/or Revised International Financial Reporting Standards

On May 28, 2013, the Canadian Radio-television Telecommunications Commission (CRTC) rendered its decision on the Corporation's licence renewal application. As part of this decision, the requirement to account for CBC News Network and ICI RDI (collectively, the Specialties) on an incremental cost basis was lifted for the broadcast year beginning September 1, 2013.

As such, the Corporation no longer presents the expenses attributable to the Specialties on a separate line in its Consolidated Statement of Income (Loss). Instead, the costs incurred by the Specialties are presented by function, which is consistent with the Corporation's other operations. This resulted in a change in presentation for the year ended March 31, 2013, where the $130.2 million formerly presented as Specialty services expenses is now presented in Television, radio and new media services costs ($123.2 million) and Transmission, distribution and collection ($7.0 million) in the Consolidated Statement of Income (Loss). Similarly, the revenue generated by the Specialties for the year ended March 31, 2013, ($171.0 million) is now presented in the Consolidated Statement of Income (Loss) as either Advertising ($34.2 million), Subscriber fees ($136.0 million) or Other income ($0.8 million), depending on their nature.

C. Future Accounting Changes

The Corporation has reviewed new and revised accounting pronouncements as well as the ongoing annual improvements 2010—2012 and 2011—2013 that have been issued. Conclusions made regarding the expected impact of future changes in accounting policies could change until the standards are fully adopted.

3. New and Future Changes in Accounting Policies (Continued)

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

Amendments to IAS 16 *Property, Plant and Equipment* and IAS 38 *Intangible Assets*

IAS 16 and IAS 38 were amended in May 2014 to clarify that the use of revenue-based methods to calculate the depreciation of an asset is not appropriate and that for intangible assets there is a rebuttable presumption that amortization based on revenue is not appropriate. These amendments are effective for annual reporting periods beginning on or after January 1, 2016, on a retrospective basis.

Amendments to IAS 36 *Impairment of Assets*

IAS 36 was amended in May 2013 to provide additional disclosure on the measurement of the recoverable amount of impaired assets, particularly if that amount is based on the fair value less costs of disposal. These amendments are effective for annual reporting periods beginning on or after January 1, 2014, on a retrospective basis.

Amendments to IAS 19 *Defined Benefit Plans: Employee Contributions*

IAS 19 was amended in November 2013 to allow for employee contributions that are linked solely to the employee's service rendered in the same period in which those contributions are payable to be accounted for as a reduction in the cost of short-term employee benefits. These amendments are effective for annual reporting periods beginning on or after July 1, 2014, on a retrospective basis.

Annual Improvements to IFRSs: 2010—2012 Cycle and 2011—2013 Cycle (both issued in December 2013)

The Annual Improvements to IFRSs 2010—2012 Cycle and the Annual Improvements to IFRS 2011—2013 Cycle included a number of amendments to various IFRSs.

The Corporation is still assessing the potential impact of the following standards and interpretation 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-phase 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. Some of these phases are currently complete and are available for early adoption. In November 2013, the IASB removed the mandatory effective date for IFRS 9 until the project is closer to completion.

IFRS 15 *Revenue from Contracts with Customers*

IFRS 15 was issued in May 2014 and supersedes IAS 18 *Revenue* and IAS 11 *Construction Contracts* and a number of revenue-related interpretations. The objective of IFRS 15 is to establish the principles that an entity must apply to report useful information to users of financial statements about the nature, amount, timing, and uncertainty of revenue and cash flows arising from a contract with a customer. This Standard will become effective for annual periods beginning on or after January 1, 2017, on a retrospective basis.

IFRIC 21 *Levies*

IFRIC 21 was issued in May 2013 to provide guidance on when to recognize a liability for a levy imposed by a government, both for levies that are accounted for in accordance with IAS 37 *Provisions, Contingent Liabilities and Contingent Assets* and those where the timing and amount of the levy is certain. This interpretation is effective for annual periods beginning on or after January 1, 2014.

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, as well as all related disclosures.

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, and provisions associated with legal claims and other contingencies.

In making estimates and using assumptions, management relies on external information and observable conditions where possible, supplemented by internal analysis as required. These estimates and assumptions have been applied in a manner consistent with prior periods and there are no known commitments, events or uncertainties that we believe will materially affect the methodology or assumptions utilized in making these estimates in these consolidated financial statements.

Estimates are regularly reviewed by management and changes in those estimates are recognized prospectively by including them in the Consolidated Statement of Income (Loss) in the period of the change, if the change affects that period only; or the period of the change and future periods, if the change affects both. Actual results could significantly differ from those estimates.

As mentioned above, accounting for defined benefit pension plans requires that assumptions be made to help value benefit obligations. The primary assumptions and estimates include the discount rate and mortality rates. The discount rate is used to determine the net interest that is used to calculate the net defined benefit liability or asset. The mortality assumption is used in projecting the future stream of benefit payments, which is then discounted to arrive at the net present value of liabilities.

Changes to these primary assumptions and estimates would impact amounts recognized in net results and amounts recognized in Other Comprehensive Income, as applicable. A sensitivity analysis of these changes in primary assumptions is disclosed in Note 17.

The following are the changes to key estimates made since the Corporation's last audited annual consolidated financial statements at March 31, 2013:

- The Corporation has revised the mortality assumptions used in the measurement of its benefit pension plan obligation following a mortality survey that it conducted on its own pension plan experience. The effect of the revised assumptions, as further discussed in Note 17, was to increase the amount of the obligation due to a higher assumed life expectancy of plan members;
- The Corporation is no longer required to estimate the expected return on pension plan assets due to the adoption of the amendments to IAS 19 *Employee Benefits*, as discussed in Note 3A;
- The Corporation has revised the amortization of its programming costs for dramatic series due to changes in its intended use.

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 Corporation consolidates the CBC Monetization Trust and the Broadcast Centre Trust, as it judges that it controls these investees, as defined in IFRS 10 *Consolidated Financial Statements*. While the judgments and disclosures regarding these investees have changed from March 31, 2013, as a result of adopting IFRS 10, there was no impact on the Corporation's consolidated financial statements, as disclosed in Note 3A, as these entities were also consolidated under the previous standards;
- 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 investment property under IAS 40 *Investment Property*;
- The Corporation exercised significant influence over SiriusXM at March 31, 2014, while holding less than 20% voting control; 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

Interest revenue generated from bank balances and included in Financing income totalled $1.7 million for the year (2013 – $1.8 million).

(in thousands of Canadian dollars)	**March 31, 2014**	March 31, 2013
Cash in hand	828	748
Bank balances	61,146	50,711
	61,974	**51,459**

6. Trade and Other Receivables

(in thousands of Canadian dollars)	**March 31, 2014**	March 31, 2013
Trade receivables	263,554	171,542
Allowance for doubtful accounts	(3,719)	(3,627)
Other	17,185	16,555
	277,020	**184,470**

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 2L iii.

6. Trade and Other Receivables (Continued)

Before accepting new customers, 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.

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 fact that a significant portion of sales are made to advertising agencies results in some concentration of credit risk. The Corporation considers this type of credit risk to be limited based on past experience. In addition, the Corporation mitigates the credit risk of advertising receivables by performing initial and ongoing credit evaluations of advertising customers. There is no individual customer with an account receivable balance at March 31, 2014, that represented more than 5% of total advertising income.

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

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

(in thousands of Canadian dollars)	**March 31, 2014**	March 31, 2013
31 - 60 days	129,016	37,359
61 - 90 days	21,195	17,392
Over 90 days	16,858	22,594
Total	**167,069**	**77,345**

B. Movement in Allowance for Doubtful Accounts

(in thousands of Canadian dollars)	**March 31, 2014**	March 31, 2013
Opening balance	(3,627)	(1,979)
Amounts written off during the year as uncollectible	831	536
Impairment losses reversed	523	384
Net increase in allowance for new impairments	(1,446)	(2,568)
Balance, end of year	**(3,719)**	**(3,627)**

7. Programming

A. Programming by Category

(in thousands of Canadian dollars)	**March 31, 2014**	March 31, 2013
Programs completed - externally produced	66,171	71,522
Programs completed - internally produced	3,978	8,493
Externally programs in process of production	34,779	32,782
Internally programs in process of production	7,889	6,196
Broadcast rights available for broadcast	22,572	26,386
	135,389	**145,379**

B. Movement in Programming

(in thousands of Canadian dollars)	**March 31, 2014**	March 31, 2013
Opening balance	145,379	166,104
Additions	1,126,099	1,041,480
Programs broadcast	(1,136,089)	(1,062,205)
Balance, end of year	**135,389**	**145,379**

Programming includes amounts for television programs including specialty services.

The programming write-offs for the year ended March 31, 2014, amount to $5.6 million (2013 – $9.2 million). Programming write-offs are mainly due to terminated projects, programs not telecasted in the past two years, programming not suitable for telecast or pilots not progressing into a series.

8. Prepaid expenses

(in thousands of Canadian dollars)	**March 31, 2014**	March 31, 2013
Programming rights	76,340	105,605
Service agreements	21,133	31,958
	97,473	**137,563**

9. Promissory Notes Receivable

Through the CBC Monetization Trust, a structured 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%, with payments made in arrears in equal blended monthly instalments. The notes have a carrying value of $47.9 million (March 31, 2013 – $50.1 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 a promissory note receivable from SiriusXM that is non-interest bearing and is expected to be repaid within the next five years. The carrying amount at March 31, 2014, is $0.3 million (March 31, 2013 – $0.3 million).

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

(in thousands of Canadian dollars)		**March 31, 2014**		**March 31, 2013**
	Minimum payments receivable	Present value of minimum payments receivable	Minimum payments receivable	Present value of minimum payments receivable
Less than one year	5,567	2,308	5,567	2,154
Later than one year but not later than five years	22,673	11,370	22,673	10,616
More than five years	45,467	34,591	51,034	37,634
Less: unearned financing income	(25,438)	-	(28,870)	-
Present value of minimum payments receivable	**48,269**	**48,269**	**50,404**	**50,404**

Interest income included in current year's revenues and presented as financing income is $3.3 million (2013 – $3.4 million).

Present value of minimum payments receivable:

(in thousands of Canadian dollars)	**March 31, 2014**	March 31, 2013
Included in the Consolidated Statement of Financial Position as promissory notes receivable:		
Current	2,308	2,154
Long-term	45,961	48,250
	48,269	**50,404**

10. Investment in Finance Lease

The investment in finance lease, which is held by CBC Monetization Trust, relates to the rental of two parcels of land in Toronto that bear an implicit annual interest rate of 7.15% 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.

(in thousands of Canadian dollars)		**March 31, 2014**		**March 31, 2013**
	Minimum payments receivable	Present value of minimum payments receivable	Minimum payments receivable	Present value of minimum payments receivable
Less than one year	6,050	2,568	6,050	2,387
Later than one year but not later than five years	24,199	11,671	24,199	10,880
More than five years	52,011	38,467	58,060	41,826
Less: unearned financing income	(29,554)	-	(33,216)	-
Present value of minimum lease payments receivable	**52,706**	**52,706**	**55,093**	**55,093**

Interest income included in current year's revenues and presented as financing income, is $3.4 million (2013 – $3.6 million).

Present value of minimum lease payments receivable:

(in thousands of Canadian dollars)	**March 31, 2014**	March 31, 2013
Included in the Consolidated Statement of Financial Position as investment in finance lease:		
Current	2,568	2,387
Long-term	50,138	52,706
	52,706	**55,093**

11. Property and Equipment

A. Cost and Accumulated Depreciation

The property and equipment carrying amounts are as follows:

(in thousands of Canadian dollars)	**March 31, 2014**	March 31, 2013
Cost	2,153,623	2,211,297
Accumulated depreciation	(1,207,086)	(1,213,587)
	946,537	**997,710**

(in thousands of Canadian dollars)	Land	Buildings	Leasehold improvements	Technical equipment	Other	Uncompleted capital projects	Total
Cost at March 31, 2013	179,207	542,901	52,866	1,274,106	138,738	23,479	**2,211,297**
Additions	-	-	-	14,472	5,130	58,055	**77,657**
Transfers (refer to Note 12)	-	9,141	1,147	35,102	7,111	(54,358)	**(1,857)**
Assets classified as held for sale	(4,480)	(2,353)	-	-	-	-	**(6,833)**
Disposals and write-offs	(18)	(2,425)	(1,139)	(114,654)	(8,399)	(6)	**(126,641)**
Cost at March 31, 2014	**174,709**	**547,264**	**52,874**	**1,209,026**	**142,580**	**27,170**	**2,153,623**
Accumulated depreciation at March 31, 2013	-	(146,971)	(23,910)	(940,444)	(102,262)	-	**(1,213,587)**
Depreciation for the year	-	(34,822)	(3,065)	(64,167)	(12,389)	-	**(114,443)**
Reverse depreciation on assets classified as held for sale	-	1,021	-	-	-	-	**1,021**
Reverse depreciation on disposals and write-offs	-	1,403	1,139	109,135	8,246	-	**119,923**
Accumulated depreciation at March 31, 2014	**-**	**(179,369)**	**(25,836)**	**(895,476)**	**(106,405)**	**-**	**(1,207,086)**
Net carrying amount at March 31, 2014	**174,709**	**367,895**	**27,038**	**313,550**	**36,175**	**27,170**	**946,537**

11. Property and Equipment (Continued)

(in thousands of Canadian 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	-	65	77	25,240	3,869	75,532	**104,783**
Transfers (refer to Note 12)	4	30,135	6,465	43,101	7,133	(87,007)	**(169)**
Assets classified as held for sale	(980)	(5,837)	-	(3,469)	(2,367)	-	**(12,653)**
Disposals and write-offs	(1,017)	(6,471)	(564)	(78,466)	(9,222)	(46)	**(95,786)**
Cost at March 31, 2013	**179,207**	**542,901**	**52,866**	**1,274,106**	**138,738**	**23,479**	**2,211,297**
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)	(92,208)	(13,476)	-	**(144,456)**
Reverse depreciation on asset classified as held for sale	-	5,297	-	3,423	2,366	-	**11,086**
Reverse depreciation on disposals and write-offs	-	2,421	350	75,237	8,909	-	**86,917**
Accumulated depreciation at March 31, 2013	**-**	**(146,971)**	**(23,910)**	**(940,444)**	**(102,262)**	**-**	**(1,213,587)**
Net carrying amount at March 31, 2013	**179,207**	**395,930**	**28,956**	**333,662**	**36,476**	**23,479**	**997,710**

The contractual commitments for the acquisition of property and equipment are $15.3 million as at March 31, 2014 (March 31, 2013 – $8.3 million).

11. Property and Equipment (Continued)

B. Impairment and Other Charges

No impairment loss was recorded during the year ended March 31, 2014.

In the previous year, a charge of $6.5 million was recorded in relation to the cessation of shortwave transmission of Radio Canada International programming. Additional depreciation expense of $26.0 million for the year was recorded in the Corporation's Consolidated Statement of Income (Loss) related to the accelerated shutdown of the remaining analogue television transmitters.

C. Assets Classified as Held For Sale

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, the Corporation has several properties classified as held for sale for accounting purposes at March 31, 2014, that have a total carrying value of $6.4 million (March 31, 2013 – $0.5 million). These properties are expected to be sold on a site by site basis over the next twelve months.

The Corporation has also classified as held for sale 26 transmission sites (March 31, 2013 – 57 transmission sites) no longer required following the end of TV analogue transmission. These sites have a net carrying amount of $0.5 million as at March 31, 2014, (March 31, 2013 – $1.0 million) and are expected to be sold on a site by site basis over the next twelve months.

D. Items Disposed of During the Year

There were no individually significant disposals recorded during the year ended March 31, 2014.

During 2012-2013, the Corporation disposed of property and equipment resulting in a gain of $11.9 million. This gain was primarily due to the disposal 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 proceeds on the sale of these properties were $19.6 million, resulting in a gain on disposition of $19.5 million. These gains were partially offset by losses from the disposal or replacement of equipment as assets are renewed.

12. Intangible Assets

The intangible assets carrying amounts are as follows:

(in thousands of Canadian dollars)	**March 31, 2014**	March 31, 2013
Cost	169,728	155,925
Accumulated amortization	(146,332)	(138,362)
	23,396	**17,563**

(in thousands of Canadian dollars)	Internally developed software	Acquired software	Uncompleted capital projects	Total
Cost at March 31, 2013	139,316	14,316	2,293	**155,925**
Additions	-	117	12,419	**12,536**
Transfers (refer to Note 11)	2,167	9,454	(9,764)	**1,857**
Disposals and write-offs	(590)	-	-	**(590)**
Cost at March 31, 2014	**140,893**	**23,887**	**4,948**	**169,728**
Accumulated amortization at March 31, 2013	(134,328)	(4,034)	-	**(138,362)**
Amortization for the year	(2,982)	(5,578)	-	**(8,560)**
Reverse amortization on disposals and write-offs	590	-	-	**590**
Accumulated amortization at March 31, 2014	**(136,720)**	**(9,612)**	**-**	**(146,332)**
Net carrying amount as at March 31, 2014	**4,173**	**14,275**	**4,948**	**23,396**

(in thousands of Canadian dollars)	Internally developed software	Acquired software	Uncompleted capital projects	Total
Cost at March 31, 2012	138,331	10,596	1,880	**150,807**
Additions	-	408	5,561	**5,969**
Transfers (refer to Note 11)	2,005	3,312	(5,148)	**169**
Disposals and write-offs	(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 and write-offs	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**

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 between four and seventeen years.

(in thousands of Canadian dollars)	**March 31, 2014**	March 31, 2013
Cost – automotive	619	619
Cost – office equipment	2,328	1,235
Cost – technical equipment	7,434	7,434
Cost – transmission equipment	119,897	119,897
Accumulated depreciation – automotive	(114)	(84)
Accumulated depreciation – office equipment	(486)	(103)
Accumulated depreciation – technical equipment	(3,077)	(2,160)
Accumulated depreciation – transmission equipment	(92,518)	(85,464)
Net carrying amount	**34,083**	**41,374**

Depreciation for the year ended March 31, 2014, was $8.4 million (2013 – $8.1 million). For more information on the related obligations, refer to Note 19.

14. Subsidiaries and Associate

A. Subsidiaries and Consolidated Structured Entities

i Documentary Channel

Through its 82% partnership interest in *documentary*, a specialty service broadcasting documentaries, the Corporation is currently able to exercise control over the entity through both its majority interest and active participation on *documentary's* Board of Directors and Board sub-committees. The Corporation controls the entity as it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Accordingly, *documentary's* 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% of ARTV and, accordingly controls the entity through both its majority voting interest and active participation on ARTV's Board of Directors and Board sub-committees. The Corporation controls ARTV as it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The Corporation consolidates ARTV's financial results in the Corporation's consolidated financial statements.

ARTV'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, 2014, the Corporation has a liability in relation to this option of $1.9 million (March 31, 2013 – $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.

14. Subsidiaries and Associate (Continued)

iii The Broadcast Centre Trust

The Broadcast Centre Trust (the TBC Trust) is a charitable trust that is a lessee under a long-term lease with the Corporation for the land on which the Canadian Broadcasting Centre (the building) is located in Toronto. The rent during the term is the sum of one dollar, paid on October 1, 1988. The TBC Trust is also a lessor under a long-term sub-lease with the Corporation for the Canadian Broadcasting Centre. In order to finance the construction of the building, the TBC Trust issued $400 million of bonds on January 30, 1997, which are guaranteed by the rent payments for the premises occupied by the Corporation. The rent payable by the Corporation to the TBC Trust covers all interest and principal on the bonds, all other payments on the bonds and all operating expenses and liabilities of the TBC Trust. The TBC Trust is a structured entity because it is designed to conduct a narrow well-defined activity of leasing on behalf of the Corporation and the entity confers on the Corporation the ultimate decision making powers over relevant activities that could expose the Corporation to variable returns. Accordingly, the financial results of the TBC Trust are consolidated in the Corporation's books. The TBC Trust's fiscal year is March 31.

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. The CBC Monetization Trust was created during 2009 as a charitable trust with the purpose of acquiring the Corporation's interest in the lease receivables. The Corporation has determined that it bears the majority of the risk associated with the collection of the Trust's receivables through the guarantee it has provided. The CBC Monetization Trust is a structured entity because the Corporation established it for a narrow well-defined activity to monetizing long-term receivables as part of the Recovery Plan implemented to manage budgetary shortfalls in 2009—2010. Through a predefined contractual arrangement, the CBC Monetization Trust confers on the Corporation the majority of decision making powers over relevant activities that expose the Corporation to variable returns. Accordingly, the financial results of the CBC Monetization Trust are consolidated in the Corporation's books. The CBC Monetization Trust's fiscal year is December 31. Additional financial statements corresponding to the Corporation's reporting period are prepared for consolidation purposes.

The Corporation does not have interests in joint arrangements or unconsolidated structured entities.

The Corporation has two subsidiaries with non-controlling interests (NCI): *documentary* and ARTV. The NCI of the subsidiary represents the portion of ownership interest and the proportion of voting rights held. Information regarding these subsidiaries is as follows:

(in thousands of Canadian dollars)	*documentary*		ARTV	
	March 31, 2014	March 31, 2013	**March 31, 2014**	March 31, 2013
Principal place of business & incorporation	Canada	Canada	Canada	Canada
NCI in subsidiary	18.0%	18.0%	15.0%	15.0%
NCI voting rights	18.0%	18.0%	15.0%	15.0%
Net results attributable to NCI	137	208	(3)	(4)
Accumulated NCI	544	633	(76)	(73)

During the year, distributions totaling $0.2 million (2013 – nil) were paid to the other partners of *documentary*. There were no dividends or distributions paid to the NCI holders of ARTV during the year (2013 – nil).

14. Subsidiaries and Associate (Continued)

Summarized financial information including consolidation adjustments but before intra-company eliminations is as follows:

(in thousands of Canadian dollars)	*documentary*		ARTV	
	March 31, 2014	March 31, 2013	**March 31, 2014**	March 31, 2013
Cash and cash equivalents	-	-	3,420	767
Current Assets	4,179	4,322	14,585	13,747
Long-term Assets	-	-	252	355
Current Liabilities	(728)	(368)	(2,853)	(2,095)
Revenue	6,453	6,215	16,556	17,076
Net results and total comprehensive income	766	1,154	(21)	(23)
Operating cash flows	-	-	2,629	(1,126)
Increase (decrease) in cash and cash equivalents	-	-	2,653	(1,118)

There are no significant restrictions imposed on the Corporation's ability to access or use assets and settle the liabilities of the Corporation. Specifically, there are no significant restrictions imposed on the Corporation or its subsidiaries relating to their ability to transfer funds to their investors.

Through the CBC Monetization Trust, the Corporation has two promissory notes receivable and an investment in finance lease relating to the sale and rental of parcels of land. These receivables 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 and timely payments of receivables by the ultimate debtors until 2027. See notes 9 and 10 for further information.

The Corporation also guarantees, through its rent payments to the Broadcast Centre Trust, the bonds payable. See note 18 for further details.

During the current year, the Corporation has not provided, and has no current intention to provide, any further financial and other support to its consolidated structured entities.

There have been no changes in ownership interests related to the Corporation's subsidiaries during the current or preceding year.

14. Subsidiaries and Associate (Continued)

B. Associate

As at March 31, 2014, the Corporate held 17,856,787 Class A Subordinate Voting Shares in SiriusXM, which represented a 13.96% equity interest and a 10.41% voting interest. These shares were obtained following the conversion on March 21, 2014, of the 53,570,361 Class B Voting Shares previously held by the Corporation. The Corporation's equity interest remained unchanged following this transaction.

The Corporation has a seat on the Board of Directors through its ownership of a 10.41% voting interest in SiriusXM. The Corporation therefore holds the power to participate in the financial and operating policy decisions of SiriusXM through this board representation, its voting interest and its ongoing business relationship with SiriusXM. As such, the Corporation concludes that it exerts significant influence and applies the equity method of accounting to its investment in SiriusXM.

SiriusXM, a corporation located and domiciled in Canada, is a satellite radio communications company offering a variety of content on a subscription basis across Canada, including 6 channels carrying the Corporation's programming.

SiriusXM's fiscal year end is August 31, which differs from that of the Corporation. IAS 28, *Investments in Associates and Joint Ventures,* 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 SiriusXM for the period up to February 28, 2014, which falls within the allowed three month window. This corresponds to the latest information available for SiriusXM that can be disclosed publicly.

The fair value of the Corporation's investment in SiriusXM at March 31, 2014, was $154.5 million (March 31, 2013 – $114.8 million). Given that the fair value was determined using the closing market price of SiriusXM Class A shares at March 31, 2014, the fair value measurement is considered a Level 1 measurement in the fair value hierarchy.

As of November 2012, SiriusXM initiated the payment of quarterly dividends. For the year ended March 31, 2014, the Corporation received dividends from SiriusXM of $7.1 million (2013 – $4.4 million).

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

(in thousands of Canadian dollars)	Ownership interest as at:		Carrying value as at:	
	March 31, 2014	March 31, 2013	**March 31, 2014**	March 31, 2013
SiriusXM - Class A shares (March 31, 2013 - Class B shares)	14%	14%	1,855	3,473

14. Subsidiaries and Associate (Continued)

The summarized financial information presented below represents the amounts included in the IFRS financial statements of SiriusXM:

(in thousands of Canadian dollars)	**March 31, 2014**[1]	March 31, 2013[2]
Current assets	63,913	65,362
Long-term assets	294,109	327,648
Current liabilities	(201,551)	(196,290)
Non-current liabilities	(143,184)	(172,717)
Net assets	13,287	24,003

1. These amounts reflect the SiriusXM balances as at February 28, 2014.

2. These amounts reflect the SiriusXM balances as at February 28, 2013.

(in thousands of Canadian dollars)	**March 31, 2014**[1]	March 31, 2013[2]
Revenue	303,646	273,192
Net results and total comprehensive income	12,767	9,265

1. Amounts for the year ended March 31, 2014, include SiriusXM results for the 12-month period ended February 28, 2014.

2. Amounts for the year ended March 31, 2013, include SiriusXM results for the 12-month period ended February 28, 2013.

A reconciliation of the summarized financial information above to the carrying amounts of SiriusXM recorded on the Consolidated Statement of Financial Position is as follows:

(in thousands of Canadian dollars)	**March 31, 2014**	March 31, 2013
Opening balance	3,473	6,191
Share of profit in associate	4,440	1,701
Dividends received and recorded against the investment balance	(7,098)	(4,419)
Dilution gain	1,040	-
Balance, end of year	**1,855**	**3,473**

(in thousands of Canadian dollars)	**March 31, 2014**	March 31, 2013
Net assets, SiriusXM	13,287	24,003
Corporation's share of net assets	13.96%	14.47%
	1,855	**3,473**

SiriusXM has no discontinued operations. There are no significant restrictions imposed on SiriusXM relating to their ability to transfer funds to their investors.

The Corporation has not incurred any contingent liabilities or commitments in relation to its associate.

15. Accounts Payable and Accrued Liabilities

(in thousands of Canadian dollars)	**March 31, 2014**	March 31, 2013
Trade payables	38,806	34,729
Accruals	64,318	58,553
Other	3,173	2,931
	106,297	**96,213**

16. Provisions

(in thousands of Canadian dollars)			**March 31, 2014**		
			Restructuring costs		
	Claims and legal proceedings	Environmental	Workforce reduction	Decommissioning	Total
Opening balance	45,408	260	1,235	4,393	51,296
Additional provisions recognized	10,516	490	-	-	11,006
Increase due to accretion	-	-	-	167	167
Provisions utilized	(13,362)	(162)	(1,235)	(3,655)	(18,414)
Reductions resulting from remeasurement or settlement without cost	(11,432)	-	-	-	(11,432)
Balance, end of year	**31,130**	**588**	**-**	**905**	**32,623**

A. Restructuring costs

The Corporation's restructuring provision as at March 31, 2014, consists of decommissioning work associated with the shutdown of both analogue television and shortwave transmission services. Work associated with the provision of $0.9 million (March 31, 2013 – $4.4 million) is expected to be completed within the next year.

As at March 31, 2014, the Corporation has not recorded any provisions related to workforce reductions (March 31, 2013 – $1.2 million). All amounts related to workforce reductions are included in employee-related liabilities on the Consolidated Statement of Financial Position.

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 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, 2014, the Corporation had provisions amounting to $31.1 million (March 31, 2013 – $45.4 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.

During the year the Corporation resolved a claim related to real estate valuation and municipal taxes, resulting in a provision utilized of $11.8 million and an additional settlement without cost of $9.0 million.

16. Provisions (Continued)

C. Environmental liabilities

At March 31, 2014, the Corporation had a provision of $0.6 million for one environmental matter (March 31, 2013 – $0.3 million). 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 have been estimated at $0.6 million. This matter is subject to ministry approvals and other environmental reviews. A significant portion of the work is expected to be completed during the summer of 2014, although the project may require up to 6 years to complete.

D. Contingencies

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.

17. Pension Plans and Employee-Related Liabilities

Employee-related liabilities are as follows:

(in thousands of Canadian dollars)	Current		Long-term	
	March 31, 2014	March 31, 2013 (revised)	**March 31, 2014**	March 31, 2013 (revised)
Net defined benefit liability	-	-	61,961	193,329
Employee future benefits	-	-	136,481	150,126
Vacation pay	59,282	58,237	-	-
Workforce reduction	8,125	11,898	-	-
Salary-related liabilities	73,118	65,458	128	150
	140,525	**135,593**	**198,570**	**343,605**

The Corporation maintains a contributory defined benefit pension plan, the CBC/Radio-Canada Pension Plan, covering substantially all employees of the Corporation. The Plan is administered by the CBC Pension Board of Trustees, including the management of the Plan's assets and the payment of benefits promised to Plan members and their survivors. The Plan is federally regulated and is governed by the provisions of the *Pension Benefits Standards Act* (the *Act*), and other applicable regulations.

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 amounts included in these consolidated financial statements reflect the latest funding valuation which was performed as of December 31, 2013. While this valuation has been completed, it has not yet been filed with the pension authorities. The Corporation also maintains unfunded non-contributory defined benefit pension arrangements. All plans are subject to an annual actuarial valuation.

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

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, 2014.

The risks associated with the Corporation's defined benefit plan are as follows:

Funding risk: One of the primary risks that plan sponsors face is funding risk, which is the risk that the investment asset growth and contribution rates of the Corporation's pension plan will not be sufficient to cover the pension obligations, resulting in unfunded liabilities. When funding deficit exists, regulatory authorities require that special contributions be made over specified future periods.

The major contributors to funding risk are the declines in discount rates and investments failing to achieve expected returns. In addition, the pension obligations are affected by non-economic factors like changes in member demographics.

Funding risk is managed by monitoring and reviewing the funded ratio on an ongoing basis and ensuring that investment decisions are made in accordance with established investment policies and procedures and applicable legislation. The Statement of Investment Policies and Procedures (SIPP) is reviewed annually by the CBC Pension Board of Trustees with a view to provide the pension plans with long-term rate of return sufficient to assist the plans in meeting funding objectives and the ongoing growth of pension obligations.

Other risks: The plan assets are also subject to a variety of financial risks as a result of investment activities. These risks include credit risk, market risk (interest rate, currency risk and price risk) and liquidity risk. In addition, the defined benefit obligation and costs are subject to measurement uncertainty due to the use of actuarial assumptions (see below). The impact of these factors on the remeasurement of the pension benefit asset, and pension, other post-employment and other long-term benefit liabilities can be significant and volatile at times.

The significant actuarial assumptions used for the purposes of determining the defined benefit obligation and pension benefit costs were as follows:

Assumptions – annual rates	**March 31, 2014**	March 31, 2013
Assumptions for the calculation of pension benefit costs:		
Discount rate	4.00%	4.25%
Assumptions for the calculation of the benefit obligation:		
Discount rate - pension	4.25%	4.00%
Discount rate - long service gratuity	3.50%	3.50%
Discount rate - LTD benefit	3.50%	3.50%
Discount rate - life insurance	4.00%	3.75%
Mortality	CBC Pensioner mortality table based on CBC experience	UP94 fully generationally projected
Long-term rate of compensation increase, excluding merit and promotion	1.50% in 2014, 2015 & 2.75% thereafter	1.50% in 2013 & 2.75% thereafter
Health care cost trend rate	7.77% in 2014 declining to 4.5% over 14 years	8.00% in 2013 declining to 4.50% over 15 years
Indexation of pensions in payment	1.65%	1.65%

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

During the year, the Corporation adopted mortality rate assumptions reflecting its own plan experience based on the results of an actuarial study. This study was commissioned after the Canadian Institute of Actuaries (CIA) issued a draft report on July 31, 2013 concluding that Canadians are living longer than their US counterparts. The CIA also indicated in October 2013 that the use of UP-94 tables without adjustment would only be appropriate if supported by the plan's actual credible experience. A final Canadian specific set of mortality tables (collectively known as CPM2014 tables) and improvement scales was issued in February 2014. In March 2014, the CIA published an Educational Note confirming that in the absence of credible mortality experience, the new tables represent the best estimate of mortality for use in funding or accounting valuations of most Canadian pension plans. Historically, the Corporation used as the basis for its assumptions the UP-94 Table with generational projection using mortality projection Scale AA. The change in mortality rate assumptions is expected to result in increased pension expense of approximately $14.0 million in 2014—2015.

The sensitivity analysis of the significant actuarial assumptions would show the following changes in the present value of the defined benefit obligations:

	Pension plans		Other post-employment plans	
	March 31, 2014	March 31, 2013	**March 31, 2014**	March 31, 2013
Discount rate sensitivity				
100 basis point higher	-12.6%	-12.8%	-7.9%	-8.0%
100 basis point lower	16.1%	16.3%	9.3%	9.4%
Expected rate of future salary increases				
100 basis point higher	2.6%	2.7%	6.7%	6.1%
100 basis point lower	-2.3%	-2.4%	-6.0%	-5.4%
Expected rate of future pension increases				
100 basis point higher	12.7%	12.8%	N/A	N/A
100 basis point lower	-10.5%	-10.7%	N/A	N/A
Mortality sensivity				
Pensioners live an extra year	4.8%	5.0%	-1.7%	-2.2%
Pensioners die a year before	-4.8%	-5.0%	2.0%	2.5%
Health care cost trend rates sensitivity				
100 basis point higher	n/a	n/a	0.8%	0.7%
100 basis point lower	n/a	n/a	-0.7%	-0.7%

N/A = not applicable

The sensitivity analysis presented above may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the pension liability recognized within the Consolidated Statement of Financial Position.

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

An asset/liability study is performed periodically to review the risk/reward associated with the existing long-term asset mix policy, analyze the risk/reward profile that would result from alternative asset mix policies, and consider the impact of various economic environments on both the assets and liabilities (pension obligations). The most recent asset/liability study was completed in 2012. Its main findings are summarized below:

- Maintain the value of the Plan's Liability Driven Investment (LDI)[25] strategy that focuses on reducing the interest rate and inflation risk mismatch between the Plan's assets and liabilities;
- Update the LDI asset mix policy to include a market sensitive implementation plan to redistribute some assets towards strategic investments;
- Reduce the amount of interest rate hedging; and
- Increase the amount of return generating assets with higher return potential, such as equities, private investments and real estate.

The Plan will be implementing these asset mix changes based on ongoing market and economic analysis.

The Plan is funded on the basis of actuarial valuations, which are made on an annual basis. Employees are required to contribute to the Plan a percentage of their pensionable salary. The Corporation provides the balance of the funding, as required, based on actuarial valuations.

The contribution rate for full-time employees is as follows:

	2013–2014	2012–2013
For earnings up to the maximum public pension plan earnings[1]		
April 1 to June 30	5.53%	5.07%
July 1 to March 31	6.19%	5.53%
For incremental earnings in excess of the maximum public pension plan earnings[1]		
April 1 to June 30	7.27%	6.67%
July 1 to March 31	8.14%	7.27%

1. The maximum public pension earnings for 2014 is $52,500 (2013: $51,100, 2012: $50,100).

Cash payments for pension, other post-employment and other long-term benefits for the Corporation were as follows:

(in thousands of Canadian dollars)	**2014**	2013
Benefits paid directly to beneficiaries	14,420	13,863
Employer regular contributions to pension benefit plans	61,305	61,190
Total cash payments for defined benefit plans	**75,725**	**75,053**

25. LDI is an investment strategy that manages a pension plan's assets relative to its liabilities with the intent to minimize pension surplus volatility. Under LDI, pension plan assets are grouped into matched and unmatched assets. Matched assets (fixed income) have the similar interest rate and inflation sensitivities as the pension plan's liabilities. Unmatched assets (equities and alternative investments) do not have the same interest rate and inflation sensitivities as the pension plan's liabilities.

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

The maturity profile of the benefit plan obligation and other post-employment benefits for the Corporation is as follows:

	Pension plans		Other post-employment plans	
	March 31, 2014	March 31, 2013	**March 31, 2014**	March 31, 2013
Average duration of the benefit obligation	14.2 years	14.4 years	8.3 years	8.6 years
Active members	20.7 years	20.8 years	8.3 years	8.8 years
Deferred members	17.3 years	18.5 years	N/A	N/A
Retired members	10.2 years	10.1 years	8.6 years	7.0 years

N/A = not applicable

The Corporation expects to make a contribution of $58.5 million to the defined benefit pension plans during the next financial year.

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:

(in thousands of Canadian dollars)			**March 31, 2014**			March 31, 2013 (revised)
	Funded pension plan	Unfunded pension plans	Other post-employment plans	Funded pension plan	Unfunded pension plans	Other post-employment plans
Fair value of plan assets	5,587,972	-	-	5,393,484	-	-
Defined benefit obligation	5,562,330	87,603	136,481	5,500,267	86,546	150,126
Net asset (liability) arising from defined benefit obligation	**25,642**	**(87,603)**	**(136,481)**	**(106,783)**	**(86,546)**	**(150,126)**

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

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

(in thousands of Canadian dollars)	**March 31, 2014**		March 31, 2013 (revised)	
	Pension plans	Other post-employment plans	Pension plans	Other post-employment plans
Opening defined benefit obligation	5,586,813	150,126	5,266,627	156,917
Current service cost	109,923	5,825	101,558	7,707
Interest cost	221,228	5,289	221,695	6,332
Contributions from employees	47,833	-	44,452	-
Remeasurements:				
Actuarial losses (gains) arising from changes in demographic assumptions	215,950	(6,659)	-	(534)
Actuarial (gains) losses arising from changes in financial assumptions	(239,362)	(3,680)	193,975	4,740
Actuarial (gains) losses arising from experience adjustments	(21,093)	-	18,913	(11,173)
Benefits paid	(271,359)	(14,420)	(260,407)	(13,863)
Closing defined benefit obligation	**5,649,933**[1]	**136,481**	**5,586,813**[2]	**150,126**

1. The defined benefit obligations for the funded plan and for the unfunded plans are $5,562,330 and $87,603 respectively.

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

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

(in thousands of Canadian dollars)	**March 31, 2014**		March 31, 2013 (revised)	
	Pension plans	Other post-employment plans	Pension plans	Other post-employment plans
Opening fair value of plan assets	5,393,484	-	5,090,814	-
Administration fees (other than investment management fees)	(5,300)	-	(5,020)	-
Interest income on plan assets	212,490	-	213,334	-
Return on plan assets, excluding interest income	149,519	-	249,121	-
Contributions from employees	47,833	-	44,452	-
Contributions from the Corporation	61,305	14,420	61,190	13,863
Benefits paid	(271,359)	(14,420)	(260,407)	(13,863)
Closing fair value of plan assets	**5,587,972**	**-**	**5,393,484**	**-**

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

The fair value of the plan assets can be allocated to the following categories:

(in thousands of Canadian dollars)		March 31, 2014			March 31, 2013		
		Quoted market price in an active market	Not quoted market price in an active market	Total	Quoted market price in an active market	Not quoted market price in an active market	Total
Fixed income	Cash and short-term investments	144,705	49,149	193,854	-	186,174	186,174
	Canadian bonds	-	2,332,195	2,332,195	-	2,467,601	2,467,601
Equities	Canadian	286,692	368,637	655,329	314,784	248,969	563,753
	Global	1,269,610	75,067	1,344,677	1,036,517	229,597	1,266,114
Strategic	Property	33,390	483,101	516,491	40,937	378,529	419,466
	Private investments	-	387,153	387,153	-	326,321	326,321
	Hedge Funds	-	117,459	117,459	-	129,852	129,852
Other	Derivatives	(550)	14,901	14,351	-	14,441	14,441
Total investment assets		**1,733,847**	**3,827,662**	**5,561,509**	**1,392,238**	**3,981,484**	**5,373,722**
Non-investment assets less liabilities				**26,463**			**19,762**
Fair value of plan assets				**5,587,972**			**5,393,484**

The fair values of the above fixed income and equity instruments are determined based on quoted market prices in active markets whereas the fair values of strategic investments and derivatives are not based on quoted market prices in active markets.

The actual return on plan assets was $384.1 million or 7.25% (2013 – 9.13%).

Amounts recognized in comprehensive income (loss) in respect to these defined benefit plans are indicated in the table below:

(in thousands of Canadian dollars)	**2014**	2013 (revised)
Current service cost	115,748	109,265
Administration fees (other than investment management fees)	5,300	5,020
Interest cost on defined benefit obligation	226,517	228,027
Interest income on plan assets	(212,490)	(213,334)
Remeasurements recognized in net results	(551)	(2,858)
Expense recognized in net results	134,524	126,120
Plus:		
Remeasurements recognized in other comprehensive income (loss)	(203,812)	(40,342)
Total amounts recognized in comprehensive income (loss)	**(69,288)**	**85,778**

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

Retained earnings include $179.9 million of cumulative actuarial gains as at March 31, 2014 (revised March 31, 2013 losses – $23.9 million).

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

(in thousands of Canadian dollars)	**2014**	2013 (revised)
Television, radio and new media services costs	129,143	121,075
Transmission, distribution and collection	4,036	3,784
Corporate management	1,345	1,261
Total	**134,524**	**126,120**

For the year ending March 31, 2014, the total expense related to employee benefits, which includes all salary and related costs, was $1,037.9 million (2013 revised – $1,039.2 million).

18. Bonds Payable

The Corporation, through its relationship with the Broadcast Centre Trust, guarantees the bonds payable with its rent payments for the premises occupied by the Corporation in Toronto. The Broadcast Centre Trust issued $400 million in secured bonds on January 30, 1997. The bonds are secured by the assets of Canadian Broadcasting Centre, which have a carrying value of $207.4 million (March 31, 2013 – $223.8 million). These bonds bear a fixed interest rate of 7.53% annually and require blended semi-annual payments of $16.5 million, which will require the following principal amounts:

(in thousands of Canadian dollars)		**March 31, 2014**		March 31, 2013
	Minimum payments	Present value of minimum payments	Minimum payments	Present value of minimum payments
Less than one year	33,039	21,101	33,039	20,578
Later than one year but not later than five years	132,155	59,916	132,155	55,647
More than five years	280,830	204,683	313,869	221,361
Less: future finance charges	(160,324)	-	(181,477)	-
Present value of minimum payments	**285,700**	**285,700**	**297,586**	**297,586**

Interest expense related to bonds payable included in current year's expenses and presented as finance costs is $21.2 million (2013 – $22.0 million).

Present value of minimum payments:

(in thousands of Canadian dollars)	**March 31, 2014**	March 31, 2013
Included in the Consolidated Statement of Financial Position as bonds payable:		
Current	21,101	20,578
Long-term	264,599	277,008
	285,700	**297,586**

19. Obligations Under Finance Leases

Obligations under finance leases include satellite transponders, mobile equipment and office equipment.

	Effective Interest rate	Ending Date
Transponder lease	6.80% per annum	February 2018
Mobile equipment lease	2.95% per annum	January 2016
Office equipment leases	2.57% - 2.97% per annum	October 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.

(in thousands of Canadian dollars)	**March 31, 2014**		March 31, 2013	
	Minimum lease payments	Present value of minimum lease payments	Minimum lease payments	Present value of minimum lease payments
Less than one year	14,311	11,743	14,024	10,906
Later than one year but not later than five years	36,926	33,676	50,233	44,447
Less: future finance charges	(5,818)	-	(8,904)	-
Present value of minimum lease payments	**45,419**	**45,419**	**55,353**	**55,353**

Interest expense related to obligations under finance leases and included in current year's expenses as part of finance costs is $3.1 million (2013 – $3.8 million).

Present value of minimum lease payments:

(in thousands of Canadian dollars)	**March 31, 2014**	March 31, 2013
Included in the Consolidated Statement of Financial Position as obligations under finance leases:		
Current	11,743	10,906
Long-term	33,676	44,447
	45,419	**55,353**

20. Notes Payable

The notes payable, held by the CBC Monetization Trust, a structured entity of the Corporation, mature in May 2027 and bear interest at an annual rate of 4.688%. 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% 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 investment in finance lease described in Notes 9 and 10.

Principal payments are scheduled as follows:

(in thousands of Canadian dollars)		**March 31, 2014**		March 31, 2013
	Minimum payments	Present value of minimum payments	Minimum payments	Present value of minimum payments
Less than one year	11,473	8,124	11,473	7,960
Later than one year but not later than five years	45,892	27,595	45,892	26,316
More than five years	97,520	79,335	108,993	86,733
Less: future finance charges	(39,831)	-	(45,349)	-
Present value of minimum payments	**115,054**	**115,054**	**121,009**	**121,009**

Interest expense related to notes payable and included in current year's expenses as part of finance costs is $5.5 million (2013 – $5.8 million).

Present value of minimum payments:

(in thousands of Canadian dollars)	**March 31, 2014**	March 31, 2013
Included in the Consolidated Statement of Financial Position as notes payable:		
Current	8,124	7,960
Long-term	106,930	113,049
	115,054	**121,009**

21. Revenue

The Corporation has recognized revenue from the following sources:

(in thousands of Canadian dollars)	**2014**	2013
Advertising	491,189	364,648
Subscriber fees	133,277	136,127
Building, tower, facility and service rentals	51,578	45,266
Production revenue	24,632	17,730
Digital programming	11,244	10,104
Retransmission rights	4,715	7,866
Program sponsorship	5,434	5,700
Other services	4,636	3,947
Total Rendering of services	**726,705**	**591,388**
Total Financing income	**8,759**	**10,339**
Contribution from the Local Programming Improvement Fund (LPIF)	25,705	37,507
Contra revenues other than advertising	6,136	6,050
Gain on foreign exchange rates	454	255
Net gain from fair value of financial instruments	71	526
Total Revenue	**767,830**	**646,065**

22. Finance Costs

The Corporation's finance costs include the following:

(in thousands of Canadian dollars)	**2014**	2013
Interest on bonds payable	21,153	21,999
Interest on notes payable	5,517	5,804
Interest on obligations under finance leases	3,141	3,843
Other non-cash finance costs	1,059	190
	30,870	**31,836**

23. Government Funding

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

(in thousands of Canadian dollars)	**2014**	2013
Operating funding		
Base funding	968,438	977,988
Additional non-recurring funding for programming initiatives	-	32,200
Compensation adjustment allocated from Treasury Board	18,705	-
Transfer to capital funding	(11,525)	(10,704)
Operating funding received	**975,618**	**999,484**
Capital funding		
Base funding	92,331	92,331
Transfer from operating funding	11,525	10,704
Capital funding received	**103,856**	**103,035**
Working capital funding	**4,000**	**4,000**
	1,083,474	**1,106,519**

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

(in thousands of Canadian dollars)	**March 31, 2014**	March 31, 2013
Opening balance	525,696	574,027
Government funding for capital expenditures	103,856	103,035
Amortization of deferred capital funding	(111,280)	(151,366)
Balance, end of year	**518,272**	**525,696**

24. 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 Canadian 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 2012—2013, 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.

25. Income Taxes

A. Income tax recognized in net results

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% (2013 – 25.00%) to accounting profit as follows:

(in thousands of Canadian dollars)	**2014**	2013
Income tax provision at federal statutory rate	(4,566)	(12,743)
Permanent differences	1,025	(2,747)
Increase resulting from adjustment to reflect the expected income tax payable in future periods in respect of taxable and deductible temporary differences	3,541	15,490
Income tax expense recognized in net results	-	-

The tax rate used for the 2014 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 consolidated financial statements as long as these specified operating conditions are met at the end of the reporting period.

25. Income Taxes (Continued)

B. Temporary Differences

(in thousands of Canadian dollars)	**2014**	2013
The sources of the deductible (taxable) temporary differences for which no deferred tax asset or liability was recognized were as follows:		
Accrued liabilities	38,039	40,830
Pension plan	61,961	193,329
Employee-related liabilities	136,609	150,506
Loss carry-forward	39,509	76,398
Long-term receivables and investments	13,174	16,870
Deferred income for tax purposes related to the sale of receivables	(46,539)	(48,969)
Property and equipment	(202,961)	(230,496)
Other	(15,841)	(5,910)

The loss carry-forwards will begin to expire in 2030.

26. Movements in Working Capital

(in thousands of Canadian dollars)	**2014**	2013
Changes in Working Capital are comprised of:		
Trade and other receivables	(92,589)	(7,016)
Programming	9,990	19,965
Merchandising inventory	498	56
Prepaid expenses	40,090	(24,193)
Accounts payable and accrued liabilities	10,071	(28,434)
Provisions	(18,840)	12,115
Deferred revenues	441	2,812
Pension plans and employee-related liabilities	2,390	4,955
	(47,949)	**(19,740)**

27. 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 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 leases, 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.

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

(in thousands of Canadian dollars)	**March 31, 2014**		March 31, 2013			
	Carrying values	Fair values	Carrying values	Fair values	Method[1]	Note
Financial instruments measured at fair value on a recurring basis:						
Derivative financial asset instruments						
Forward contracts	446	446	458	458	Level 2	(a)
Stock options	235	235	171	171	Level 2	(b)
Financial instruments measured at amortized cost:						
Promissory notes receivable (long-term)	45,961	52,416	48,250	56,743	Level 2	(c)
Investment in finance lease (long-term)	50,138	57,745	52,706	62,893	Level 2	(c)
Bonds payable (long-term)	264,599	346,602	277,008	381,053	Level 2	(d)
Obligations under finance leases (long-term)	33,676	35,597	44,447	47,881	Level 2	(d)
Notes payable (long-term)	106,930	116,740	113,049	128,009	Level 2	(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)

There have been no transfers between levels during the year ended March 31, 2014.

(a) The fair value is based on a discounted cash flow model based on observable future market prices.

(b) The estimated fair value is determined using an option pricing model whose key inputs include the closing price of the related shares, published Government bond rates and directly observable dividend yields.

(c) The fair values related to the various amounts receivable were determined using the expected future cash flows and discounted using published Government bond rates with similar terms and characteristics, adjusted by a factor 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 published Government bond rates with similar terms and characteristics, adjusted by a factor that reflects the Corporation's credit worthiness.

27. 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, 2013.

C. Categories of Financial Instruments

(in thousands of Canadian dollars)	**2014**	2013
Financial assets		
Fair value through profit or loss (FVTPL)		
Cash	61,974	51,459
Derivative financial instruments	681	629
Loans and receivables	325,289	234,874
Financial liabilities		
Other liabilities	507,051	514,808

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 minimize 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.

27. Financial Instruments (Continued)

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, 2013.

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:

(in thousands of Canadian dollars)			**March 31, 2014**			March 31, 2013
	$US	Euros	GBP	$US	Euros	GBP
Cash	2,579	245	178	4,182	295	190
Trade and other receivables	670	356	291	343	402	129
Accounts payable and accrued liabilities	(685)	(178)	(258)	(1,472)	(148)	(311)
Net exposure	**2,564**	**423**	**211**	**3,053**	**549**	**8**

Based on the net exposure as at March 31, 2014, and assuming all the other variables remain constant, a hypothetical 5% 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.

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. 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, 2014 (March 31, 2013 – nil). 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.

27. Financial Instruments (Continued)

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 an investment, 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 extending credit to 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. Credit exposure is controlled by counterparty limits that are reviewed and approved by senior management.

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, 2014 and March 31, 2013 is the carrying value of these assets.

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, 2014 and March 31, 2013, there was no individual customer with an account receivable balance that represented more than 5% of total advertising revenue. 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 $3.7 million at March 31, 2014 (March 31, 2013 – $3.6 million). See Note 6 for more information.

27. Financial Instruments (Continued)

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.

(in thousands of Canadian dollars)	**March 31, 2014**		March 31, 2013	
	Notional	Fair values	Notional	Fair values
Forward exchange contracts–$US[1]	10,628	446	12,288	458

1. The forward contracts rates are between 1.06110 and 1.06593 for forward contracts in US dollars and the maturity dates are between April 2014 and October 2014.

iv Promissory notes receivable and Investment in finance lease

The Corporation's promissory notes receivable and 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 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 Canadian dollars)	Carrying amount of liability at **March 31, 2014**	Contractual cash flows	Within 1 Year	2 to 5 Years	Over 5 years
Bonds payable	285,700	446,024	33,039	132,155	280,830
Notes payable	115,054	154,885	11,473	45,892	97,520
Finance lease – Transponders	40,465	46,115	12,030	34,085	-
Finance lease – Mobile equipment	3,091	3,171	1,730	1,441	-
Finance leases – Office equipment	1,863	1,951	551	1,400	-

27. Financial Instruments (Continued)

(in thousands of Canadian 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 leases – Office equipment	1,135	1,211	264	947	-

There are no expected future cash outflows related to the derivative financial instruments.

28. 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

(in thousands of Canadian dollars)	Rendering of services		Receipt of services		Pension contributions	
	2014	2013	**2014**	2013	**2014**	2013
Associate	3,047	3,484	-	34	-	-
Other related entities[1]	129	121	-	23	-	-
Corporate Pension Plan	-	-	-	-	61,305	61,190
	3,176	**3,605**	**-**	**57**	**61,305**	**61,190**

1. Transations with other related entities primarily relate to administration services provided to the Corporate Pension Plan.

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

(in thousands of Canadian dollars)	Amounts owed by related parties	
	March 31, 2014	March 31, 2013
Associate	379	351
Other related entities	8	-
	387	**351**

There are no amounts owing to related parties as at March 31, 2014 (March 31, 2013 – nil).

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.

28. Related Parties (Continued)

B. Other Transactions with Associate

There were no significant transactions with the Corporation's associate during the current or previous fiscal year other than the dividends received, as discussed in Note 14.

C. Transactions with Government-Related Entities

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

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

For the year ended March 31, 2014, the aggregate amount of the Corporation's significant transactions with other government-related entities amounted to $1.5 million of its rendering of services (2013 – $1.3 million) and $1.2 million of its purchase of goods and services (2013 – $1.3 million). There were no individually significant transactions during the year ended March 31, 2014 (2013 – 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.

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

(in thousands of Canadian dollars)	**2014**	2013
Short-term benefits[1]	4,001	3,755
Post-employment benefits[2]	1,541	1,291
Other long-term benefits[3]	104	50
Termination benefits[4]	-	609
	5,646	**5,705**

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 such as 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.

Members of the Board of Directors, except the President and CEO, receive meeting fees for 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 (2013 – $0.2 million). Additional data on meetings attended by Board members is provided in the section *Board of Directors Attendance* of the Annual Report.

28. Related Parties (Continued)

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.

29. 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 Consolidated Statement of Financial Position.

(in thousands of Canadian dollars)	**2014**	2013
Facilities management	239,269	277,604
Programming	80,334	220,703
Transmission distribution	41,222	46,108
Maintenance & support	41,101	28,970
Property and equipment	17,798	8,299
Other	36,221	43,771
	455,945	**625,455**

Future annual payments as of March 31 are as follows:

(in thousands of Canadian dollars)	**2014**	2013
Less than one year	156,995	243,356
Later than one year but not later than five years	238,070	273,413
More than five years	60,880	108,686
	455,945	**625,455**

29. Commitments (Continued)

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 45 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 Canadian dollars)	**2014**	2013
Less than one year	22,391	20,330
Later than one year but not later than five years	73,085	71,009
More than five years	60,420	69,621
	155,896	**160,960**

The amounts presented above include a total of $58.4 million (March 31, 2013 – $53.3 million) representing operating costs and property taxes payable. The payments recognized as an expense for minimum lease payments in 2014 amounted to $21.5 million (2013 – $20.6 million).

Included in the above amounts are lease payments to be made in the normal course of business in the amount of $4.0 million (March 31, 2013 - $5.1 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 96 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.

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

(in thousands of Canadian dollars)	**2014**	2013
Less than one year	10,848	9,340
Later than one year but not later than five years	35,062	27,989
More than five years	333,002	336,169
	378,912	**373,498**

In addition to the amounts presented above, the Corporation has receivables related to operating expenses and property taxes under building leases that total $162.8 million (March 31, 2013 – $162.6 million).

Included in the above amounts are lease payments to be received in the normal course of business in the amount of $6.3 million (March 31, 2013 – $2.6 million) from a related party including government-related entities.

30. Subsequent Events

On April 10, 2014, the Corporation announced its 2014—2015 budget. Faced with financial challenges, the Corporation announced immediate spending cuts of $130.0 million and a restructuring initiative to eliminate the equivalent of 657 positions over the next two fiscal years, with up to 573 positions affected in 2014—2015. The Corporation estimates its restructuring costs in connection with workforce reductions, comprising of severance, benefits continuation and outplacement services, will total approximately $33.5 million. These challenges may result in additional costs that are not determinable at this time.