



# Reporting Guide for the 2001 Annual Return for Broadcasting Distribution Licensee (Long Form)



This Reporting Guide is to assist in the completion of the Annual Return of "Broadcasting Distribution" Licensee (Form No. 5-4900-53.1).

## Survey Objectives

This survey collects data which are essential for the statistical analysis of the Broadcasting Distribution industry and its impact on the Canadian economy. The data have become very important to users, given the current interest in Telecommunications industries and their role in economic growth. The results of this survey will be published in Statistics Canada Catalogue number 56-205.

## Confidentiality Statement

This information is collected under the authority of the Statistics Act. Statistics Canada is prohibited by law from publishing any statistics which would divulge information obtained from this survey that relates to any identifiable business/institution/individual. The data reported on this questionnaire will be treated in confidence, used for statistical purposes and published in aggregate form only. The confidentiality provisions of the Statistics Act are not affected by either the Access to Information Act or any other Legislation.

## Agreements and Regulations

In order to avoid duplication and ease the burden on respondents, Statistics Canada has entered into the following data sharing agreements concerning this Broadcasting Distribution Survey:

- A. Under section 11 of the Statistics Act with the Quebec Bureau of Statistics for the sharing of information from this survey for broadcasting undertakings in Quebec. The Quebec Statistics Act includes the authority for the collection of this information and the same provisions for confidentiality and penalties for disclosure of information as the Federal Statistics Act;
- B. Under section 12 of the Statistics Act with the Canadian Radio-Television and Telecommunications Commission (CRTC) for all broadcasting undertakings in Canada. This information is required by the Commission under the authority of the Broadcasting Act and the regulations and conditions of licence thereunder. Statistics Canada is collecting the information on behalf of the Commission. The Commission will retain a copy of the questionnaire thus satisfying the requirements of the Broadcasting Distribution Regulations or conditions of licence for all broadcasters in Canada to provide this type of information to the Commission on or before November 30 of each year for the year ending on the previous August 31; and
- C. Under section 12 of the Statistics Act with the Federal Department of Canadian Heritage for all broadcasting undertakings in Canada, the Quebec Department of Communications for broadcasting undertakings in Quebec, and the Ontario Ministry of Economic Development and Trade for broadcasting undertakings in Ontario. The agreements we have with these agencies require that they keep the information confidential and only use it for statistical and research purposes. In the case of the agreements with these three agencies, respondents may object to the sharing of their information by giving notice in writing to the Chief Statistician and returning the letter of objection in a separate envelope addressed to: **Chief, Telecommunications Section, Science, Innovation and Electronic Information Division, Statistics Canada, Ottawa, Canada, K1A 0T6, Telephone: (613) 951-3177, Facsimile: (613) 951-9920.**

## Change of Ownership

When a change of ownership has been approved by the CRTC, within 90 days thereof, the former licensee will file with Statistics Canada a copy of an annual return covering the period of operations from September 1 to the day of transfer. The new licensee will file an annual return from the day of transfer to August 31. In some cases, the new licensee will file an annual return for the full broadcast year. In either case, the licensee should indicate on the return, which period they are filing.

## Completion of the Return

This Annual Return is to be completed by those persons licensed (ie: the "licensee") by the CRTC to operate a Class 1 terrestrial and/or Direct-to-home (DTH) and/or competing distribution undertaking(s) as set out in the Broadcasting Distribution Regulations. Class 1 licensees who also operate Class 2 and/or Class 3 undertakings must also complete pages 3,4,5 and 6 of the *Annual Return of Broadcasting Distribution Licensee (Short Form)* (Form No. 5-4900-379.1) for those systems and attach them to this Class 1 Annual return (see "Reporting Summary for Combined Systems" on page 5 of this Guide).

The reporting period to be covered by this Annual Return is the broadcasting year which is the 12-month period from September 1, 2000 to August 31, 2001.

Where a broadcasting distribution licensee operates one or more other types of licensed broadcasting undertaking(s), this Annual Return must be completed to report the specific results of each Class 1/DTH broadcasting distribution undertaking. Separate Annual Returns (eg: Television, Radio, Class 2/Class 3 cable, etc.) specific to the other undertakings must also be completed and are available from Statistics Canada at the address on page 2 of this guide.

In addition to this Reporting Guide, this Annual Return consists of five (5) sections:

- i) Section "1": pages 2 to 6 requests information specific to the licensee of the distribution undertaking reporting in section "2" and "3". Only one section "1" should be completed per Annual Return,
- ii) Section "2": pages 7 to 10 requests information relating to the provision of basic tier services. A separate section "2" must be completed for each system for which a licence is held,
- iii) Section "3": page 11 to 13 requests information related to the provision of non-basic services, non-programming and other services including exempt services. A separate section "3" **must** be completed for each system for which a license is held.



iv) "CRTC's Financial Contributions" Form: with exception of Class 3 licensees, all broadcasting distribution undertakings must complete this form.

v) "CRTC's Employment Equity" Form: all licensees must complete this form.

**Important:** If you are missing any part of this Reporting Guide or of the 13 pages Annual Return, or if the cover page's listing of undertakings is not consistent with your organizational structure, please contact Statistics Canada immediately at the address listed below.

Subject to (i) and (ii) below, please enclose three copies of the licensee's audited Financial Statements for the 12 month period ending August 31, 2001 and three completed copies of Section "1", "2" and "3" of this Return and one completed copy of CRTC forms:

i) subject to (ii) below, all licensees must file **audited** financial statements at the licensee level for the 12 months period ending August 31. (See the attached Appendix)

ii) other than licensees who are public companies, all licensees of cable undertaking having no single undertaking of more than 6000 subscribers at August 31, 2001 may, in lieu of audited financial statements, file non-audited financial statements at the licensee level for the 12 month period ending August 31. (See the attached Appendix)

The return is to be typed or legibly written. A postage paid addressed envelope is enclosed for your convenience. If you have any queries regarding this questionnaire, please contact the:

Chief,  
Telecommunications Section,  
Science, Innovation and Electronic Information Division,  
Statistics Canada,  
Ottawa, Canada, K1A 0T6. Telephone: (613) 951-3177, Facsimile: (613) 951-9920  
E-mail: daniel.april@statcan.ca

### **CRTC File Number and CRTC Undertaking Number**

The CRTC file number should be entered at the bottom of pages 2, 7 and 11. On pages 7 and 11 also enter the CRTC undertaking number so that these pages can be related to the broadcasting distribution license. This nine digit number has been pre-printed on the cover of the questionnaire. The CRTC licensee file number is the seven-digit number to the right of the word "CRTC File" on the cover page.

### **CRTC Licence Fees**

Licence fees are not to be remitted with this return but mailed directly to:

Director, Financial Operations  
The Canadian Radio-television and  
Telecommunications Commission,  
Ottawa, Ontario, K1A 0N2

**Enquiries pertaining to licence fees** should be referred to the above. Telephone: (819) 997-4384 or Fax: (819)-953-5107.

### **Definitions**

**Licensee** - A corporation, organization or person licensed by the CRTC to carry on a broadcasting distribution undertaking as set out in the Broadcasting Distribution Regulations.

**Broadcasting Distribution Undertaking** - includes cable distribution undertakings, direct-to-home (DTH) satellite distribution undertakings and radio communication distribution undertakings that provide a broadband, subscription-based service comparable to that provided by Cable distribution undertakings.

**Reporting unit** - The smallest unit capable of reporting revenue, expenses, profit and fixed assets used in operations. A reporting unit may consist of (a) a single broadcasting distribution undertaking or (b) a combination of broadcasting distribution undertakings systems operated as a single unit or entity.

**Basic tier service** - Means the services distributed by a licensee as a package and composed of programming services, the distribution of which is required by sections 17, 22, 32 or 37 of Broadcasting Distribution Regulations, or pursuant to a condition of its licence, and any other services that are included in the package for the basic monthly fee.

**Non-basic service** - Means a discretionary programming (pay and specialty), non-programming, or exempt programming service that is not included in the basic-tier service and that is distributed to subscribers on a discretionary basis for a fee separate from and in addition to the basic monthly fee.

**STV (subscription television) systems** - Broadcasting undertakings that use television transmitters to distribute, in scrambled form, television signals to subscribers.

## **SECTION "I" - LICENSEE (COMPANY) INFORMATION**

### **Page 3: Balance Sheet**

If not **incorporated** please supply details of Capital Account.

**Non-consolidated** financial statements should be used in the completion of this page. Where appraisal increases have occurred, they must not be included in fixed assets but shown separately on line 5.1.

- Line 1.4** "Other current assets" includes receivables (net), inventories, other prepaid expenses and current amounts due from associated companies.
- Line 3.1, 3.2 and 3.3** To report the historical cost, accumulated depreciation and net undepreciated capital cost of **ALL** fixed assets, broadcasting and non-broadcasting, owned and/or leased (capital) by the licensee that were in use at August 31, 2001. A licensee whose financial statements include the results of operations of more than the broadcasting distribution undertaking(s) reporting on this Annual Return, eg: a radio, television, MDS, DTH or other licensed programming undertaking(s), non-programming or non-broadcasting activity(s), must segregate and report the net fixed assets used or allocated for use in each particular activity on lines 3(a) to (e), as applicable. Fixed assets that were not in use at August 31, 2001 are to be reported on line 5.3.
- Line 7.3** "Other current liabilities" includes accounts payable and accrued income tax payable, dividends payable, unearned income, current portion long-term debt and current amount(s) due to associated companies.
- Line 8.3** "Other non-current liabilities" includes deferred income taxes and amount(s) due to associated companies.
- Line 10** "Total Shareholders Equity" includes preferred and common shares, retained earnings (accumulated deficit) at end of year (line 7, page 4) and other surplus.

## Page 5: Statement of Changes in Financial Position

- Line A.7** "Other" includes deferred income taxes, loss (gain) on disposal of fixed assets or investments.
- Line B.7** "Other" includes additions to investments, proceeds from the disposal of fixed assets or investments.

## Page 6: international Payments and Receipts

Business Services includes all commercial, financial, professional, technical, administrative and management services, royalties, patents, copyrights, advertising, commissions, salaries, insurance premiums and claims, equipment rentals, computer services and all other receipts from and payments to non-residents for services which are directly remitted or charged to accounts. Merchandise exports and imports, travel, freight and shipping transactions are to be omitted. All amounts are to be reported net of withholding taxes.

- Line 4.** The European Union, excluding the United Kingdom and France, consists of Austria, Belgium, Denmark, Finland, Germany, Greece, the Republic of Ireland, Italy, Luxembourg, the Netherlands, Portugal, Spain and Sweden.
- Line 6.** OECD (Organization for Economic Cooperation and Development) countries, excluding Japan, United States and European Union are: Australia, Czech Republic, Hungary, Iceland, New Zealand, Mexico, Norway, Switzerland, Turkey, Poland and Korea.

## SECTION "2" - SYSTEM INFORMATION (BASIC TIER ONLY)

### Basic Tier Services

Pages 7-10 are for the reporting of information relating to the provision of basic tier services. A separate Section 2 must be completed for EACH undertaking for which a licence is held.

Information related to non-basic services which include pay television, discretionary specialty programming, non-programming, and exempt programming services is to be reported in Section 3 and is not to be included in Section 2.

### Page 7: Financial Summary

- Line 1.1** "Direct subscribers" revenue is the annual total of fees received from customers subscribing directly to the basic tier. Include revenue from additional outlets. Do not include revenue for connection, disconnection, rentals, etc.
- Line 1.2** "Indirect subscribers" revenue is revenue received indirectly (i.e., from customers served by a bulk contract) through a third party such as a landlord, hotel or motel operator. Do not include revenue for connection, disconnection, rentals, etc.
- Line 1.3** "Connection" revenue is revenue for installing, disconnecting and re-connecting the service drop and additional outlets.
- Line 1.4** "Community channel sponsorship" revenue is revenue received from sponsorship messages distributed on the community channel. Revenue received from advertising channels (e.g. real estate services, classified ads), teleshopping channels and other non-programming services should be reported in Section 3.
- Line 1.5** "Other revenue" is all other distribution revenue (e.g. service charges, rental or lease of channel capacity) **related to the provision of basic-tier services and not credited to accounts previously noted.** Where a DTH/Multipoint distribution system (MDS) licensee owns or sells a subscriber receiving satellite dish/subscriber equipment, the associated "Rental" or "net sales" revenue should be included in "Other Revenue". Where any single source of "other revenue" exceeds 10% of the total amount entered on this line, please indicate the amount and the source.

### Expenses

- Line 2.1** "Programming" expenses should include those expenses attributable to acquiring, producing and preparing programs for those channels which the system originates (e.g. the community channel). Costs related to importing distant basic service signals (e.g. microwave costs) should not be reported here but included in line 2.2 "Technical" expenses.
- Line 2.2** "Technical" expenses should include those expenses attributable to providing and maintaining the technical facilities necessary to receive and deliver the basic service. Expenses relate to production (e.g. studio, mobile expenses) should not be reported here, but in line 2.1 "Programming".
- Line 2.3** "Sales and Promotion" expenses should include those expenses attributable to selling, advertising or promoting the basic service.

- Line 2.4** "Administration and General" expenses should include the salaries and wages of the system management, including those engaged in the accounting function.
- Line 3.1** "Operating Income (Loss)" is determined by subtracting total expenses, line 2.5, from total revenue line 1.6.
- Line 3.3** "Interest expense" should be allocated to the system in the same proportion as the system's annual depreciation is to the total depreciation.
- Lines 3.4, 3.5 & 3.6** "Investments, Interest and Incidental basic tier Income", "Amortization of Goodwill; start-up expense and other costs" and "Gain (loss) from disposal of fixed assets, investments, etc" should be allocated to the system according to G.A.A.P.
- Line 3.8** "Provision for income taxes" should be allocated according to G.A.A.P.

#### **Total Remuneration**

- Line 4.1** "Salaries and Wages" should include payments for regular hours worked, overtime, vacation and holidays, commissions paid to staff under the sales and promotion category, fringe benefits and director's fees.
- Line 4.2** "Average number of employees" should be the typical weekly average of full and equivalent part-time employees. Where there are part-time employees include them as equivalent full-time employees by calculating their work time in proportion to a typical full week's work.
- Line 4.3** "Fringe benefits" should include the taxable items shown on employees' T4 form such as profit sharing and bonus arrangements, the cost to the employer of providing retirement pensions to employees, whether or not under the Canada Pension Plan, Quebec Pension Plan or other government pension plans and the cost of providing benefits such as group medical, group life, unemployment insurance, workers' compensation and other employee benefits. Do not include the value of board and lodging or other payments in kind.

#### **Page 8: Operating Data: Basic Tier**

- Line 1.1** "Number of subscribers - Direct" should correspond to the total number of dwelling units billed directly by the licensee. Each dwelling unit to which the basic service is provided and for which the unit is billed directly for the service would be counted as one direct subscriber regardless of the number of additional outlets installed on the premises.
- Line 1.2** "Number of subscribers - Indirect" are subscribers such as the owner or operator of a hotel, hospital, nursing home or other commercial or institutional premises to which service is provided by a licensee. Each apartment in an apartment building where cost of basic service is included in tenant's rent would be counted as one indirect subscriber. Each hotel, hospital, nursing home or other commercial or institutional premises would be counted as one, regardless of the number of outlets (rooms) installed.
- Line 1.4** "Households in areas wired for cable - Individual houses" should include the total number of single family dwellings in the area served by cable whether or not the occupant of the house is a subscriber. The number reported should be credible with line 1.8, "Distribution cable".
- Line 1.5** "Households in area wired for cable - Multiple dwellings" should include the total number of apartments, row houses, condominiums, etc. (not the number of buildings) in the area served by cable regardless of whether or not the occupant of the dwelling unit is a subscriber.
- Line 1.7** "Total dwelling units in licensed area" should include the total number of dwelling units in the licensed area irrespective of whether these are passed by the undertaking's terrestrial or over-the-air distribution facilities. The number should include all households in the area (i.e. apartments plus other single dwellings). An over-the-air distribution undertaking should report the total number of dwelling units in its licensed area to which its signals are available irrespective of whether or not the household subscribes.
- Line 1.8** "Distribution cable" and "Main or trunk cable" should be reported in kilometres.
- Line 1.10** "Standard monthly fee for direct subscribers - Analogue" should be the maximum amount before taxes that the licensee charged and billed directly to subscribers (as at August 31) for a basic programming package. For Class 1 undertakings, indicate the amount authorized by the CRTC.
- Line 1.11** "Connection fee" (installation) should be the maximum amount before taxes that the licensee charged and billed directly to subscribers (at August 31) for a new installation of a basic programming package. The amount reported here should not include re-connections or moves.
- Line 1.12** "Re-Connect or move" should be the maximum amount before taxes that the licensee charged and billed directly to subscribers (at August 31) for re-connection or a move of a basic programming package. All new installations should be reported in on line 1.11.
- Line 1.13** "Channel capacity": Report the number of television channels the cable system is capable of distributing at August 31, whether or not the channel was actually utilized. For over-the-air distribution undertakings, report the total number of transmitters licensed at August 31, whether or not the transmitter was actually in operation.
- Line 1.14** "Number of channels in use": Report the number of cable television channels normally in use at August 31 which were actually used to deliver television program services. Include any locally-originated television services authorized. For over-the-air distribution undertakings, report the number of licensed transmitters normally in use to transmit a program service at August 31.
- Line 1.16.1** "Program Hours": State the typical hours per week of programming on the local channels, by source and type, for all programs originated by the system.
- Lines 1.16.3 & 1.16.4** "Number of volunteers" and "Number of volunteers trained" can be provided for each centre or on an average basis for all centres within a system provided that the basis used is indicated.

## Operating Expense Summary

### 1. Programming:

"Community programming", expenses should include only the direct and indirect expenses attributable to acquiring, producing and preparing programs for those channels which the system originates (e.g. the community channel). Costs related to acquiring distant basic service signals (e.g. microwave costs) should not be reported here but included in line 2.15, page 9 "Distant signal delivery".

**Line 1.1** "Direct expenses" Please refer to Financial Contributions to the Creation and Production of Canadian Programming form for a definition of **Direct expenses**. **\*\*\*Important\*\*\* Don't include depreciation expense.**

**Line 1.2** "Indirect expenses" Please refer to Financial Contributions to the Creation and Production of Canadian Programming form for a definition of **Indirect expenses**.

#### Lines 1.4a

#### & 1.4b

"Funding of Community Programming Expense" represent the funding sources of the community programming expenses on line 1.3. Where the totals of line 1.4a and 1.4b do not equal line 1.3 please provide a reconciliation explaining the difference. Where line 1.4b does not equal line 1.3, page 8, please provide a reconciliation explaining the difference.

**Line 1.5** "Other local special programming expenses (e.g. educational, ethnic, barker, etc.)" channels which is offered as part of the basic service package.

Broadcast news, stock market information and similar alphanumeric services are defined as non-programming services. As such, costs for these services must be reported in Section III of the Annual Return with other non-programming services.

**Important:** Programming Fund Contributions are to be reported on line 2.12 on Page 9 of the return.

## Page 9: Direct Operating Expense Summary

### Technical Expenses

**Line 2.1** "Rent/lease payments-distribution" includes satellite rental/lease cost for DTH licensees.

**Line 2.2** "System Powering" means electric utility costs of power the cable system.

**Line 2.4** "Asset based taxes" means taxes which may be assessed by provincial or municipal governments on a licensee's distribution system plant and/or subscriber drops.

**Line 2.14** "Affiliation payments" is the total amount due to program suppliers under the terms of the Program Affiliation Agreement, if carried on basic tier.

### Sales and Promotion

**Line 3.2** "Other" includes sales commission (non-staff) and re-allocation of head office costs.

## Page 10: Summary of Basic Tier Fixed Assets

**Line 5.** The cost related to the installation of new subscriber drops and devices and/or the rebuilding/replacement of existing ones are to be dealt with in all case as capital expenditures. This may not reflect the company's tax or corporate practice, but is required for uniformity of reporting by all licensees. These costs will include:

(a) where licensee makes his own installation, the costs for labour and material (electronic equipment, miscellaneous hardware and wire); and

(b) where the licensee engages a contractor or other agent to make the installation, the amount paid or payable to such agent.

The costs of disconnections and reconnections of existing subscriber drops and the cost of complete removal of the service from any premises should be treated as expenses of the year in which they are incurred. (Amounts received from the subscribers for original connections or for reconnections are to be included in the licensee's current income.)

## Tangible Operating and Capital Benefits

Tangible benefits are commitments made by a licensee to make certain expenditures which benefit the subscribers of a cable system. These commitments are documented in CRTC decisions with respect to a change of ownership or control of a cable system.

Tangible operating benefits should be included in expenses on Page 8 and 9. Tangible expenditures should be included in the fixed asset schedules.

All licensees with transfer of ownership benefit obligations during the 2001 broadcast year must provide a detailed accounting (see page 10) in this Annual Return showing all of the benefit expenditures included in this Return (detailed by category, eg: community programming, technical improvements, fixed asset expenditures, etc.) and reconciled with the benefit expenditures specified in the decision approving the ownership transaction. This reconciliation should be cumulative and indicate year-to-date amounts expended as well as the 2001 expenditures in each of the categories of capital, operating and grants/contributions, as applicable. (If there is insufficient space on page 10, please attach the information on a separate schedule).

## Reporting Summary for Combined Undertakings

Licensees of Class 1 undertakings who also operate Class 2 or 3 undertakings must file the operating results of these latter systems with this annual return as follows:

- i) subject to (ii) and (iii) below, all licensees of Class 2 and 3 undertakings must complete and attach pages 3,4 and 6 of the Annual Return of Broadcasting Distribution Licensee (Short Form) (Form No. 5-4900-379.1) to this Class 1 annual return for each licenced Class 2/3 undertaking, except that:
- ii) licensees may combine the operating results of their Class 3 undertakings (formerly Class 2 undertakings with fewer than 2000 subscribers or Part III licensee) that are located **within the same province** and submit a combined page 3 and a combined page 4 for Basic Services, a combined page 6 for Non-Basic Services and a detailed page 5 listing the Class 3 undertakings covered by the report.

- iii) Licensees may also combine the operating results of their MDS undertakings, not serving the same service area(s) as a Class 1 or 2 undertaking as long as the MDS undertakings are located within the same province.

As an example, a licensee operating a Class 1 undertaking, 1 MDS undertaking serving the same area as a Class 1 undertaking, five Class 2 undertakings and 10 Class 3 undertakings in the province of British Columbia, would file:

- a) sections 1,2,3,4 and 5 of this Long Form Annual Return (Form No. 5-4900-53.1) for the Class 1 undertaking,
- b) sections 2,3 and 4 of the Long Form Annual Return for the MDS undertaking serving the same service area as a Class 1 undertaking, and
- c) Sections 2,3 and 4 of the Short Form Annual Return for each Class 2 undertaking.
- d) a single page 3, a single page 4 and a single page 6 of the Short Form Annual Return reporting the combined operating results of the 10 smaller Class 3 undertakings along with a page 5 listing the 10 undertakings.

**It is important not to combine (a) the operating results of Class 3 undertakings with the operating results of the MDS undertakings, serving the same service areas as Class 3 undertakings, and (b) the operating results of systems from other provinces.**

**Important:** Total subscribers and revenues shown on the combined undertakings summary should equal total subscribers page 4, line 1.3; total basic revenue page 3, line 1.6 and non-basic revenue page 5, line 1.6 of the "short" form.

### **SECTION "3" - SYSTEM INFORMATION (pages 11-13) (NON-BASIC, EXEMPT AND NON-PROGRAMMING SERVICES)**

"Pages 11, 12 and 13 are for the reporting of: (a) the revenues, operating expenses and fixed assets related to discretionary services, including pay television services, specialty services, non-programming, exempt and other services, which are not carried as part of the basic service package as well as (b) the incremental revenues, operating expenses and fixed assets related to non-programming and exempt services carried as part of the basic service (c) supplementary information concerning digital television basic and non-basic services and (d) high speed Internet Access service.

The licensee is required to report the information for all such services carried on each undertaking, regardless of whether these services are marketed by the licensee company, or by another company.

#### **Page 11: System Information**

##### **Revenue**

**Line 1.1** "Subscription" should include revenue for pay television, decoders, specialty, non-programming, and other services which include exempt services (excluding revenue from converters).

##### **Expenses**

**Line 2.1** "Affiliation Payments" is the total amount paid to program suppliers under the terms of the Program Affiliation Agreement, for services not carried on Basic Tier.

**Line 2.2** "Technical" expense should include: (a) the operating expenses incurred to provide and maintain the technical facilities necessary to deliver the discretionary, non-programming and exempt services carried on the discretionary tier(s) and (b) the incremental operating expenses incurred to deliver the non-programming and exempt services carried on the basic tier.

**Line 2.3** "Sales and Promotion" expenses should include those costs attributable to selling and advertising and/or promoting non-basic services.

**Line 2.4** "Administration and General" should include those costs which relate only to the provision of non-basic services.

##### **Operating Income**

**Line 3.2** "Depreciation" is the depreciation expense related to: (a) historical capital cost of fixed assets in use at August 31, 2001 for the carriage of discretionary, non-programming and exempt services on a discretionary tier(s) and (b) the incremental capital cost of fixed assets in use at August 31, 2001 to carry non-programming and exempt services on the basic tier.

**Line 3.3** "Interest expense" is that portion of interest incurred in respect of financing discretionary, non-basic tier services.

**Line 3.7** "Net Income (loss) after taxes" (cell 18, column 4) should be combined for ALL systems and carried forward to page 5, line A.2.

##### **Other Financial Data**

**Line 4.6** Number of subscribers to discretionary (not included in the basic-tier service and that is distributed to subscribers for a fee separate from, and in addition to, the basic monthly fee) programming (pay and specialty), non-programming, or exempt programming service. A client that subscribes to more than one discretionary services (e.g. extended basic programming plus pay television) should be counted only once.

#### **Gross revenue from Exempt Programming and Non-Programming Services**

Gross revenue from exempt programming and non-programming services is defined as the total gross revenue, including any revenue from the rental of equipment related exclusively to the delivery of such services, that are earned directly or indirectly by a licensee or other entity, where the licensee and other entity are not dealing at arm's length within the meaning of section 251 of the Income Tax Act, for any cable-delivered service other than a programming service.

Exempt programming and non-programming services include all alpha-numeric services whether text-base services such as Broadcast News and Stock Market information, or revenue producing channels such as advertising and home shopping channels.

Gross revenue from exempt programming and non-programming services does not include revenue from installation, reconnections or converters related exclusively to the delivery of non-basic programming services.

Only exempt programming and non-programming revenue of the licensee or related entity from the delivery of such services on the licensed cable system is to be included. Financial statements for any related company should be submitted if not consolidated with the licensee.

An "infomercial" is defined as programming exceeding 12 minutes in length that combines entertainment or information with the sale or promotion of goods or services into a virtually indistinguishable whole. It may also involve the promotion of products mentioned in distinct commercial breaks within the infomercial programming itself.

### Allocation of Packaged Services to Non-Programming and Exempt Services

Where revenues are earned from the delivery of a discretionary service package containing both programming and non-programming/exempt services, revenues from the package are to be allocated to non-programming/exempt services using a formula based on the ratio of the number of non-programming/exempt services (channels) to the total number of programming and non-programming/exempt services offered in the package.

#### Total Non-Basic Revenue

Report the total non-basic service revenue from subscriptions or rental of equipment related exclusively to the delivery of non-basic services, net of any allocation of packaged service revenues attributed to non-programming /exempt services.

The **Total - Exempt and Non-programming revenue** (cell 33 at the bottom of page 11) must equal the sum of cells 26 and 46 on line 1.6 at the top of page 11."

## Page 12: Non-Basic Services

### 1. Subscriber and Affiliation Summary

**Line 7.** "Total affiliation payments " (line 2.26) should agree with cell 7, column 1 on page 11.

#### Digital Television

**Line 1.** "Number of subscribers - Direct" should report the number of direct subscribers, that pay directly to the licensee at standard rates for a digital programming package. The amounts reported in cell 01 should not exceed the amounts on lines 1.1 page 8 and 4.6 page 11.

**Line 2.** "Number of subscribers - Indirect" should report the number of indirect subscribers, these are units served by bulk contracts, for a basic digital programming package. The amount reported in cell 02 should not exceed the amount reported on line 1.2 page 8.

**Line 3.** "Standard monthly fee for direct subscribers - Digital" should be the amount before taxes that the licensee charged and billed directly to subscriber (at August 31) for a basic digital-programming package.

**Line 4.** "Total revenue - Digital (\$)" should include the revenue for digital programming. The amount in cell 04 should not exceed the amounts on lines 1.6 page 7 and 1.6 page 11.

#### Internet Access Service - Cable modem, satellite or MDS

**Line 1.** "Number of subscribers to high speed Internet access services" should report the number of subscribers to Internet access services with this company and its affiliate.

**Line 2.** "Revenues from high speed Internet access service" should be the amount before taxes that the licensee and its affiliates, charged and billed directly to the subscriber (at August 31) for an Internet access services.

## **APPENDIX**

### 1. Audited Financial Statements:

Licensees of cable undertakings having at least one undertaking with more than 6,000 subscribers as at August 31 of the annual return year being filed, must file audited financial statements along with the annual return.

### 2. Non-audited Financial Statements:

Although not subject to an audit by the licensee's external auditors, they must nevertheless be prepared in accordance with Generally Accepted Accounting Principles (G.A.A.P.)\* and be signed and dated by the licensee as follows:

"I, \_\_\_\_\_ (Name) \_\_\_\_\_ (Title)

am authorized to certify on behalf of \_\_\_\_\_ (Licensee)

that these financial statements have been prepared in accordance with Generally Accepted Accounting Principles (G.A.A.P.) and are true and complete in all respects to the best of my knowledge and belief.

\_\_\_\_\_  
(Signed) \_\_\_\_\_ (Date)

\* Where the statements have not been prepared in accordance with G.A.A.P., please indicate the areas involved and how you treated them.

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3. Licensees otherwise required to file audited financial statements and whose fiscal year end does not coincide with August 31 may, as an alternative to filing audited statements as at August 31, file non-audited financial statements at the licensee level for the 12 month period ending August 31 on which the licensee's auditor has performed a "Review Engagement" in accordance with section 8200 of the Canadian Institute of Chartered Accountant's handbook (the "C.I.C.A. handbook"). Licensees who elect to provide Review Engagement financial statements must also file, with their annual return, their audited financial statements for the most recently completed fiscal year ending immediately prior to the 31 August of the annual return being filed.
  4. Licensees otherwise required to file audited financial statements and whose statements are included in the audited consolidated statements of a Parent company may, where audited statements at the licensee level are not prepared, file financial statements as follows:
    - i) where the year-end of the Parent is August 31, file non-audited statements at the licensee level and the audited consolidated statements of the Parent both for the 12 month period ending August 31.
    - ii) where the year-end of the Parent is other than August 31, file non-audited financial statements at the licensee level for the 12 month period ending August 31 on which the licensee's auditor has performed a Review Engagement and the audited consolidated financial statements for the Parent company's most recently completed fiscal year ending immediately prior to the 31 August of the annual return being filed.