



Receiver General Manual

# Chapter 15

## Public Accounts Instructions 2004-2005

Last Update: 2005-02-16

Aussi disponible en français

**Receiver General Manual (RGM) – Chapter 15  
Version Tracking Summary Table**

**Please note:** Each time a chapter is revised and re-issued, a revision number is assigned and included in the table below. As a result, the previous version is canceled and replaced by the latest revision. Also presented in the table is a summary of the significant changes that relate to each revision. Vertical barring in the left-hand margin is used to identify changes in the latest version of a chapter only.

<b>Chapter Version</b>	<b>Version Date</b>	<b>Summary of Significant Chapter Changes</b>
Revision No. 2	2005-02-16	<p>This chapter has been revised to update the Public Accounts instructions. The notable changes include:</p> <ul style="list-style-type: none"> <li>• A new form TA5 for Deferred revenues has been added (section 15.3.3);</li> <li>• The presentation of Plate I-6 on Capital assets has been changed (section 15.3.8);</li> <li>• The sections on source and disposition of budgetary and non-budgetary authorities have been combined (section 15.4.2); and</li> <li>• Predrafted Form “B” (Programs by business line) will be prepared by the Receiver General (section 15.4.3).</li> </ul>
Revision No. 1	2004-04-27	<p>This chapter has been revised to update the Public Accounts instructions. The notable changes include:</p> <ul style="list-style-type: none"> <li>• In subsection 15.4.2, changes have been made to reflect the fact that for budgetary authorities, the Receiver General is now preparing Form “A” on behalf of departments and agencies;</li> <li>• In subsection 15.4.3, changes have been made to reflect the fact that for non-budgetary authorities, the Receiver General is now preparing Form “A” on behalf of departments and agencies. As not all non-budgetary information can be obtained from CFMRS, it is expected that departments and agencies provide the required information to the Public Accounts staff; and</li> <li>• In subsection 15.6.4, the due date for submitting the financial statements of revolving funds and departmental corporations has been changed from June 1, 2004 to June 15, 2004.</li> </ul>
Chapter 15 (initial)	2004-03-03	Initial version that replaces Receiver General Directive 2003-1.

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## 15.1 INTRODUCTION

The purpose of Chapter 15 is to provide departments and agencies instructions and guidance in preparing information for inclusion in the 2004-2005 *Public Accounts of Canada*.

### 15.1.1 Authority

Section 64(1) of the FAA requires the Receiver General to prepare the *Public Accounts of Canada* for each fiscal year. To meet this statutory responsibility, and in accordance with Section 65 of the FAA, the Receiver General requests information from departments and agencies. The principal vehicle to request such information is the Public Accounts Instructions (PAI), which includes instructions for the preparation of data for insertion in the *Public Accounts of Canada*.

### 15.1.2 Application and Procedures

This chapter applies to all departments and agencies named in section 15.2.4.

Departments and agencies must follow the instructions outlined in this chapter to prepare information for inclusion in the 2004-2005 *Public Accounts of Canada*.

Departments and agencies must submit their manuscripts to the Central and Public Accounts Reporting Directorate (CPARD) in accordance with the schedule of dates shown in section 15.2.5.

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## 15.2 GENERAL INFORMATION

### 15.2.1 Distribution of Chapter

This chapter is available in an electronic format (Acrobat (.pdf files)). A completely new edition of the Public Accounts Instructions (PAI) is issued annually. To access this chapter from the Publiservice Intranet, the URL address is: <http://publiservice.pwgsc.gc.ca/rg/text/recgen-e.html>.

A vertical line (revision bar) in the left-hand margin is used to identify important changes made to the previous edition. Specific information to assist users is included with each electronic version sent.

### 15.2.2 Points of General Interest

The information submitted by departments and agencies is very important for the timely production of the *Public Accounts of Canada*. It is essential that accurate and complete documents reach CPARD by the dates listed.

Departments and agencies unable to meet the deadlines must notify CPARD in writing, giving the reasons and the date by which the material will be submitted.

Points detailed elsewhere in this chapter, but often overlooked, are summarized below.

- The use of predrafted forms and plates is mandatory. The Central and Public Accounts Reporting Directorate (CPARD) will provide an electronic copy of each predrafted form, plate and other statement during the month of April.
- Departments must ensure that the amounts reported on the predrafted forms, plates and other statements agree with the Department's final trial balance submitted to the Receiver General (Financial Reporting Accounts, Authority Classification). This also applies to detailed information provided for inclusion in Volume III of the *Public Accounts of Canada* such as Court awards, etc.

### 15.2.3 Manuscript preparation

#### 01. Introduction

Please read the following instructions carefully before proceeding with the manuscript preparation and refer to these throughout the preparation process.

A manuscript consists of any statement required for the preparation of the *Public Accounts of Canada*. Most statements are covered by either a predrafted form or plate. CPARD will provide an electronic copy of each predrafted form, plate and other statement. A specific filename has been identified for each predrafted form, plate and other statement. Please use the identified filename at all times.

The use of predrafted forms and plates is mandatory to ensure uniformity and standard presentation. Predrafted forms and plates are distributed/transmitted annually separately along with specific instructions.

Examples of predrafted forms and plates are included as annexes to the related sections of this chapter to familiarize departments and agencies with the format and type of information requested. References to predrafted forms and plates for which related amounts occur are indicated below the said amounts to facilitate cross-referencing. If one amount is amended, please ensure that the corresponding figure, in the related predrafted form(s) and/or plate(s), is also modified.

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Any statement not covered by a predrafted form or plate is to be prepared using the latest *Public Accounts of Canada* format.

A completed return or a nil return is required for each statement.

#### 02. Predrafted forms

To facilitate the preparation of Volume II of the *Public Accounts of Canada*, certain statements are predrafted to include available information.

On the predrafted forms submitted by CPARD, complete and/or amend missing or invalid data where necessary.

Detailed instructions for the preparation of each predrafted form can be found in section 15.4 of this chapter.

#### 03. Plates

While the predrafted forms referred to in subsection 02 above designed individually for each department and agency with specific data for each one, most plates consist of blank forms with headings standard to all departments and agencies.

Detailed instructions for the preparation of each plate can be found in sections 15.3 and 15.5 of this chapter.

#### 04. Format, presentation and pagination

Instructions appear at the beginning of each electronic file.

When a “dash” is required, you must type <197> in the printed material.

Periods between initials (for names of persons) must be omitted and replaced by spaces. Periods and spaces for authorities such as Treasury Board (TB) or Privy Council (PC) must be omitted.

All manuscripts (plates, predrafted forms and other statements) must show the name of the department or agency.

#### 05. Authorities

For statutory items and other references to an act, the 1985 Revised Statutes must be quoted (except in a few cases where the authority is an act which was neither repealed nor consolidated), as well as subsequent acts and amendments. When referring to previous years' votes, the relevant Appropriation Act is to be stated (e.g. XYZ Vote L15, *Appropriation Act No. 2, 1974*).

#### 06. Comparative statements

In all comparative statements, previous year's figures must be adjusted for transfers of responsibilities and duties between ministries, votes, etc.

Amounts reported for Volume I as well as Volume II and Volume III must agree.

#### 07. Amending previous year's figures

If previous year's figures have been amended, one asterisk (\*) referring to the following phrase must be used: “Amends previous year's *Public Accounts of Canada*”.



### 08. Rounding of amounts

Where individual amounts are brought to a total, they must add to that total. An example of how amounts must be rounded is given below.

The adjustment is worked backwards from the grand total. The sub-totals must be rounded to the grand total then the details to the sub-totals. The method of rounding is:

- (a) round up if 50¢ or over;
- (b) drop cents if under 50¢.

Example of how amounts must be rounded:

<u>Actual amounts</u>		<u>Rounded amounts</u>	
\$	\$	\$	\$
208.78		209	
<u>556.55</u>	765.33	<u>556</u>	765
12.22		13	
<u>204.19</u>	216.41	<u>204</u>	217
20.46		20	
123.46		124	
<u>206.42</u>	<u>350.34</u>	<u>206</u>	<u>350</u>
	<u>1,332.08</u>		<u>1,332</u>

### 09. Submission of manuscripts

All accurate and complete original manuscripts must be submitted to CPARD by the established deadlines (see section 15.2.5 of this chapter). **Any amendment must be submitted on or before June 16 or immediately when a change is requested/approved by CPARD officers.** The electronic address to submit your manuscripts is: NCRPACD.CONTROL@PWGSC.GC.CA. The following documents must be submitted on hard copy:

- . Texts on Asset and Liability Accounts.
- . Contingent liability, plates I-11 and I-12.
- . Revolving funds financial statements.
- . Departmental corporations financial statements.

They must be forwarded to:

Director, Central and Public Accounts Reporting Directorate (CPARD),  
 Central Accounting and Reporting Sector (CARS),  
 Public Works and Government Services Canada (PWGSC),  
 Phase III, Core 13A2,  
 Place du Portage,  
 Ottawa, Canada,  
 K1A 0S5

Facsimile: (819) 956-5407

If an audit has been conducted during the year, a copy of each manuscript (original and amendments) must be provided to the Office of the Auditor General. Arrangements should be made with the departmental Auditor General representative to ensure that all manuscripts (originals and amendments) are submitted for audit at the same time they are forwarded to CPARD.

The consolidation work carried out by CPARD requires that manuscripts be submitted by the designated deadlines.

A return or a nil return is required for each statement (predrafted form, plate or other document).

#### 15.2.4 Departments and Agencies

The Government structure that will be used for reporting in the 2004-2005 *Public Accounts of Canada* is shown hereunder. It lists the departments and agencies for which information is required for inclusion in the *Public Accounts of Canada*:

##### Agriculture and Agri-Food

Department

\*Canadian Dairy Commission Program

Canadian Food Inspection Agency

Canadian Grain Commission

\*Farm Credit Canada Program

##### Atlantic Canada Opportunities Agency

Department

\*Enterprise Cape Breton Corporation Program

##### Canada Customs and Revenue Agency

Department

\*Canada Post Corporation Program

\*Royal Canadian Mint Program

##### Canadian Heritage

Department

\*Canada Council for the Arts Program

\*Canadian Broadcasting Corporation Program

\*Canadian Museum of Civilization Program

\*Canadian Museum of Nature Program

Canadian Radio-television and Telecommunications Commission

Library and Archives Canada

\*National Arts Centre Corporation Program

National Battlefields Commission

\*National Capital Commission Program

National Film Board

\*National Gallery of Canada Program

\*National Museum of Science and Technology Program

Public Service Commission

Public Service Staff Relations Board

Public Service Staffing Tribunal

Status of Women — Office of the Co-ordinator

\*Telefilm Canada Program

## Citizenship and Immigration

Department  
Immigration and Refugee Board of Canada

Economic Development Agency of Canada for the Regions of Quebec

## Environment

Department  
Canadian Environmental Assessment Agency  
Parks Canada Agency

## Finance

Department  
Auditor General  
\*Canada Deposit Insurance Corporation Program  
Canadian International Trade Tribunal  
Financial Consumer Agency of Canada  
Financial Transactions and Reports Analysis Centre of Canada  
Office of the Superintendent of Financial Institutions

## Fisheries and Oceans

Department  
\*Freshwater Fish Marketing Canada Program

Foreign Affairs and International Trade (Foreign Affairs)

Department  
Canadian International Development Agency  
\*International Development Research Centre Program  
International Joint Commission

## Governor General

## Health

Department  
Canadian Institutes of Health Research  
Hazardous Materials Information Review Commission  
Patented Medicine Prices Review Board

Human Resources and Skills Development

Department  
Canada Industrial Relations Board  
\*Canada Mortgage and Housing Corporation Program  
Canadian Artists and Producers Professional Relations Tribunal  
Canadian Centre for Occupational Health and Safety

Human Resources Development (Social Development)

Indian Affairs and Northern Development

Department  
Canadian Polar Commission

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**Industry**

- Department
- Canadian Space Agency
- \*Canadian Tourism Commission Program
- Competition Tribunal
- Copyright Board
- National Research Council of Canada
- Natural Sciences and Engineering Research Council
- Social Sciences and Humanities Research Council
- \*Standards Council of Canada Program
- Statistics Canada

**International Trade**

- Department
- \*Canadian Commercial Corporation Program
- \*Export Development Canada Program
- NAFTA Secretariat, Canadian Section

**Justice**

- Department
- Canadian Human Rights Commission
- Canadian Human Rights Tribunal
- Commissioner for Federal Judicial Affairs
- Courts Administration Service
- Law Commission of Canada
- Offices of the Information and Privacy Commissioners of Canada
- Supreme Court of Canada

**National Defence**

- Department
- Canadian Forces Grievance Board
- Military Police Complaints Commission

**Natural Resources**

- Department
- \*Atomic Energy of Canada Limited Program
- Canadian Nuclear Safety Commission
- \*Cape Breton Development Corporation Program
- National Energy Board
- Northern Pipeline Agency

**Office of Infrastructure of Canada****Parliament**

- The Senate
- House of Commons
- Library of Parliament
- Office of the Ethics Commissioner

## Privy Council

Department

Canadian Intergovernmental Conference Secretariat

Canadian Transportation Accident Investigation and Safety Board

Chief Electoral Officer

Commissioner of Official Languages

National Round Table on the Environment and the Economy

Security Intelligence Review Committee

## Public Works and Government Services

Department

## Solicitor General (Public Safety and Emergency Preparedness)

Department

Canada Border Services Agency

Canadian Firearms Centre

Canadian Security Intelligence Service

Correctional Service

National Parole Board

Office of Indian Residential Schools

Resolution of Canada

Office of the Correctional Investigator

Royal Canadian Mounted Police

Royal Canadian Mounted Police External Review Committee

Royal Canadian Mounted Police Public Complaints Commission

## Transport

Department

Canadian Transportation Agency

Transportation Appeal Tribunal of Canada

## Treasury Board

Secretariat

Canada School of Public Service (Canadian Centre for Management Development)

Public Service Human Resources Management Agency of Canada

## Veterans Affairs

Department

## Western Economic Diversification

\* From the Government's perspective and not from the Crown corporation's perspective.

### 15.2.5 Submission dates for manuscripts related to Volumes I, II and III of the *Public Accounts of Canada*

The submission dates for the manuscripts related to Volumes I, II and III of the *Public Accounts of Canada* are listed below:

#### Volumes I and II

<u>Plates, Predrafted Forms and Other Statements</u>	<u>Due Date</u>
Tables related to Public Sector Pensions' accounts (TA6a) applicable only to PS Superannuation, DND, RCMP, the Senate and House of Commons	May 18
Tables (Forms TA4, TA5, TA6 and TA9) and Texts on Asset and Liability Accounts	May 31
Capital leases (Plates I-2 and I-2a)	May 31
Contractual obligations (Plate I-3)	May 31
Accounts receivable (Plate I-5)	May 31
Capital assets and assets under capital leases (Plates I-6, I-6a and I-6b)	May 31
Contingent liabilities (Plates I-11 and I-12)	May 31
Summary of source and disposition of authorities (Predrafted Form "A")	May 31
Programs by business line (Predrafted Form "B")	May 31
Transfer payments (Predrafted Form "C")	May 31
Details of spendable amounts (Predrafted Form "D")	May 31
Budgetary revenues (Predrafted Form "E")	May 31

#### Volume III

<u>Plates and Other Statements</u>	<u>Due Date</u>
Financial statements of revolving funds (final)	June 14
Financial statements of departmental corporations (final)	June 14
Remissions of taxes, fees, penalties and other debts (Plate III-1)	June 14
Debts, obligations and claims written off or forgiven (Plate III-2)	June 14
Accountable advances (Plate III-3)	June 14
Losses of public money and property (Plates III-4, III-4a, III-4b, III-4c and III-4d)	June 14
Professional and special services (Plate III-6)	June 14

Acquisition of land, buildings and works (Plate III-7a)	June 14
Transfer payments (Plate III-9a)	June 14
Payments of claims against the Crown (Plate III-10)	June 14
Ex gratia payments (Plate III-11)	June 14
Court awards (Plate III-12)	June 14
Federal-provincial shared-cost programs (Plate III-14)	June 14
Commissions (Plates III-16 and III-16a)	June 14
Education costs (Plate III-17)	June 14
Return on investments (Plate III-20)	June 14
Travel expenses of ministers and parliamentary secretaries (Plate III-21)	June 14
Other statements	June 14

### 15.2.6 Inquiries

Requests for general information with respect to instructions included in this chapter must be directed to:

Jean-Daniel Hubert, Chief, Public Accounts Section - (819) 956-1847  
 Roger Fournier, Chief, Public Accounts Section - (819) 956-1844

Request for specific information, should be directed to:

<u>Area of responsibility</u>	<u>Contact</u>	<u>Telephone Number</u>
<u>Volume I</u>		
Asset and liability accounts	Lucie A. Bertrand	(819) 956-1853
	Hélène Couroux Audet	(819) 956-1852
Obligations under capital leases	Syed Faruq	(819) 956-1875
Contingent liabilities	Ralph Bickford	(819) 956-1877
	Paul Poulin	(819) 956-1854
Contractual obligations	Ralph Bickford	(819) 956-1877
Capital Assets and Assets under Capital leases	Jean-François Vernier	(819) 956-1861
<u>Volume II</u>		
Ministerial sections	Pauline Salvas/	(819) 956-5601
	Danielle Lorrain	(819) 956-1858

Programs by Business line	Tom Bryant Debbie Camp	(819) 956-2744 (819) 956-1903
External and internal revenues and expenses	Gaétan Lacasse Karen Brady	(819) 956-1869 (819) 956-1799
Non-budgetary statements	Syed Faruq	(819) 956-1875
<u>Volume III</u>		
Revolving funds	Isabelle Gariépy	(819) 956-1890
Departmental corporations	Roger Fournier	(819) 956-1844
Statements required by the <i>Financial Administration Act</i> :		
Remissions of taxes, fees, penalties and other debts	Monique Jaenicke	(819) 956-8551
Debts, obligations and claims written off or forgiven	Hélène Couroux Audet	(819) 956-1852
Accountable advances	Monique Jaenicke	(819) 956-8551
Losses of public money and property	Monique Jaenicke	(819) 956-8551
Accounts receivable	Isabelle Gariépy	(819) 956-1890
Professional and special services	Monique Jaenicke	(819) 956-8551
Acquisition of land, buildings and works	Jean-François Vernier	(819) 956-1861
Transfer payments	Monique Jaenicke	(819) 956-8551
Federal-provincial shared-cost programs	Jean-Francois Vernier	(819) 956-1861
Return on investments	Pauline Salvas	(819) 956-5601
Budgetary details by allotment	Danielle Lorrain	(819) 956-1858
Travel expenses of ministers and parliamentary secretaries	Lucie A. Bertrand	(819) 956-1853
Other sections	Monique Jaenicke	(819) 956-8551

**15.2.7 Abbreviations**

Alta	-	Alberta
ANCAFA	-	Accumulated net charge against the Fund's authority
BC	-	British Columbia
CARS	-	Central Accounting and Reporting Sector



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CICA	-	Canadian Institute of Chartered Accountants
CFMRS	-	Central Financial Management Reporting System
COA	-	Chart of Accounts
CPARD	-	Central and Public Accounts Reporting Directorate
CY	-	Current year
e.g.	-	exempli gratia (for example)
FAA (or FA Act)	-	<i>Financial Administration Act</i>
FIS	-	Financial Information Strategy
FRA	-	Financial reporting account
i.e.	-	id est (that is to say)
Man	-	Manitoba
NB	-	New Brunswick
NL	-	Newfoundland and Labrador
NS	-	Nova Scotia
NWT	-	Northwest Territories
NY	-	New year
Nun	-	Nunavut
Ont	-	Ontario
PAYE	-	Payables at year end
PC	-	Privy Council
PEI	-	Prince Edward Island
PSAB	-	Public Sector Accounting Board
PY	-	Previous year
Que	-	Quebec
Sask	-	Saskatchewan
TB	-	Treasury Board
TBAS	-	Treasury Board Accounting Standard
YT	-	Yukon Territory

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### 15.3 VOLUME I OF THE *PUBLIC ACCOUNTS OF CANADA*

#### 15.3.1 General

Volume I of the *Public Accounts of Canada* presents a summary analysis of the financial transactions of the Government.

Instructions to gather the necessary information from departments and agencies to prepare Volume I of the *Public Accounts of Canada* are outlined in this section.

#### 15.3.2 Revenues netted against expenditures

##### 01. Introduction

The Policy on Classification and Coding of Financial Transactions (Chapter 5-1), located on the *Treasury Board Site* at the following URL address: [http://www.tbs-sct.gc.ca/Pubs\\_pol/dcgpubs/TBM\\_142/5-1\\_e.asp](http://www.tbs-sct.gc.ca/Pubs_pol/dcgpubs/TBM_142/5-1_e.asp), presents a method of identifying and coding budgetary expenditures and revenues internal to the Government utilizing the object classification structure shown in Chapter 7 of the *Chart of Accounts* issued by the Receiver General. All budgetary expenditures and revenues (including revenues netted against expenditures) representing internal transactions to the Government of Canada accounting entity, are coded to government-wide objects within standard objects 01 to 12 and tax revenues and other revenues with Internal Indicator “I”. All revenues netted against expenditures are coded to government-wide objects within revenues netted against expenditures using Authority codes A5XX, B13X and A825. The Internal Indicator “I” allows for an identification of all internal budgetary transactions on a government-wide basis and is intended to solve the problem of double counting of these transactions at the object level. The detailed government-wide objects are included in Chapter 7 of the *Chart of Accounts* issued by the Receiver General, located at the following URL address: <http://www.pwgsc.gc.ca/recgen/gw-coa/0405/toc-e.html>.

In 2004-2005 the Authority codes D218 and E218 are eliminated and replaced by Authority code F218.

Table 3.6 of Volume I of the *Public Accounts of Canada* presents external expenses by type. The external revenues netted against expenditures included in objects of sub-categories 45, 46 and 48 and economic object 0184 with External Indicator “E” and Authority codes A5XX, B13X and A825 will be used by the Receiver General for the grossing-up of expenses in Table 3.6 “External Expenses by Type” and Summary Table 3 of the Volume II of the *Public Accounts of Canada*. The economic objects from 5000 to 8999 with Authority codes C, D and E are considered as revenues and should not be considered as revenues netted against expenditures, with the exception of economic object 7099 with Authority codes A5XX, B13X, and A825. We recommend that objects of sub-categories 45, 46 and 48 with Authority codes A5XX, B13X, and A825 be used to identify revenues netted against expenditures.

##### 02. Definitions

**Government body** — an organization which is part of the Government of Canada as an accounting entity, including a department, an agency and any other organization.

**Government of Canada** — as a reporting entity, the Government of Canada is defined as all the departments named in Schedule I of the *Financial Administration Act* (FAA); any division or branch of the Public Service of Canada set out in column 1 of Schedule 1.1 of the FAA; a commission under the *Inquiries Act* designated by the Governor in Council as a department for purposes of the FAA; the staffs of the Senate, the House of Commons and the Library of Parliament; any corporation named in Schedule II of the FAA, and any other entity which is owned or controlled by the Government and which is accountable to Parliament.

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Revenues netted against expenditures — includes revenues netted against expenditures, and expenditures recovered from other appropriations in accordance with Parliamentary authority.

External revenues netted against expenditures — represents a receipt or credit from a non-government body or from a non-budgetary account of a government body.

Internal revenues netted against expenditures — represents a credit to an expenditure account which is always represented by a corresponding charge to a budgetary expenditure of another government body. These are coded to sub-categories of objects 45, 46 and 48 and economic object 0184 with Internal Indicator “I” and Authority codes A and B. The transactions with organizations that are not part of the Government of Canada as an accounting entity, are not to be considered as internal transactions.

Internal Indicator “I” or External “E” — indicates whether revenues are external or internal to the Government of Canada.

### 03. Compliance with accounting directives

To meet the reporting requirements of this section, you may refer to Appendix 2 of Chapter 13 of the Receiver General Manual which enables the identification of Internals (“I”) and Externals (“E”) for each economic object to facilitate the analysis and the reporting of internal transactions. Compliance with Receiver General Directive 1992-4 is essential to clear the invalid and suspense economic objects at year end.

### 04. Manuscript preparation

The revenues netted against expenditures are now prepared by the Receiver General from information contained in your final trial balance submitted to CFMRS.

- departments and agencies must ensure that total CY and PY amounts reported in the “Details of Responsible Amounts” statement (Predrafted Form “D”) section 15.4.5, agree with objects of sub-categories 45, 46 and 48 and Authority codes A5XX, B13X and A825.

## **15.3.3 Tables and texts on asset and liability accounts**

### 01. Introduction

Information pertaining to assets and liabilities appears in the *Public Accounts of Canada*, Volume I, under the following sections:

- consolidated accounts;
- accounts payable and accrued liabilities;
- interest-bearing debt;
- cash and accounts receivable;
- foreign exchange accounts; and,
- loans, investments and advances.

Each of these sections includes summary and detailed tables showing gross transactions and/or year-end balances as well as texts for each account in the tables, either new or carried forward from March 31. Departments and agencies report these transactions and balances by Financial Reporting Account (FRA) broken down by authority codes (AUTH.) as described in the *Chart of Accounts* located at the following URL address:

<http://www.pwgsc.gc.ca/recgen/gw-coa/home-e.html>. In addition, supplementary statements such as audited financial statements of certain Funds and Accounts are also included.

N.B. “Other government business enterprises” are self-sustaining government business enterprises that are not considered Crown corporations within the meaning of the *Financial Administration Act*, but which are owned or controlled by the Government and ultimately accountable to Parliament through a Minister of the Crown for the conduct of their affairs.

## 02. Tables and texts (explanatory notes) preparation

### (a) Consolidated Accounts — Consolidated Specified Purpose Accounts (Form TA4)

#### **Table preparation:**

- submit the table showing each category of accounts (e.g. insurance accounts, etc.) and indicating for each account either new or carried forward from March 31:
  - the name of the account with applicable FRA and AUTH.;
  - the opening balance;
  - the revenues and other credits (external and internal transactions);
  - the expenses and other debits (external and internal transactions); and,
  - the closing balance.
- agree the opening balance of each consolidated account to the closing balance reported in the previous year’s (PY) *Public Accounts of Canada*.
- agree the opening and closing balances of each consolidated account to final trial balances as adjusted where necessary pursuant to Chapter 14 of the Receiver General Manual, Year End Timetable and Procedures 2004-2005, applicable to each organization located at the following URL address: <http://publiservice.pwgsc.gc.ca/rg/text/recgen-e.html>.
- indicate nil return on the form (if applicable).
- round amounts to the nearest dollar.
- refer to Annex A of this section for examples of presentation related to this table.

#### **Text preparation (explanatory notes):**

- submit a text for each account, including new accounts, reported in the main table showing:
  - authority establishing the account, where applicable (e.g. Vote and Appropriation Act number, section of an Act, agreement, etc.);
  - purpose of the account;
  - brief description and amount of each item represented by revenues and other credits, and expenses and other debits (where necessary);
  - liability accounts described in the texts (explanatory notes) showing a debit balance require an explanation within the texts (e.g. The debit balance in the account is the result of a processing delay and will be cleared in the new fiscal year.); and,
  - other information deemed necessary.
- refer to Annex B of this section for example of presentation related to texts.

### (b) Accounts Payable and Accrued Liabilities — Deferred Revenues (Form TA5)

N.B. As of 2003-2004, all information related to deferred revenues is presented in Section 5 (Accounts payable and Accrued Liabilities), Table 5.5 of Volume I.

**Table preparation:**

- submit a separate table for each category of accounts (e.g. Donation and bequest accounts, etc.) showing for each account either new or carried forward from March 31:
  - the name of the account with applicable FRA and AUTH.;
  - the opening balance;
  - the receipts and other credits (gross credits);
  - the payments and other charges (gross debits); and,
  - the closing balance.
- agree the opening balance of each liability account to the closing balance reported in the PY *Public Accounts of Canada*.
- agree the opening and closing balances of each liability account to final trial balances as adjusted where necessary pursuant to Chapter 14 of the Receiver General Manual, Year End Timetable and Procedures 2004-2005, applicable to each organization located at the following URL address:  
<http://publiservice.pwgsc.gc.ca/rg/text/recgen-e.html>
- indicate nil return on the form (if applicable).
- round amounts to the nearest dollar.
- refer to Annex A of this section for examples of presentation related to these tables.

**Text preparation (explanatory notes):**

- submit a text for each account, including new accounts, reported in the main tables showing:
  - authority establishing the account, where applicable (e.g. Vote and Appropriation Act number, section of an Act, agreement, etc.);
  - purpose of the account;
  - brief description and amount of each item represented by receipts and other credits, and payments and other charges (where necessary);
  - liability accounts described in the texts (explanatory notes) showing a debit balance require an explanation within the texts (e.g. The debit balance in the account is the result of a processing delay and will be cleared in the new fiscal year.); and,
  - other information deemed necessary.
- refer to Annex B of this section for example of presentation related to texts.

(c) Interest-Bearing Debt — Pension and other liabilities (Other liabilities, Form TA6 and Public Sector Pensions, Form TA6a)**Table preparation:**

- submit a separate table for each category of accounts (e.g. deposit and trust accounts, etc.) showing for each account either new or carried forward from March 31:
  - the name of the account with applicable FRA and AUTH.;
  - the opening balance;
  - the receipts and other credits (gross credits);
  - the payments and other charges (gross debits); and,
  - the closing balance.

- 
- agree the opening balance of each liability account to the closing balance reported in the PY *Public Accounts of Canada*.
  - agree the opening and closing balances of each liability account to final trial balances, as adjusted where necessary pursuant to Chapter 14 of the Receiver General Manual, Year End Timetable and Procedures 2004-2005, applicable to each organization located at the following URL address:  
<http://publiservice.pwgsc.gc.ca/rg/text/recgen-e.html>.
  - the tables must include accounts such as:
    - securities held in trust. This account is netted against the applicable deposit and trust account or other specified purpose account.
  - note that Form TA6a (Public Sector Pensions) applies only to the following departments or organization:
    - Public Service Superannuation
    - National Defence (DND)
    - Royal Canadian Mounted Police (RCMP)
    - The Senate
    - House of Commons
  - indicate nil return on the form (if applicable).
  - round amounts to the nearest dollar.
  - refer to Annex A of this section for examples of presentation related to these tables.

**Text preparation (explanatory notes):**

- submit a text for each account, including new accounts, reported in the main tables showing:
  - authority establishing the account, where applicable (e.g. Vote and Appropriation Act number, section of an Act, agreement, etc.);
  - purpose of the account;
  - brief description and amount of each item represented by receipts and other credits, and payments and other charges (where necessary);
  - liability accounts described in the texts (explanatory notes) showing a debit balance require an explanation within the texts (e.g. The debit balance in the account is the result of a processing delay and will be cleared in the new fiscal year.); and,
  - other information deemed necessary.
- refer to Annex B of this section for example of presentation related to texts.

(d) Loans, investments and advances (Form TA9)

**Table preparation:**

- submit a separate table for each category of accounts (e.g. Loans, investments and advances) showing for each account either new or carried forward from March 31:
  - the name of the account with applicable FRA and AUTH.;
  - the opening balance;
  - the payments and other charges (gross debits);
  - the receipts and other credits (gross credits); and,
  - the closing balance.

For the Department of Finance, the Department of Foreign Affairs and International Trade (Foreign Affairs), the Canadian International Development Agency and the Export Development Canada (Program), the balances and transactions of loans/subscriptions to each individual country/international financial institution/private organization must include, where applicable, total loans/subscriptions made under both budgetary and non-budgetary authorities.

The tables must include accounts such as:

- loan repayments (if applicable);
  - recorded uncollected interest. This account is netted against the applicable loan or advance account; and,
  - notes payable for international organizations. This account is netted against the applicable loan or subscription account.
- for Crown corporations:
- information on common shares, preferred shares and contributed surplus is no longer required on Form TA9. The modified equity method takes into account the value of this information.
- agree the opening balance of each asset account to the closing balance reported in the PY *Public Accounts of Canada*.
- agree the opening and closing balances of each asset account to final trial balances as adjusted where necessary pursuant to Chapter 14 of the Receiver General Manual, Year End Timetable and Procedures 2004-2005, applicable to each organization located at the following URL address:  
<http://publiservice.pwgsc.gc.ca/rg/text/recgen-e.html>.
- indicate nil return on the form (if applicable).
- round amounts to the nearest dollar.
- refer to Annex A of this section for examples of presentation related to these tables.

**Text preparation (explanatory notes):**

- submit a text for each account, including new accounts, reported in the main tables showing:
  - authority establishing the account, where applicable (e.g. Vote and Appropriation Act number, section of an Act, agreement, etc.);
  - purpose of the account;
  - CY authority affecting asset accounts (e.g. Votes authorizing loans, investments and advances);
  - limit of authority of the account (where applicable);
  - brief description and amount of each item represented by payments and other charges, and receipts and other credits (where necessary);
  - for loans and advances:
    - (i) the terms and conditions of repayment with applicable interest rates, repayment periods and maturity dates (see Annex C of this section). A repayment period represents the period between the date a loan or advance was originally made and its maturity date.
  - for asset accounts:
    - (i) amounts written-off to budgetary expenditures with applicable authority (e.g. Vote and Appropriation Act number, other legislation, etc.) as well as the fiscal year(s) in which these asset accounts were initially recorded; and,
    - (ii) described in the texts (explanatory notes) showing a credit balance require an explanation within the texts (e.g. The credit balance in the account represents an overpayment received in a previous year and will be cleared in the new fiscal year).

- for portfolio investments:
  - (i) Government equity interest in any enterprise other than a Crown corporation and other government business enterprises. The share capital outstanding which is owned by the Government must be disclosed (see Annex D of this section). This reporting requirement should not be restricted to Government's investments required through the use of non-budgetary authorities.

- for Crown corporations:
  - (i) texts (explanatory notes) are no longer required for common shares, preferred shares and contributed surplus.

— refer to Annex E of this section for examples of presentation related to texts.

N.B. - Tables such as Forms TA4 for consolidated specified purpose accounts, TA5 for deferred revenues, TA6 and TA6a for liability accounts and TA9 for asset accounts will be sent for completion in April. Forms TA4, TA5, TA6, TA6a and TA9 will include the name of the account, the Financial Reporting Account and authority code as well as the opening balance (if applicable) of each account. Please review, update and complete the supplied forms. Name of accounts, Financial Reporting Accounts and authority codes not listed on the forms must be inserted at the proper location.

- Explanatory notes will be sent in both official languages for completion in April. Please review, update and complete the supplied texts. All text pertaining to new accounts as well as changes to current accounts must be provided in both official languages. All changes must be made by hand and returned by fax at (819) 956-5407 upon completion. Please do not retype.

### 03. Exclusions

Avoid including any entries made in error and subsequently adjusted while reporting revenues and other credits and expenses and other debits, receipts and other credits and payments and other charges. Only transactions that increase and/or decrease asset and liability accounts must be included. Adjusting entries such as those to correct coding (the original and correcting entries) must be excluded.



DEPARTMENT OR AGENCY: XYZ

Form TA4

Consolidated Accounts — Consolidated Specified Purpose Accounts

Page 1 of 6

Account classification and name	Financial Reporting Account	Authority code	Revenues and other credits			Expenses and other debits		Closing balance
			Opening balance	External transactions	Internal transactions	External transactions	Internal transactions	
			\$	\$	\$	\$	\$	\$
Insurance accounts—								
Western Grain Stabilization Account.....	31212	L121	27,018,443	141,015	16,679			27,176,137
Less: interest-bearing loans.....	25414	L122	1,112,000,000					1,112,000,000
	<i>31211</i>		<i>(1,084,981,557)</i>	<i>141,015</i>	<i>16,679</i>			<i>(1,084,823,863)</i>
Employment Insurance Account.....	31211	L111	27,175,233,078	18,731,701,849	1,862,101,164	11,185,401,403	1,289,078,188	35,294,556,500
Ship-Source Oil Pollution Fund.....	31221	L211	295,522,359	14,028	16,578,930	7,306,163		304,809,154
Total insurance accounts.....			26,385,773,880	18,731,856,892	1,878,696,773	11,192,707,566	1,289,078,188	34,514,541,791
Other consolidated specified purpose accounts—								
Environmental Studies Research Funds....	31,231	L231	134,754		20,437		128,000	27,191
New Parks and Historic Sites accounts....	31236	L225	1,770,538	1,570,748	10,000,000	7,655,542	4,751,468	934,276
Total other consolidated specified purpose accounts.....			1,905,292	1,570,748	10,020,437	7,655,542	4,879,468	961,467
Endowment principal—								
Mackenzie King trust account.....	31224	L232	12,940,175	12,499,528		2,446,526	14,691,355	8,301,822
H.L. Holmes Fund .....	31224	M123	96,873	37,000				133,873
Total endowment principal.....			13,037,048	12,536,528		2,446,526	14,691,355	8,435,695
Total consolidated accounts.....			26,400,716,220	18,745,964,168	1,888,717,210	11,202,809,634	1,308,649,011	34,523,938,953

Form TA5

DEPARTMENT OR AGENCY: XYZ

Page 2 of 6

Accounts Payable and Accrued Liabilities—Deferred Revenues

Account Classification and name	Financial Reporting Account	Authority code	Opening balance	Receipts and other credits	Payments and other charges	Closing balance
			\$	\$	\$	\$
Deferred revenues—						
Industry—						
Radio spectrum licence fees.....	21510	F450	1,200,000	20,000	60,000	1,160,000
Other deferred revenues—Specified purpose accounts—						
Donation and bequest accounts—						
Endangered Species—Donations.....	23451	P423	104,112			104,112
Rideau Hall—Donations.....	23451	P424		82,500	75,000	7,500
Mounted Police Foundation.....	23451	P433	7,173	353,932	304,676	56,429
Total donation and bequest accounts.....			111,285	436,432	379,676	168,041
Endowment interest accounts—						
H.L. Holmes Fund.....	23451	P411		51,424		51,424
Queen’s Fellowship Fund.....	23451	P412	44,669	7,179		51,848
Total endowment interest accounts.....			44,669	58,603		103,272
Total other deferred revenues—Specified purpose accounts.....			155,954	495,035	379,676	271,313
Total deferred revenues.....			1,355,954	515,035	439,676	1,431,313

Form TA6

DEPARTMENT OR AGENCY: XYZ

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Interest-Bearing Debt — Pension and Other Liabilities — Other

Account classification and name	Financial Reporting Account	Authority code	Opening balance \$	Receipts and other credits \$	Payments and other charges \$	Closing balance \$
Deposit and trust accounts—						
Deposit accounts—						
Guarantee deposits.....	23211	N371	5,594,514	3,745,980	2,296,499	7,043,995
Less: securities held in trust.....	23214	N371	5,378,500	2,239,600	3,707,000	6,845,900
	<i>Italics</i>		<i>216,014</i>	<i>5,985,580</i>	<i>6,003,499</i>	<i>198,095</i>
Temporary deposits received from importers.....	23213	N372	3,373,558		634,805	2,738,753
Less: deposits in special bank accounts.....	23214	N372	3,373,558	634,805		2,738,753
	<i>Italics</i>			<i>634,805</i>	<i>634,805</i>	
Seized property—Cash.....	23212	N3A1	10,500,000	500,000		11,000,000
Total deposit accounts.....			<u>10,716,014</u>	<u>7,120,385</u>	<u>6,638,304</u>	<u>11,198,095</u>
Trust accounts—						
Scholastic awards.....	23223	P531	414,806	590,829	424,056	581,579
Estates fund.....	23223	P541	28,718	15,540	16,728	27,530
Total trust accounts.....			<u>443,524</u>	<u>606,369</u>	<u>440,784</u>	<u>609,109</u>
Total deposit and trust accounts.....			<u>11,159,538</u>	<u>7,726,754</u>	<u>7,079,088</u>	<u>11,807,204</u>
Other specified purpose accounts—						
Insurance and death benefit accounts—						
Returned soldiers' insurance fund.....	22614	N232	1,449,629	44,018	257,653	1,235,994
Veterans' insurance fund.....	22612	N233	24,542,303	979,521	1,937,035	23,584,789
Total insurance and death benefit accounts.....			<u>25,991,932</u>	<u>1,023,539</u>	<u>2,194,688</u>	<u>24,820,783</u>

Form TA6

DEPARTMENT OR AGENCY: XYZ

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Interest-Bearing Debt — Pension and Other Liabilities — Other

Account classification and name	Financial Reporting Account	Authority code	Opening balance	Receipts and other credits	Payments and other charges	Closing balance
			\$	\$	\$	\$
Pension accounts—						
Annuities agents' pension account.....	22633	N241	47,801	10,712	17,511	41,002
Locally-engaged contributory pension account.....	22632	N242	22,350,690	6,107,887	4,279,570	24,179,007
Total pension accounts.....			22,398,491	6,118,599	4,297,081	24,220,009
Other accounts—						
Net income stabilization account.....	23441	N702	1,546,170,060	720,359,947	638,584,024	1,627,945,983
Miscellaneous projects deposits.....	23441	P711	581,105	381,409	592,634	369,880
World Health Organization.....	23441	P765	101,635	34,765	12,377	124,023
Total other accounts.....			1,546,852,800	720,776,121	639,189,035	1,628,439,886
Total other specified purpose accounts.....			1,595,243,223	727,918,259	645,680,804	1,677,480,678

## ANNEX A

Form TA6a

DEPARTMENT OR AGENCY: XYZ  
Public Sector Pensions\*

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		CY	PY
		\$	\$
Opening balance.....	Solde d'ouverture.....	81,574,680,376	86,494,731,024
<b>RECEIPTS AND OTHER CREDITS—</b>	<b>RENTRÉES ET AUTRES CRÉDITS—</b>		
Contributions—	Cotisations—		
Government employees.....	Employés du gouvernement.....	21,416,935	119,651,710
Retired employees.....	Employés retraités.....	43,513,583	47,331,221
Public Service corporation employees.....	Employés des sociétés de la fonction publique.....	1,645,455	21,138,121
Employer contributions—	Cotisations patronales—		
Government.....	Gouvernement.....	51,145,083	207,710,680
Public Service corporations.....	Sociétés de la fonction publique.....	1,056,601	18,499,246
Transfers from other pension funds.....	Virements d'autres fonds de pension.....	30,199,675	11,545,247
Interest.....	Intérêts.....	6,887,142,785	7,652,287,530
		7,036,120,117	8,078,163,755
		88,610,800,493	94,572,894,779
<b>PAYMENTS AND OTHER CHARGES—</b>	<b>PAIEMENTS ET AUTRES DÉBITS—</b>		
Annuities.....	Rentes.....	3,433,214,119	3,273,397,466
Minimum benefits.....	Prestations minimums.....	12,258,850	12,948,394
Pension division payments.....	Partage des pensions.....	38,377,896	30,414,056
Pension—Transfer value payments.....	Pension—Paiements de la valeur de transfert.....	139,493,717	161,881,563
Returns of contributions—	Remboursements de cotisations—		
Government employees.....	Employés du gouvernement.....	2,132,695	4,240,528
Public Service Corporation employees.....	Employés des sociétés de la fonction publique.....	701,138	1,697,027
Transfer to other pension funds.....	Virements à d'autres fonds de pension.....	205,715,794	142,167,708
Transfers to Canada Post Corporation pension plan.....	Virements au régime de retraite de la Société canadienne des postes.....	4,181,784,000	1,235,000,000
Administrative expenses.....	Dépenses administratives.....	46,748,738	36,467,661
Actuarial liability adjustment.....	Redressement dû à l'évaluation actuarielle.....		8,100,000,000
		8,060,426,947	12,998,214,403
Closing balance.....	Solde de clôture.....	80,550,373,546	81,574,680,376

Note: The closing balance must agree to the applicable FRA 222XX.

\* This table applies only to Public Service Superannuation, DND, RCMP, the Senate and House of Commons.

ANNEX A

Form TA9

DEPARTMENT OR AGENCY: XYZ  
Loans, Investments and Advances

Page 6 of 6

Account classification and name	Financial Reporting Account	Authority code	Opening balance	Payments and other charges	Receipts and other credits	Closing balance
			\$	\$	\$	\$
Crown corporations—						
Loans and advances—						
Canada Mortgage and Housing Corporation—						
Housing.....	13122	G122	3,730,571,66		101,964,619	3,628,607,049
Real estate.....	13122	G122	79,740,555		13,771,770	65,968,785
Joint projects.....	13122	G122	1,080,521,29		41,088,330	1,039,432,963
Student housing projects.....	13122	G122	247,193,106		9,105,416	238,087,690
Sewage treatment projects.....	13122	G122	458,860,226		47,494,317	411,365,909
Assisted home ownership.....	13122	G122	28,859,514		4,286,920	24,572,594
			5,625,746,36		217,711,372	5,408,034,990
Other—						
Canada Lands Company Limited.....	13149	G124	35,441,381	26,417,969	24,307,037	37,552,313
Canadian Dairy Commission.....	13143	G122	55,441,000		55,441,000	
			90,882,381	26,417,969	79,748,037	37,552,313
Total Crown corporations.....			5,716,628,74	26,417,969	297,459,409	5,445,587,303
Other loans, investments and advances—						
Other—						
Canadian Forces housing projects.....	13353	H261	17,984,149	6,000,000	5,037,626	18,946,523
Construction of multi-purpose exhibition buildings.....	13341	H201	29,637,629	621,276	2,298,489	27,960,416
Personnel posted abroad.....	13312	H232	536,886	458,606	459,190	536,302
Seized Property Working Capital Account.....	13399	G241	3,000,000	100,000		3,100,000
Total other loans, investments and advances.....			51,158,664	7,179,882	7,795,305	50,543,241
Total loans, investments and advances.....			5,767,787,40	33,597,851	305,254,714	5,496,130,544

**EXAMPLES OF PRESENTATION RELATED TO TEXTS****CONSOLIDATED SPECIFIED PURPOSE ACCOUNTS (Form TA4)****Ship-Source Oil Pollution Fund**

This account was established pursuant to section 702 of the *Canada Shipping Act*, to record levy tonnage payments for oil carried by ships in Canadian waters. Maritime pollution claims, the fee of the Fund Administrator, and related oil pollution control expenses, are to be financed out of the Fund.

**DEFERRED REVENUE ACCOUNTS (Form TA5)****Endowments for health research**

This account was established by section 29 of the *Canadian Institutes of Health Research Act*, to record various endowments received from donors for the purpose of health research. The interest received is used for the payment of research grants.

**SPECIFIED PURPOSE ACCOUNTS — DEPOSIT AND TRUST ACCOUNTS (Form TA6)****Guarantee deposits — Oil and gas**

This account was established to record securities in the form of cash, notes, letters of credit and letters of guarantee which are required to be issued to, and held by the Government of Canada pursuant to a signed Exploration Agreement in accordance with section 74 of the *Canada Petroleum Resources Act*. These securities are a performance guarantee that the agreed exploration will be performed in the manner and time frame specified. Interest is not paid on these deposits.

**EXAMPLES OF PRESENTATION RELATED TO TEXTS****LOANS AND ADVANCES — TERMS AND CONDITIONS OF REPAYMENT (Form TA9)**

For all loans and advances, the terms and conditions of repayment, with applicable interest rates, repayment periods and maturity dates, must be disclosed in the applicable text.

Example: The loans bear interest at the rate of 10 percent per annum, and are repayable over 5 years, with the final instalment on December 31, 20XX.

In cases where loans and advances were made with different terms and conditions of repayment and/or different interest rates, repayment periods and maturity dates, it will then be appropriate to summarize and classify them into various categories.

Example: The terms and conditions of the loans, with their year-end balances, are as follows:

- (a) 30 year term, 7 year grace period, 3 percent interest per annum, with the final instalment on December 1, 20XX, \$100,000,000;
- (b) 35 year term, 5 year grace period, 6 percent interest per annum, with the final instalment on June 1, 20XX, \$5,000,000; and,
- (c) 50 year term, 10 year grace period, non-interest bearing, with the final instalment on October 1, 20XX, \$150,000,000.

In cases where repayment periods, maturity dates and/or interest rates vary to the extent that they cannot be categorized into classes, it will then be appropriate to summarize and classify them into various ranges.

Example: The terms and conditions of the loans, with their year-end balances, are as follows:

- (a) repayable over 1 to 3 years, bearing interest at rates from 8 percent to 10 percent per annum, with final instalments between July 1, 20XX and June 1, 20XX, \$1,000,000; and,
- (b) repayable over 4 to 10 years, bearing interest at rates from 5 percent to 7 percent per annum, with final instalments between October 1, 20XX and December 1, 20XX, \$2,000,000.



**EXAMPLES OF PRESENTATION RELATED TO TEXTS****PORTFOLIO INVESTMENTS****GOVERNMENT EQUITY INTEREST — DISCLOSURE OF SHARE CAPITAL OUTSTANDING (Form TA9)**

The disclosure of the share capital outstanding which is owned by the Government must include (where applicable):

- (a) description of the capital stock held by the Government including:
  - (i) the number of shares for each class, giving a brief description and the par value if any;
  - (ii) dividend rates on preferred shares and whether or not they are cumulative;
  - (iii) the existence of conversion provisions; and
  - (iv) details of changes during the year.
- (b) the amount paid for the share capital by class if possible; and
- (c) what percentage the shares held by the Government are of the total shares outstanding and the nature (privately or publicly) of ownership of the remaining outstanding shares. If publicly owned, the name(s) of the government(s) must be stated.

Example: The Government purchased 300 common Class A, no par value fully voting shares for \$300, and 100-6 percent non-cumulative, second preferred, \$100 par value share for \$10,000. This represents 30 percent of the common and 10 percent of the preferred shares outstanding. The balance of the outstanding shares is owned by the Government of Ontario.

**EXAMPLES OF PRESENTATION RELATED TO TEXTS****LOANS AND ADVANCES — CROWN CORPORATIONS (Form TA9)****ABC Corporation**

The Corporation was established by the *ABC Corporation Act*, to promote the construction of new houses, the repair and modernization of existing houses, and the improvement of housing and living conditions in Canada.

**Loans and advances**

Loans have been made to the Corporation for capital and operating expenses. During the year, additional loans were authorized by XYZ Vote L65b, *Appropriation Act No. 3, CY*.

The loans bear interest at the rate of 10 percent per annum, and are repayable over 5 years, with the final instalment on December 31, 20XX.

**OTHER LOANS, INVESTMENTS AND ADVANCES (Form TA9)****Parolees**

Loans have been made to parolees and individuals under mandatory supervision, to assist in their rehabilitation.

The total amount authorized to be outstanding at any time is \$50,000.

The loans are non-interest bearing and are repayable before the expiration of the parole period, or within one year from the date the loans were made, whichever period is the shorter. The repayment of a loan or any part thereof may be forgiven by the Solicitor General, if certain conditions are met.

During the year, loans totalling \$4,000 were written off pursuant to Department XYZ Vote 60b, *Appropriation Act No. 3, CY*.

### 15.3.4 Obligations under capital leases

#### 01. Introduction

On occasions, departments, agencies and consolidated Crown corporations use capital lease arrangements rather than construction or outright purchase to acquire land, buildings and equipment. A capital lease is a lease that, from the view of the lessee, transfers substantially all of the benefits and risks incident to ownership of a property to the lessee. The outcome is just as if the lessee obtained a loan from the lessor and used the proceeds to purchase the leased asset. When an asset is leased under a capital lease, the lessee records the asset as if it has been purchased and also records a liability equal to the present value of the minimum lease payments. In most cases, this amount approximates the fair value of the leased asset, which gives rise to significant payments over a period of time and generally, at their conclusion, results in ownership of the leased asset. Such lease payments consist of a reduction in the lease obligation, a financing cost (interest expense), and any executory cost. Adequate disclosure of these lease obligations is required in the *Public Accounts of Canada*.

Formal definitions of the components of a capital lease are found in subsection 07. There are other terms or labels in use to identify leasing agreements which may cause confusion between a capital lease and other leases, especially operating lease. To overcome such confusion, a list of attributes of capital lease and operating lease has been presented in subsection 08.

#### 02. Purpose

The purpose of this section is to advise reporting organizations of Receiver General requirements for reporting capital lease liabilities. The reporting requirements for assets under capital leases are found in section 15.3.8 of this chapter.

#### 03. Authority

The authority for this section is contained in sections 63, 64 and 65 of the *Financial Administration Act* (FAA) which sets out the statutory responsibilities of the Receiver General for keeping the accounts of Canada, and preparing the *Public Accounts of Canada*. This authority also requires the appropriate Ministers to provide the Receiver General with information for those purposes.

#### 04. Disclosure

Summarized information on capital lease arrangements is disclosed in a note to the audited financial statements of the Government. Further details are presented in Volume I of the *Public Accounts of Canada*.

#### 05. Application

The section of obligations under capital leases applies to all organizations which are part of the Government of Canada accounting entity and includes the gathering of information for liabilities under capital lease arrangements related to buildings, land and equipment, both within Canada and internationally.

The reporting requirements for consolidated Crown Corporations are found in the RGD "Instructions for the reporting of the results and financial position of Crown Corporations and other government business enterprises", located at the following URL address: <http://publiservice.pwgsc.gc.ca/rg/text/oldrg-e.html>.

#### 06. Materiality

Effective April 1, 2001, departments are recording the liabilities related to capital lease arrangements. As a result, there is no longer a materiality threshold for reporting as the disclosure in the notes must agree with the amount reported in the Statement of Operations and Net Assets (Liabilities).

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## 07. Definitions

Accounting date — means the fiscal year end of the Government - March 31.

Capital lease — a lease that, from the point of view of the Government, transfers substantially all the benefits and risks incident to ownership of the asset to the Government.

Economic life of the leased asset — the estimated remaining period measured from the lease inception date during which the asset is expected to be economically usable with normal repairs and maintenance, for the purpose for which it was intended at the inception of the lease and without limitation by the lease term.

Government of Canada — as an accounting entity, the Government of Canada is defined as all the departments named in Schedule I of the FAA; any division or branch of the Public Service of Canada set out in Column 1 of Schedule 1.1 of the FAA; a commission under the *Inquiries Act* designated by the Governor in Council as a department for purposes of the FAA; the staffs of the Senate, the House of Commons and the Library of Parliament; and, any corporation named in Schedule II of the FAA.

Residual value of the leased asset — the estimated fair value of the leased asset at the end of the lease term.

The following definitions provide for the identification and calculation of the amounts to be reported in sequence on Plate I-2.

Inception or renewal date of the lease — the effective date a lease arrangement is signed by the parties to the lease transaction and includes the principal terms of the lease. This will usually coincide with the date that payments on the agreement begin and the premises are ready for occupancy, or equipment is available for use.

Where a contract for a capital lease is signed well in advance of the actual date at which the asset will come into the full possession of the lessee the capital lease should be reported as a contractual obligation (section 15.3.6 of this chapter) and not under this section. In this case, the agreement remains a contractual obligation until the criteria are met to record the asset and liability in the accounts of Canada. (i.e. the risks and benefits of ownership have been transferred to the department).

In the event an existing capital lease is renewed with revised terms affecting one or more of the terms negotiated in the past, the calculation of interest rate implicit in the lease and the annual payment schedule should be based on the revised stipulations. Consequently, “the inception date”, “lease terms in years”, etc. will change according to the renewed terms and conditions.

Departments, agencies and consolidated Crown corporations using capital lease arrangements, should keep records of historical inception dates and the fair value at inception which may be needed in the future for evaluation and appraisal purpose.

In case additional assets are leased under an existing contract, each addition should be regarded as a new lease under the existing contract. Its inception date is the date when the asset is acquired irrespective of the date of the contract. All other components (fair value, lease term, minimum lease payment and purchase option price) should also be shown separately.

Lease term — the fixed irrevocable period of the lease plus:

- (i) all periods for which failure to renew would impose on the Government a penalty sufficiently large that renewal appears, at the inception of the lease, reasonably assured;

- (ii) all periods covered by bargain renewal options during which the Government has undertaken to guarantee the lessor's debt related to the leased property;
- (iii) all periods covered by bargain renewal options preceding the date on which a final purchase option is exercisable; and
- (iv) all periods representing bargain renewals or extensions of the lease at the lessee's option.

The lease term is normally the same as the term of the lessor's amortization of capital as used in the computation of the annual lease payments and will be the period between inception or renewal date and final purchase option.

The lease term is considered to be irrevocable and cancellation is possible only:

- (i) upon the occurrence of some unlikely contingency; or
- (ii) with permission of the lessor; or
- (iii) upon the Government entering into a new lease for the same or equivalent property with the same lessor; or
- (iv) upon payment by the Government of a penalty sufficiently large that continuation of the lease appears, at the inception of the lease, reasonably assured.

Fair value of the leased asset — the price for which the leased asset could be sold in an arm's-length transaction, at the inception of the lease, or on the date when a capital lease arrangement is renegotiated for the revised payments to the lessor.

- (i) When the lessor is a manufacturer or dealer, the fair value of the asset at the inception of the lease will usually be its normal selling price, reflecting any volume or trade discounts that may be applicable.
- (ii) When the lessor is not a manufacturer or dealer, the fair value of the asset at the inception of the lease will usually be the lower of manufacturer list price or the lessor's selling price, reflecting any volume or trade discounts that may be applicable. However, when there has been a lapse of time between the date of acquisition of the property by the lessor and the inception of the lease, the determination of fair value would be made in light of market conditions prevailing at the inception of the lease.
- (iii) When the lease is for a building, the fair value would be an appraisal value accepted at the inception of the lease.

This fair value will not change for reporting purposes throughout the term of the lease. It must always be equal to the present value of all lease payments, including the bargain purchase option and excluding executory costs.

Minimum lease payments — from the point of view of the Government, minimum lease payments comprise:

- (i) the minimum rental payments and cost of bargain purchase option (if any) called for by the lease over the whole lease term;
- (ii) any penalty required to be paid by the Government for failure to renew or extend the lease at the end of the lease term; and.

- (iii) any partial or full guarantee, by the lessee or a third party related to the lessees, of the residual value of the leased property at the end of the lease term. When the lessee agrees to make up a deficiency in the lessor's realization of the residual value below a stated amount, the guarantee to be included in the minimum lease payments would be the stated amount rather than an estimate of the deficiency to be made up.

On rare occasions, executory costs may be included in the payment plan. They are to be excluded from the minimum lease payments figure which is used to determine the implicit interest rate.

Bargain (final) purchase option (BPO) — a provision allowing the Government at its option, when the option becomes exercisable to purchase the leased asset for a price which is sufficiently lower than the expected fair value of the asset, that exercise of the option appears, at the inception of the lease, to be reasonably assured.

Executory costs — costs related to the operation of the leased property (e.g. insurance, maintenance cost and property taxes). These costs are usually paid separately, but may alternatively be included in the lease payments. The purpose here is to exclude them from the net commitment if they are included in the payments. Executory costs must be excluded from the total minimum payments when calculating imputed interest.

Interest rate implicit in the lease — the discount rate that, at the inception of the lease, causes the aggregate present value of the total minimum lease payments to be equal to the fair value of the leased asset at the inception of the lease, or on the date when a capital lease arrangement is renegotiated for the revised payments to the lessor.

Imputed interest — the amount of interest deemed to be included in the total minimum lease payments is based on the negotiable value of the property, the payment term and the implicit interest rate.

Net obligation under capital leases — the remaining lease payments less the imputed interest.

#### 08. Characteristics of Capital Lease and Operating Lease

Capital leases between a lessee and lessor are recorded in a department's accounts similar to a purchase - sale transaction, since substantially all the benefits and risks of ownership will effectively be received by the lessee.

Guidance on evaluating whether a lease is capital or operating can be found in Treasury Board Accounting Standard (TBAS) 3.1 - Capital Assets located at the following URL address:

[http://www.tbs-sct.gc.ca/Pubs\\_pol/dcgpubs/accstd/capasset\\_e.asp](http://www.tbs-sct.gc.ca/Pubs_pol/dcgpubs/accstd/capasset_e.asp) and the FIS Accounting Manual, located at the following URL address: [http://www.tbs-sct.gc.ca/Pubs\\_pol/dcgpubs/accstd/fisam-messif-0701\\_e.asp](http://www.tbs-sct.gc.ca/Pubs_pol/dcgpubs/accstd/fisam-messif-0701_e.asp). Further guidance can be found in the Public Sector Accounting Board (PSAB) Guideline #2, which interprets and applies to Canadian government entities the accounting direction provided in Canadian Institute of Chartered Accountants (CICA) Handbook Section 3065.

In contrast to capital leases, operating leases do not have the characteristics of a purchase - sale transaction. Operating leases merely give the lessee the right to use the leased asset for the time period covered by the agreement. That is, the lessee does not acquire an ownership interest in the leased property and the risks of ownership remain with the lessor.

When a lease is identified as an operating lease, the lessee's obligation to make future payments is not recorded as a liability, the leased assets do not appear on the Statement of Financial Position, and the lease payment is charged to expenses.

### 09. Manuscript preparation

Capital leases with a minimum lease payments as at March 31 in excess of \$1 million per agreement, must be reported individually on the plates. All other capital leases should be grouped together as “other capital leases” and be presented in one aggregate line. As a result, the only columns with entries for this line will be “Total estimated remaining minimum lease payments”, “Less imputed interest” and “Net obligations under capital lease arrangements”.

Departments and agencies must:

- use Plates I-2 and I-2a for reporting. Sample plates are included as Annexes A and B of this section.

The column headings of Plates I-2, I-2a are explained below under AMOUNTS TO BE REPORTED.

- indicate nil returns on the plates (if applicable).
- round amounts to the nearest thousand dollars.
- report data as requested under AMOUNTS TO BE REPORTED.

### 10. Amounts to be reported

Please note that Public Works and Government Services is responsible for reporting capital leases it has negotiated or managed. Departments are responsible for reporting capital leases that they have negotiated or managed.

Note: As the calculations presented in this section are of a complex nature, advice in interpreting or applying them to your department's or agency's particular case(s) should be obtained from the responsible officer of the Public Accounts Section (see section 15.2.6).

#### Plate I-2 - Capital leases

The amounts to be reported on Plate I-2 involve the following aspects of the Government's liability for each capital lease:

- Identification of capital lease. Identify the equipment by specific type. Describe a building by name and location. Describe land by location and, if applicable, the building to which it is related.
- Inception date and the lease term. Care should be taken to record the lease term according to the definition. Capital leases may have purchase options exercisable at interim dates during the term. However, because of their cost, it is unlikely that they will be exercised. Therefore, the bargain purchase option will usually be the one which is acceptable because of its “bargain” price. Thus the lease term is always the same as the amortization term used to calculate the annual payment. This means that because of renegotiation, the lease terms may vary and thus the renegotiated terms form the basis for the calculation of annual payment and the implicit interest rate.
- Fair value of leased property at inception date. The amount of the net commitment at the inception of the lease is equal to the acquired asset's fair value at the inception of the lease. The asset's fair value or the amount of the net commitment, recorded at the beginning of the lease term, would also be equal to the present value of the minimum lease payments, which by definition includes the bargain purchase option and excludes payments relating to executory costs. This value will not change throughout the term of the lease and must be used as the one unchangeable constant in the calculation of imputed interest.

- (d) Total estimated minimum lease payments, including bargain purchase option. This figure is the sum, at inception, of the total payments over the full term of the lease, including the value of a bargain purchase option, if any. When these total payments are subject to change upon future renewals, the present rate of payment should be used and extended forward. For reporting purposes, the present circumstances are assumed to continue when future changes are undeterminable.

This amount will not include executory costs. The amount of the bargain purchase option which is included must be noted on the plate.

- (e) Final purchase option price included in total estimated minimum lease payments. Include here the bargain price to acquire the asset at end of term.
- (f) Implicit interest rate percentage. This is the discount rate that results in the net present value of the minimum lease payments being equal to the fair value of the leased property. This rate represents the lessor's rate of return on the lease and is sometimes specified in the lease. If the rate is not known, it can be calculated using present value tables.
- (g) Total estimated remaining minimum lease payments. This amount is the total commitment outstanding at March 31, including the price of a bargain purchase option.

#### Example with no BPO

- . 35-year lease, \$3,500 due at the beginning of each year (annuity due basis).
- . Fair value of the asset at the inception of the lease is \$40,000

First, we need to solve for present value of the annuity due of 1 factor, Pd:

$$\begin{aligned} \$3,500 \times Pd_{35i} &= \$40,000 \\ Pd_{35i} &= \$40,000 \div \$3,500 \\ Pd_{35i} &= 11.43 \end{aligned}$$

By looking at the present value of an ordinary annuity table, we see that the present value factor of 11.43 for a 35-year period falls between 9 percent and 10 percent.

$$\begin{aligned} 9 \text{ percent} &= 11.51784 \\ 10 \text{ percent} &= 10.60858 \end{aligned}$$

Using interpolation,

$$\frac{11.51784 - 11.43}{11.51784 - 10.60858} \times (0.10 - 0.09) = \frac{0.08784 (0.01)}{0.90926} = 0.000966$$

Hence the implicit rate is  $0.09 + 0.000966$ , or 9.0966 percent.

This is confirmed by using the formula for the present value of an ordinary annuity:

$$Pd_{10i} = 1 + \frac{1 - \frac{1}{(1+i)^{n-1}}}{i} = 1 + \frac{1 - \frac{1}{(1.090966)^{34}}}{0.090966} = 1 + \frac{1 - \frac{1}{19.3011}}{0.090966} = 11.423$$



$$11.423 \times \$3,500 = \$39,980.50$$

\$40,000.00 Fair value of asset at inception of lease

19.50 Differences are due to rounding

Example with BPO:

- . 35 year lease \$3,500 due at the beginning of each year (annuity due basis).
- . Fair value of the asset at the inception of the lease is \$40,000.
- . The lessee has an option to purchase the asset at the end of the lease for \$2,000.

The implicit interest rate percentage is the rate that results in the net present value of the minimum lease payments being equal to the fair value of the leased property, where the minimum lease payments include the bargain purchase option.

$$\$3,500 \times Pd_{35i} + \$2,000 \times PV_{35i} = \$40,000$$

Where:

$$Pd_{35i} = \text{present value of annuity due of } \$1 = 1 + \frac{1 - \frac{1}{(1+i)^{34}}}{i}$$

$$PV_{35i} = \text{present value of } \$1 = (1 + i)^{-35}$$

i = interest rate

Solving for i can be done either by trial and error using the present value tables (refer to Annex C of this section), or by trial and error using a spreadsheet program.

Using trial and error in a spreadsheet program yields an interest rate of 9.12 percent. This is confirmed using the present value tables. Using interpolation to solve the present value factors for an interest rate of 9.12 percent using the tables:

$$Pd_{35i} = 10.60858 + \frac{(0.10 - 0.0912)}{(0.10 - 0.09)} \times (11.51784 - 10.60858) = 11.40873$$

$$PV_{35i} = 0.03558 + \frac{(0.10 - 0.0927)}{(0.10 - 0.09)} \times (0.04899 - 0.03558) = 0.04738$$

Proof:

$$\$3,500 \times 11.40873 + \$2,000 \times 0.04738 = \$40,025.32$$

Fair value of asset at inception of lease: \$40,000.00

Difference due to rounding:       \$25.32

- (h) Net obligations under capital lease arrangements. This amount is the total obligation outstanding at March 31, including the price of bargain purchase option. Again, even though renewals may change the inception amounts, the present rate (March 31) of payment should be assumed to continue and the price (re-negotiated, if applicable) of a bargain purchase option simply added to the above sum of payments. This figure may include executory costs if they are included in the contract. These should be estimated for the remaining term of the lease and deducted under (i). Thus, we need to determine the present value of all future payments (excluding executory costs) in total, and also by year, for the completion of Plate I-2a. Continuing with our present example,

the remaining payment schedule on a fiscal year basis, with inception date December 1, 1979 and with  $25^{1/3}$  years expired and paid up to the fiscal reporting date of March 31, 2005 is based on  $9^{2/3}$  years of payments remaining at an annual instalment of \$3,500 and a bargain purchase option in the last year of \$2,000. In this example we assume the full \$3,500 is paid in one lump sum at the beginning of each year.

Refer to Table 1 on next page.

Implicit rate in lease: 9.12 percent

TABLE 1

(1) Years remaining in lease	(2) At March 31st:	(3) Minimum lease payments			(6) Present value factors		(8) Present values			(10) Total	(11) Principal reduction	(12) Implicit interest portion
		Annual	Bargain	Total	Annual payments	Bargain payments	Annual payments	Bargain payments	Total			
				(3)+(4)			(3)x(6)	(4)x(7)	(8)+(9)	(10) of this line less (10) of next line	(5)-(11)	
9.67	2005	3,500		3,500	6.82004	0.43000	23,870.14	860	24,730.14	1,563.81	1,936.19	
8.67	2006	3,500		3,500	6.35083	0.46921	22,227.91	938	23,166.33	1,706.42	1,793.58	
7.67	2007	3,500		3,500	5.83883	0.51200	20,435.91	1,024	21,459.91	1,862.05	1,637.95	
6.67	2008	3,500		3,500	5.28013	0.55870	18,480.46	1,117	19,597.86	2,031.91	1,468.09	
5.67	2009	3,500		3,500	4.67047	0.60965	16,346.65	1,219	17,565.95	2,217.18	1,282.82	
4.67	2010	3,500		3,500	4.00522	0.66525	14,018.27	1,331	15,348.77	2,419.38	1,080.62	
3.67	2011	3,500		3,500	3.27930	0.72592	11,477.55	1,452	12,929.39	2,640.04	859.96	
2.67	2012	3,500		3,500	2.48717	0.79213	8,705.10	1,584	10,289.36	2,916.82	583.19	
1.67	2013	3,500		3,500	1.62280	0.84637	5,679.80	1,693	7,372.54	2,533.28	966.72	
0.67	2014	2,345	2,000	4,345	0.67960	0.94320	2,952.86	1,886	4,839.26	4,345.00	0.0	
		33,845	2,000	35,845 <sup>(a)</sup>						24,235.89 <sup>(b)</sup>	11,609.12 <sup>(c)</sup>	
											35,845.01	

<sup>(a)</sup> Total remaining minimum lease payments (excluding executory costs).

<sup>(b)</sup> Total net obligation.

<sup>(c)</sup> Total implicit interest.

Note that the sum totals of columns (11) and (12) must equal that of column (5).

The present value factors were determined using the implicit interest rate of 9.12 percent (calculated in the previous example) and the present value formulas.

One of the results of this table is the “net obligation” and is  $\$35,845.00 - \$11,609.00 = \$24,236.00$ .

Since the preceding example is of great importance in the preparation of Plates I-2 and I-2a, Table 1 will be explained in this section in greater detail. Table 1 standardizes the calculations, and the pattern and method must be used by all respondents.

Column 1 (Years remaining in lease) shows the number of years remaining in the lease as at March 31 of a given year shown in column 2. The first line shows that there are  $9^{2/3}$  years remaining in the lease at March 31, 2005 (35 year lease with inception date of December 1, 1979). The second line shows that there are  $8^{2/3}$  years remaining in the lease. The difference between each line represents the change for one full year except for the last line which will be one year or less ( $2/3$  of a year in our example). The last line shows that as at March 31, 2014 there will be  $2/3$  of a year left in the lease (April 1, 2014 to November 30, 2014).

Column 3 (Annual minimum lease payments) shows the annual payments (net of executory costs) specified in the lease. The total of column 3 shows the total annual payments outstanding (net of executory costs).

Column 4 (Bargain minimum lease payments) shows the price of a bargain purchase option. Note that in our example it is listed in last line because the payment for the bargain purchase option is due at the end of the lease.

Column 5 (Total minimum lease payments) is the total of columns 3 and 4. The total of column 5 shows the total minimum lease payments outstanding.

Column 6 (Present value factors for annual payments) shows the present value factor for annual payments. The present value factor is found by using the formula giving the present value of an annuity due of \$1 (annual compounding).

Column 7 (Present value factors for bargain payments) shows the present value factor for the bargain purchase option. This present value factor is found using a table giving the present value of \$1 (annual compounding).

Column 8 (Present values of annual payments) is the product of column 3 (annual payments) multiplied by column 6 (present value factor for an annuity of \$1). Column 8 gives the present values of annual payments for the remaining years in the lease. Thus as at March 31, 2005 the present values are obtained for annual payments for the  $9^{2/3}$  years remaining in the lease.

Column 9 (Present values of bargain payments) is the product of column 4 (bargain purchase option) by column 7 (the present value factor for \$1). Column 9 shows the present value of the bargain purchase option at various stages in the lease.

Column 10 (Total present values) is the sum of columns 8 and 9. Column 10 shows the present value of the lease (the net obligation) at different stages in the lease. The present value of the lease decreases each year.

Column 11 (Principal reduction) is the remainder of column 10 for the current year minus column 10 of the following year. Column 11 shows the change in present value of the lease for the period (change in net obligation). The total of column 11 shows the total net obligation in the lease.

Column 12 (Implicit interest portion) is the remainder of column 5 (the lease payments for the year) minus column 11 (change in present value for the period). Column 12 shows the change in implicit interest for the period. The first line shows the implicit interest for the period April 1, 2004 to March 31, 2005. The total of column 12 shows the total implicit interest included in payments outstanding.

The foregoing table need to be prepared only once for each capital lease. Thus the first year of the lease in the example would have been reported as of March 31, 1980 with the first line showing 34<sup>2/3</sup> years remaining decreasing by 1 year for each line until the last line showing 2/3 years. For the 2005 *Public Accounts of Canada* the first line will show 9<sup>2/3</sup> remaining years and totals of columns 5, 11 and 12 will represent by \$3,500, \$1,563.81 and \$1,936.19 respectively.

Plate I-2a - Capital leases — Obligations under capital lease in order of maturity

This plate requires grouping and segregation of all capital leases according to their duration and order of maturity. The first five years remaining in the lease should be shown separately and the remaining in one column. The totals must agree with those presented as March 31, CY on Plate I-2. The example provided in (g) will provide a means of preparing the data required for this plate.

ORIGINAL LEASE PLAN

- (a) Total minimum lease payments including bargain purchase option. This will be the original plan/agreement total of the payments to be made over the lease term.
- (b) Implicit interest. This is the amount of interest included in (a), calculated using the implicit interest rate as in (c) and (d) for Plate I-2.
- (c) Executory costs. These are operational type costs that may be included in the overall lease payment plan.
- (d) Net obligation. This is the original present value of all payments (except executory costs) under the lease plan at the inception of the lease. It is equal to the fair value of the asset at the inception of the lease. It is (a), less (b) and (c) (if included in a)).

DEPARTMENT OR AGENCY: XYZ

Capital Leases—Obligations under capital leases

PLATE I-2

(in thousands of dollars)

PAGE 1 OF 1

Identification of capital lease	Inception date	Lease term in years	Fair value of leased property at inception date	Total estimated minimum lease payments full term (excluding executory costs)	Final purchase option price included in total estimated minimum lease payments	Implicit interest rate percentage	Balances at March 31, 20CY		
							Total estimated remaining minimum lease payments	Less: imputed interest	Net obligations under capital lease arrangements
Public Works and Government Services									
ABC Place	Dec 1, 1979	35	40,000	122,500	2,000	9.1	42,845	15,863	26,982
Guy Favreau Building, Montreal	Jan 1, 1994	25	87,600	227,529	30,000	8.7	162,371	85,503	76,868
240 Sparks St., Ottawa	Sep 1, 1977	35	63,703	213,500		9.2	63,542	22,736	40,806
L'Esplanade Laurier, Ottawa	Oct 1, 2000	10	60,374	104,368	18,000	6.9	61,345	18,161	43,184
Place du Centre, Gatineau	Feb 17, 1978	30	26,201	96,204	6,000	11.2	23,289	7,399	15,890
Terrasses de la Chaudière, Gatineau	Jan 1, 1993	20	146,084	364,485	54,000	10.0	226,478	104,733	121,745
(GOCB), Cornwall	Dec. 1, 1994	25	9,600	24,771		9.8	17,506	9,191	8,315
Chatham (GOCB)	June 1, 1995	25	4,940	11,744		8.7	8,510	4,241	4,269
Block 56, Vancouver	May 1, 1995	25	54,100	166,673		9.7	120,560	63,726	56,834
All leases < \$1 million							2,000	1,200	800
<b>TOTAL</b>			492,602	1,331,774	110,000		728,446	332,753	395,693*

\* Must agree with capital lease obligations FRA.

## ANNEX B

DEPARTMENT OR AGENCY: XYZ

Plate I-2a

Capital Leases—Obligations under capital lease in order of maturity  
(in thousands of dollars)

PAGE 1 OF 1

Details of total estimated lease payments	Payments due in:					2011 and thereafter	TOTAL	
	2006	2007	2008	2009	2010			
ABC Place	Remaining payments	3,500	3,500	3,500	3,500	3,500	25,345	42,845
	Implicit interest	2,187	2,067	1,936	1,794	1,638	6,241	15,863
	Net obligations	1,313	1,433	1,564	1,706	1,862	19,104	26,982
Place du Centre	Remaining payments	3,007	3,007	3,007	3,007	3,007	11,398	26,433
	Implicit interest	1,850	1,714	1,562	1,393	1,203	1,611	9,333
	Net obligations	1,157	1,293	1,445	1,614	1,804	9,787	17,100
L'Esplanade Laurier	Remaining payments	5,758	5,758	5,758	5,758	5,758	42,470	71,260
	Implicit interest	4,225	4,055	3,867	3,657	3,425	11,303	30,532
	Net obligations	1,533	1,703	1,891	2,101	2,333	31,167	40,728
C.D. Howe Building	Remaining payments	6,100	6,100	6,100	6,100	6,100	39,142	69,642
	Implicit interest	3,862	3,647	3,412	3,154	2,872	9,651	26,598
	Net obligations	2,238	2,453	2,688	2,946	3,228	29,491	43,044
Terrasses de la Chaudière	Remaining payments	15,524	15,524	15,524	15,524	15,524	166,553	244,173
	Implicit interest	12,197	11,862	11,493	11,086	10,639	58,875	116,152
	Net obligations	3,327	3,662	4,031	4,438	4,885	107,678	128,021
Louis Saint-Laurent	Remaining payments	6,758	6,758	6,758	6,758	6,758	84,831	118,621
	Implicit interest	5,125	4,986	4,834	4,670	4,492	31,458	55,565
	Net obligations	1,633	1,772	1,924	2,088	2,266	53,373	63,056
OACI	Remaining payments	11,156	11,156	11,156	11,156	11,156	142,450	198,230
	Implicit interest	9,196	8,992	8,767	8,518	8,244	61,085	104,802
	Net obligations	1,960	2,164	2,389	2,638	2,912	81,365	93,428
Complex Guy Favreau	Remaining payments	7,903	7,903	7,903	7,903	7,903	130,759	170,274
	Implicit interest	6,707	6,599	6,482	6,354	6,215	59,853	92,210
	Net obligations	1,196	1,304	1,421	1,549	1,688	70,906	78,064
Lionel Chevrier	Remaining payments	991	991	991	991	991	13,541	18,496
	Implicit interest	823	806	787	766	743	6,089	10,014
	Net obligations	168	185	204	225	248	7,452	8,482
Library Square	Remaining payments	6,667	6,667	6,667	6,667	6,667	93,892	127,227
	Implicit interest	5,896	5,801	5,695	5,576	5,442	47,830	76,240
	Net obligations	771	866	972	1,091	1,225	46,062	50,987
All leases < \$1 million	Remaining payments	500	500	500	500	0	0	2,000
	Implicit interest	300	300	300	300	0	0	1,200
	Net obligations	200	200	200	200	0	0	800
TOTAL	Remaining payments	67,864	67,864	67,864	67,864	67,364	750,381	1,089,201
	Implicit interest	52,368	50,829	49,135	47,268	44,913	293,996	538,509
	Net obligations	15,496	17,035	18,729	20,596	22,451	456,385	550,692

This table provides for the reporting of capital leases with 35 years remaining to pay out. Should it be necessary to report a capital lease with more than 35 years to Amortization, include the relative amounts with those reported for the period "2011 and thereafter" but indicate in note form on the plate the amounts and number of years involved.

**PRESENT VALUE OF 1**  
(Present value of a single sum)

$$Pn_i = \frac{1}{(1 + i)^n} = (1 + i)^{-n}$$

(n) periods	2%	2 1/2%	3%	4%	5%	6%	8%	9%	10%	11%	12%	15%
1	.98039	.97561	.97087	.96156	.95238	.94340	.92593	.91743	.90909	.90090	.89286	.86957
2	.96117	.95181	.94260	.92456	.90703	.89000	.85734	.84168	.82645	.81162	.79719	.75614
3	.94232	.92860	.91514	.88900	.86384	.83962	.79383	.77218	.75132	.73119	.71178	.65752
4	.92385	.90595	.88849	.85480	.82270	.79209	.73503	.70843	.68301	.65873	.63552	.57175
5	.90583	.88385	.86261	.82193	.78353	.74726	.68058	.64993	.62092	.59345	.56743	.49718
6	.88797	.86230	.83748	.79031	.74622	.70496	.63017	.59627	.56447	.53464	.50663	.43233
7	.87056	.84127	.81309	.75992	.71068	.66506	.58349	.54703	.51316	.48166	.45235	.37594
8	.85349	.82075	.78941	.73069	.67684	.62741	.54027	.50187	.46651	.43393	.40388	.32690
9	.83676	.80073	.76642	.70259	.64461	.59190	.50025	.46043	.42410	.39092	.36061	.28426
10	.82035	.78120	.74409	.67556	.61391	.55839	.46319	.42241	.38554	.35218	.32197	.24719
11	.80426	.76214	.72242	.64958	.58468	.52679	.42888	.38753	.35049	.31728	.28748	.21494
12	.78849	.74356	.70138	.62460	.55684	.49697	.39711	.35554	.31863	.28584	.25668	.18691
13	.77303	.72542	.68095	.60057	.53032	.46884	.36770	.32618	.28966	.25751	.22917	.16253
14	.75788	.70773	.66112	.57748	.50507	.44230	.34046	.29925	.26333	.23199	.20462	.14133
15	.74301	.69047	.64186	.55526	.48102	.41727	.31524	.27454	.23939	.20900	.18270	.12289
16	.72845	.67362	.62317	.53391	.45811	.39365	.29189	.25187	.21763	.18829	.16312	.10687
17	.71416	.65720	.60502	.51337	.43630	.37136	.27027	.23107	.19785	.16963	.14564	.09293
18	.70016	.64117	.58739	.49363	.41552	.35034	.25025	.21199	.17986	.15282	.13004	.08081
19	.68643	.62553	.57029	.47464	.39573	.33051	.23171	.19449	.16351	.13768	.11611	.07027
20	.67297	.61027	.55368	.45639	.37689	.31180	.21455	.17843	.14864	.12403	.10367	.06110
21	.65978	.59539	.53755	.43883	.35894	.29416	.19866	.16370	.13513	.11174	.09256	.05313
22	.64684	.58086	.52189	.42196	.34185	.27751	.18394	.15018	.12285	.10067	.08264	.04620
23	.63416	.56670	.50669	.40573	.32557	.26180	.17032	.13778	.11168	.09069	.07379	.04017
24	.62172	.55288	.49193	.39012	.31007	.24698	.15770	.12641	.10153	.08170	.06588	.03493
25	.60953	.53939	.47761	.37512	.29530	.23300	.14602	.11597	.09230	.07361	.05882	.03038
26	.59758	.52623	.46369	.36069	.28124	.21981	.13520	.10639	.08391	.06631	.05252	.02642
27	.58586	.51340	.45019	.34682	.26785	.20737	.12519	.09761	.07628	.05974	.04689	.02297
28	.57437	.50088	.43708	.33348	.25509	.19563	.11591	.08955	.06934	.05382	.04187	.01997
29	.56311	.48866	.42435	.32065	.24295	.18456	.10733	.08216	.06304	.04849	.03738	.01737
30	.55207	.47674	.41199	.30832	.23138	.17411	.09938	.07537	.05731	.04368	.03338	.01510
31	.54125	.46511	.39999	.29646	.22036	.16425	.09202	.06915	.05210	.03935	.02980	.01313
32	.53063	.45377	.38834	.28506	.20987	.15496	.08520	.06344	.04736	.03545	.02661	.01142
33	.52023	.44270	.37703	.27409	.19987	.14619	.07889	.05820	.04306	.03194	.02376	.00993
34	.51003	.43191	.36604	.26355	.19035	.13791	.07305	.05340	.03914	.02878	.02121	.00864
35	.50003	.42137	.35538	.25342	.18129	.13011	.06763	.04899	.03558	.02592	.01894	.00751
36	.49022	.41109	.34503	.24367	.17266	.12274	.06262	.04494	.03235	.02335	.01691	.00653
37	.48061	.40107	.33498	.23430	.16444	.11579	.05799	.04123	.02941	.02104	.01510	.00568
38	.47119	.39128	.32523	.22529	.15661	.10924	.05369	.03783	.02674	.01896	.01348	.00494
39	.46195	.38174	.31575	.21662	.14915	.10306	.04971	.03470	.02430	.01708	.01204	.00429
40	.45289	.37243	.30656	.20829	.14205	.09722	.04603	.03184	.02210	.01538	.01075	.00373



PRESENT VALUE OF AN ORDINARY ANNUITY OF 1

$$P_{ni} = \frac{1 - \frac{1}{(1+i)^n}}{i} = \frac{1 - P^n I}{i}$$

(n) periods	2%	2 1/2%	3%	4%	5%	6%	8%	9%	10%	11%	12%	15%
1	.98039	.97561	.97087	.96154	.95238	.94340	.92593	.91743	.90909	.90090	.89286	.86957
2	1.94156	1.92742	1.91347	1.88609	1.85941	1.83339	1.78326	1.75911	1.73554	1.71252	1.69005	1.62571
3	2.88388	2.85602	2.82861	2.77509	2.72325	2.67301	2.57710	2.53130	2.48685	2.44371	2.40183	2.28323
4	3.80773	3.76197	3.71710	3.62990	3.54595	3.46511	3.31213	3.23972	3.16986	3.10245	3.03735	2.85498
5	4.71346	4.64583	4.57971	4.45182	4.32948	4.21236	3.99271	3.88965	3.79079	3.69590	3.60478	3.35216
6	5.60143	5.50813	5.41719	5.24214	5.07569	4.91732	4.62288	4.48592	4.35526	4.23054	4.11141	3.78448
7	6.47199	6.34939	6.23028	6.00205	5.78637	5.58238	5.20637	5.03295	4.86842	4.71220	4.56376	4.16042
8	7.32548	7.17014	7.01969	6.73274	6.46321	6.20979	5.74664	5.53482	5.33493	5.14612	4.96764	4.48732
9	8.16224	7.97087	7.78611	7.43533	7.10782	6.80169	6.24689	5.99525	5.75902	5.53705	5.32825	4.77158
10	8.98259	8.75206	8.53020	8.11090	7.72173	7.36009	6.71008	6.41766	6.14457	5.88923	5.65022	5.01877
11	9.78685	9.51421	9.25262	8.76048	8.30641	7.88687	7.13896	6.80519	6.49506	6.20652	5.93770	5.23371
12	10.57534	10.25776	9.95400	9.38507	8.86325	8.38384	7.53608	7.16073	6.81369	6.49236	6.19437	5.42062
13	11.34837	10.98319	10.63496	9.98565	9.39357	8.85268	7.90378	7.48690	7.10336	6.74987	6.42355	5.58315
14	12.10625	11.69091	11.29607	10.56312	9.89864	9.29498	8.24424	7.78615	7.36669	6.98187	6.62817	5.72448
15	12.84926	12.38138	11.93794	11.11839	10.37966	9.71225	8.55948	8.06069	7.60608	7.19087	6.81086	5.84737
16	13.57771	13.05500	12.56110	11.65230	10.83777	10.10590	8.85137	8.31256	7.82371	7.37916	6.97399	5.95424
17	14.29187	13.71220	13.16612	12.16567	11.27407	10.47726	9.12164	8.54363	8.02155	7.54879	7.11963	6.04716
18	14.99203	14.35336	13.75351	12.65930	11.68959	10.82760	9.37189	8.75563	8.20141	7.70162	7.24967	6.12797
19	15.67846	14.97889	14.32380	13.13394	12.08532	11.15812	9.60360	8.95012	8.36492	7.83929	7.36578	6.19823
20	16.35143	15.58916	14.87747	13.59033	12.46221	11.46992	9.81815	9.12855	8.51356	7.96333	7.46944	6.25933
21	17.01121	16.18455	15.41502	14.02916	12.82115	11.76408	10.01680	9.29224	8.64869	8.07507	7.56200	6.31246
22	17.65805	16.76541	15.93692	14.45112	13.16800	12.04158	10.20074	9.44243	8.77154	8.17574	7.64465	6.35866
23	18.29220	17.33211	16.44361	14.85684	13.48857	12.30338	10.37106	9.58021	8.88322	8.26643	7.71843	6.39884
24	18.91393	17.88499	16.93554	15.24696	13.79864	12.55036	10.52876	9.70661	8.98474	8.34814	7.78432	6.43377
25	19.52346	18.42438	17.41315	15.62208	14.09394	12.78336	10.67478	9.82258	9.07704	8.42174	7.84314	6.46415
26	20.12104	18.95061	17.87684	15.98277	14.37519	13.00317	10.80998	9.92897	9.16095	8.48806	7.89566	6.49056
27	20.70690	19.46401	18.32703	16.32959	14.64303	13.21053	10.93516	10.02658	9.23722	8.45780	7.94255	6.51353
28	21.28127	19.96489	18.76411	16.66306	14.89813	13.40616	11.05108	10.11613	9.30657	8.60162	7.98442	6.53351
29	21.84438	20.45355	19.18845	16.98371	15.14107	13.59072	11.15841	10.19828	9.36961	8.65011	8.02181	6.55088
30	22.39646	20.93029	19.60044	17.29203	15.37245	13.76483	11.25778	10.27365	9.42691	8.69379	8.05518	6.56598
31	22.93770	21.39541	20.00043	17.58849	15.59281	13.92909	11.34980	10.34280	9.47901	8.73315	8.08499	6.57911
32	23.46833	21.84918	20.38877	17.87355	15.80268	14.08404	11.43500	10.40624	9.52638	8.76860	8.11159	6.59053
33	23.98856	22.29188	20.76579	18.14765	16.00255	14.23023	11.51389	10.46444	9.56943	8.80054	8.13535	6.60046
34	24.49859	22.72379	21.13184	18.41120	16.19290	14.36814	11.58693	10.51784	9.60858	8.82932	8.15656	6.60910
35	24.99862	23.14516	21.48722	18.66461	16.37419	14.49825	11.65457	10.56682	9.64416	8.85524	8.17550	6.61661
36	25.48884	23.55625	21.83225	18.90828	16.54685	14.62099	11.71719	10.61176	9.67651	8.87859	8.19241	6.62314
37	25.96945	23.95732	22.16724	19.14258	16.71129	14.73678	11.77518	10.65299	9.70592	8.89963	8.20751	6.62882
38	26.44064	24.34860	22.49246	19.36786	16.86789	14.84602	11.82887	10.69082	9.73265	8.91859	8.22099	6.63375
39	26.90259	24.73034	22.80822	19.58448	17.01704	14.94907	11.87858	10.72552	9.75697	8.93567	8.23303	6.63805
40	27.35548	25.10278	23.11477	19.79277	17.15909	15.04630	11.92461	10.75736	9.77905	8.95105	8.24378	6.64178

PRESENT VALUE OF AN ANNUITY DUE OF 1

$$Pd_{ni} = 1 + \frac{1 - \frac{1}{(1+i)^{n-1}}}{i} = (1+i) \frac{(1 - P_{ni})}{i} = (1+i) P_{ni}$$

(n) periods	2%	2 1/2%	3%	4%	5%	6%	8%	9%	10%	11%	12%	15%
1	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000
2	1.98039	1.97561	1.97087	1.96154	1.95238	1.94340	1.92593	1.91743	1.90909	1.90090	1.89286	1.86957
3	2.94156	2.92742	2.91347	2.88609	2.85941	2.83339	2.78326	2.75911	2.73554	2.71252	2.69005	2.62571
4	3.88388	3.85602	3.82861	3.77509	3.72325	3.67301	3.57710	3.53130	3.48685	3.44371	3.40183	3.28323
5	4.80773	4.76197	4.71710	4.62990	4.54595	4.46511	4.31213	4.23972	4.16986	4.10245	4.03735	3.85498
6	5.71346	5.64583	5.57971	5.45182	5.32948	5.21236	4.99271	4.88965	4.79079	4.69590	4.60478	4.35216
7	6.60143	6.50813	6.41719	6.24214	6.07569	5.91732	5.62288	5.48592	5.35526	5.23054	5.11141	4.78448
8	7.47199	7.34939	7.23028	7.00205	6.78637	6.58238	6.20637	6.03295	5.86842	5.71220	5.56376	5.16042
9	8.32548	8.17014	8.01969	7.73274	7.46321	7.20979	6.74664	6.53482	6.33493	6.14612	5.96764	5.48732
10	9.16224	8.97087	8.78611	8.43533	8.10782	7.80169	7.24689	6.99525	6.75902	6.53705	6.32825	5.77158
11	9.98259	9.75206	9.53020	9.11090	8.72173	8.36009	7.71008	7.41766	7.14457	6.88923	6.65022	6.01877
12	10.78685	10.51421	10.25262	9.76048	9.30641	8.88687	8.13896	7.80519	7.49506	7.20652	6.93770	6.23371
13	11.57534	11.25776	10.95400	10.38507	9.86325	9.38384	8.53608	8.16073	7.81369	7.49236	7.19437	6.42062
14	12.34837	11.98319	11.63496	10.98565	10.39357	9.85268	8.90378	8.48690	8.10336	7.74987	7.42355	6.58315
15	13.10625	12.69091	12.29607	11.56312	10.89864	10.29498	9.24424	8.78615	8.36669	7.98187	7.62817	6.72448
16	13.84926	13.38138	12.93794	12.11839	11.37966	10.71225	9.55948	9.06069	8.60608	8.19087	7.81086	6.84737
17	14.57771	14.05500	13.56110	12.65230	11.83777	11.10590	9.85137	9.31256	8.82371	8.37916	7.97399	6.95424
18	15.29187	14.71220	14.16612	13.16567	12.27407	11.47726	10.12164	9.54363	9.02155	8.54879	8.11963	7.04716
19	15.99203	15.35336	14.75351	13.65930	12.68959	11.82760	10.37189	9.75563	9.20141	8.70162	8.24967	7.12797
20	16.67846	15.97889	15.32380	14.13394	13.08532	12.15812	10.60360	9.95012	9.36492	8.83929	8.36578	7.19823
21	17.35143	16.58916	15.87747	14.59033	13.46221	12.46992	10.81815	10.12855	9.51356	8.96333	8.46944	7.25933
22	18.01121	17.18455	16.41502	15.02916	13.82115	12.76408	11.01680	10.29224	9.64869	9.07507	8.56200	7.31246
23	18.65805	17.76541	16.93692	15.45112	14.16300	13.04158	11.20074	10.44243	9.77154	9.17574	8.64465	7.35866
24	19.29220	18.33211	17.44361	15.85684	14.48857	13.30338	11.37106	10.58021	9.88322	9.26643	8.71843	7.39884
25	19.91393	18.88499	17.93554	16.24696	14.79864	13.55036	11.52876	10.70661	9.98474	9.34814	8.78432	7.43377
26	20.52346	19.42438	18.41315	16.62208	15.09394	13.78336	11.67478	10.82258	10.07704	9.42174	8.84314	7.46415
27	21.12104	19.95061	18.87684	16.98277	15.37519	14.00317	11.80998	10.92897	10.16095	9.48806	8.89566	7.49056
28	21.70690	20.46401	19.32703	17.32959	15.64303	14.21053	11.93518	11.02658	10.23722	9.54780	8.94255	7.51353
29	22.28127	20.96489	19.76411	17.66306	15.89813	14.40616	12.05108	11.11613	10.30657	9.60162	8.98442	7.53351
30	22.84438	21.45355	20.18845	17.98371	16.14107	14.59072	12.15841	11.19828	10.36961	9.65011	9.02181	7.55088
31	23.39646	21.93029	20.60044	18.29203	16.37245	14.76483	12.25778	11.27365	10.42691	9.69379	9.05518	7.56598
32	23.93770	22.39541	21.00043	18.58849	16.59281	14.92909	12.34980	11.34280	10.47901	9.73315	9.08499	7.57911
33	24.46833	22.84918	21.38877	18.87355	16.80268	15.08404	12.43500	11.40624	10.52638	9.76860	9.11159	7.59053
34	24.98856	23.29188	21.76579	19.14765	17.00255	15.23023	12.51389	11.46444	10.56943	9.80054	9.13535	7.60046
35	25.49859	23.72379	22.13184	19.41120	17.19290	15.36814	12.58693	11.51784	10.60858	9.82932	9.15656	7.60910
36	25.99862	24.14516	22.48722	19.66461	17.37419	15.49825	12.65457	11.56682	10.64416	9.85524	9.17550	7.61661
37	26.48884	24.55625	22.83225	19.90828	17.54685	15.62099	12.71719	11.61176	10.67651	9.87859	9.19241	7.62314
38	26.96945	24.95732	23.16724	20.14258	17.71129	15.73678	12.77518	11.65299	10.70592	9.89963	9.20751	7.62882
39	27.44064	25.34860	23.49246	20.36786	17.86789	15.84602	12.82887	11.69082	10.73265	9.91859	9.22099	7.63375
40	27.90259	25.73034	23.80822	20.58448	18.01704	15.94907	12.87858	11.72552	10.75697	9.93567	9.23303	7.63805

### 15.3.5 Contingent Liabilities

#### 01. Introduction

A statement of contingent liabilities is prepared for publication in Volume I of the *Public Accounts of Canada*, interim financial statements, and prospectuses of the Government of Canada and of Crown corporations. The reporting requirements for consolidated Crown Corporations are found in the RGD “Instructions for the reporting of the results and financial position of Crown Corporations and other government business enterprises” located at the following URL address: <http://publiservice.pwgsc.gc.ca/rg/text/oldrg-e.html>.

Please note that in order to avoid duplicate reporting of Contingent Liabilities, departments must identify in their response to the annual Treasury Board call letter on “Allowances for Valuation of Assets and Liabilities” any contaminated sites that are the subject of litigation and are also reported on Plates I-11 and I-12. This data must be consistent with that in the Federal Contaminated Sites and Solid Waste Landfills Inventory at March 31, 2005 which can be found at the following URL address:

<http://publiservice.tbs-sct.gc.ca/dfrp-rbif/cs-sc/home-accueil.asp?language=EN>.

#### 02. Authority

Section 64 (2)(b) of the *Financial Administration Act* (FAA) located at the following URL address: <http://laws.justice.gc.ca/en/F-11/> requires the *Public Accounts of Canada* to include the contingent liabilities of the Government of Canada.

Treasury Board Policy Circular No. 1984-63, dated October 26, 1984 on Contingent Liabilities of the Government of Canada (and consequential policies with regard to the reporting of the financial position of, and insurance schemes operated by, Crown corporations), indicates that contingent liabilities are to be reported as at the end of each quarter.

Please note that the contents of Plate I-11 and Plate I-12 are subject to solicitor client privilege and must be kept confidential at all times.

#### 03. Definitions

Accounting date — represents the last day of each quarter including the fiscal year end (March 31).

Authorized limit — represents the aggregate amount of various types of authorities of government bodies as stipulated in legislation, legal agreements or other documents that may be in force at any one time.

Borrowings — contracts entered into for the use of money such as certificates of indebtedness (bonds), notes and loans payable.

Contingent gain — a potential gain or possible recovery that may be realized when one or more future events occur or fail to occur.

Contingent liability — a potential liability which may become an actual liability when one or more future events occur or fail to occur.

Government body — an organization which is part of the Government of Canada as an accounting entity, including a department, an agency and any other organization.

Government of Canada — as an accounting entity, the Government of Canada is defined as all the departments named in Schedule I of the FAA; any division or branch of the Public Service of Canada set out in Column 1 of Schedule 1.1 of the FAA; a commission under the *Inquiries Act* designated by the Governor in Council as a department for purposes of the FAA; the staffs of the Senate, the House of Commons and the Library of Parliament; and, any corporation named in Schedule II of the FAA.

Insurance program of the Government — a program of insurance administered by or for the Government in which premiums are collected and deposited into the Consolidated Revenue Fund and in which payments are made out of the Consolidated Revenue Fund in satisfaction of claims. The program of insurance is available to outside interested parties who qualify under the program.

International organizations — as a measure of assistance to developing countries, Canada has entered into agreements with international banks and other international organizations to whom Canada provides loans, advances or subscriptions of share capital. Some of these agreements involve callable share capital which represents that portion of capital subscriptions made to institutions that Canada could potentially be required to pay-in. This callable share capital is subject to call (i.e. require payment) by foreign banks in the event that they are unable to meet their obligations. Other agreements involve callable share capital related to paid-in shares to which Canada has committed to subscribe to at some future date. The foregoing represent contingent liabilities that are quite often expressed in foreign denominations. Care must be taken to ensure that amounts expressed in foreign currency are properly translated into Canadian funds at the quarter or year end.

Submission date — the date by which information should be submitted to the Receiver General. You must advise the Public Accounts Section of any delay (see section 15.2.6)

Subsequent event — for contingent liability reporting purposes, a subsequent event provides further evidence of conditions about a contingent liability which existed at the accounting date. Examples include contingent liabilities which were not previously reported but should have been for whatever reason, or reported contingent liabilities which are settled or materially reduced subsequent to the accounting date. (see subsection 04(c)). Normally, the subsequent event period covers the post year-end period April 1 to the date the Departmental Letter of Representation is signed and sent to the Auditor General and Deputy Receiver General.

#### 04. Characteristics of Contingent Liabilities

Some general characteristics of contingent liabilities are explained hereunder:

- (a) A contingent liability represents a potential liability.
  - These potential liabilities may become actual liabilities when one or more future events occur or fail to occur.
- (b) A contingent liability arises from an existing condition or situation.
  - Any existing condition or situation involving uncertainty and could result in a future liability, should be reported as a contingent liability. It could arise under a contract, an appropriation act or other legislation and under common law or the Civil Code.
- (c) A contingent liability relates to a current or past transaction, event or situation.
  - The existing condition or situation must relate to a current or past transaction, event or situation existing at the accounting date. If subsequent events alter the situation or event that existed at the accounting date but before the submission date, such changes must be considered in reporting the nature and amount of the contingent liability for the accounting date in question.

- A contingent liability which becomes an actual liability after the accounting date must not be reported as a contingent liability. When such a change occurs after the March 31 accounting date and involves an appropriation on which Parliament has imposed a ceiling, it must be treated as a direct liability and accrued subject to Chapter 14 of the Receiver General Manual entitled "Year End Timetable and Procedures" which is available at the following URL address:<http://publiservice.pwgsc.gc.ca/rg/text/recgen-e.html> most specifically the payable at year end (PAYE). In circumstances where items are payable under statutory authorities with accrual features, year-end procedures should apply in accordance with current Government accounting policy.

(d) A contingent liability involves uncertainty.

- For an existing condition or situation to be regarded as a contingent liability, there must be uncertainty as to the outcome of one or more future events:
  - (1) If the event is likely to occur or fail to occur, and a reasonable estimate of the loss can be made, a liability is recorded in the accounts of Canada.
  - (2) A contingent liability is disclosed in the notes to the financial statements if the occurrence of the future event(s) is not determinable or, if determinable, the amount can not reasonably be estimated.
- In view of the difficulty involved in measuring uncertainty in a given situation, careful consideration must be given to all up-to-date information available, including legal opinions, prior to completion of the quarterly or annual submission.
- Losses on loan guarantees are accrued and reported as liabilities in the accounts of Canada and the statements when it is likely that a payment will be required in the future to honour a guarantee and where the amount of the loss can be reasonably estimated.

#### 05. Inclusions

- (A) Contingent liabilities of the Government of Canada include those stipulated by legislation, transactions related to certain funds administered by Crown corporations on behalf of the Government of Canada, explicit guarantees and insurance programs of the Government, related to the following types of transactions:
- (i) borrowings by enterprise Crown corporations, net of allowance for loss, which are agents of Her Majesty;
  - (ii) borrowings by enterprise Crown corporations which are not agents of Her Majesty, providing the amount(s) borrowed is specifically guaranteed by the Government;
  - (iii) borrowings by consolidated Crown corporations;
  - (iv) insurance programs of the Government; and
  - (v) other explicit guarantees (excluding borrowings).

#### Explicit guarantees

Where the Crown is involved in providing guarantees for loans and other instruments of financing on behalf of non-agent Crown corporations, provincial, territorial or municipal governments and private sector entities, the following events may occur:

- (1) The Government of Canada (through a department or agency) may issue an offer to insure/guarantee the financing of another entity. Since certain terms and conditions are included in such offers, these offers may be subject at any time, to acceptance by this entity.

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- (2) The entity, subject to guarantees given by the Government (described in (1) on previous page), may enter into an agreement with a lending institution to supply the funds. The loan instruments may not necessarily be issued at this point.
  - (3) The Government may enter into an agreement with an outside entity as in (1) on previous page, and may also be party to an agreement between a lending institution and the entity to guarantee funds provided to that entity (as described in (2) above). In this event, the loan instrument would actually be issued.

Copies of such loan guarantees, agreements and correspondence are useful in the preparation of Contingent Liabilities and should be forwarded with the departmental or agency contingent liabilities submission whenever possible.

Appropriate treatment on Plates I-11 and I-12:

- (a) In cases (1) and (2) - above where agreements have been made between the Crown, the entity and/or the lending institution involved, but no funds have been drawn down by the borrower, please provide the following information on Plates I-11 and I-12 or covering memorandum:
  - (i) dates of agreements;
  - (ii) names of the parties involved;
  - (iii) amounts of loans negotiated at the accounting date and the corresponding amounts to be guaranteed by the Government; and,
  - (iv) description of terms and conditions contained in the guarantee.
- (b) In case (3) above, where funds have been advanced by the lending institution with agreements in place (implicitly or by specific accord), the amount and particulars of the total loan agreement (i.e. authorized limit) as well as the amount of the explicit guarantee (i.e. loan outstanding) as at the accounting date must be recorded on Plates I-11 and I-12.

N.B. The timing of agreements and the issuance of loan instruments will also have an effect on the reporting of contingent liabilities. As a general rule, if agreements have been entered into between the Crown, the entity and the lending institution (as in case (3) above) before the accounting date, and the loan instruments have been issued prior to the reporting date, the amounts must be reported on Plates I-11 and I-12 (see FREQUENCY OF REPORTING — subsection 12).

- (B) Also to be included as contingent liabilities are the amounts of other possible financial obligations of the Government (direct, not through agents) including but not restricted to pending or threatened litigation relating to claims and assessments in respect of breaches of contracts, damages to persons and property, etc.

Crown corporations administering accounts on behalf of the Government of Canada are responsible for reporting any pending or threatened litigation relative to the operation of these accounts, in accordance with reporting criteria outlined in this section. Particulars of such litigation should, therefore, not be duplicated on Plate CC-5 “Quarterly Supplementary Information - Contingent Liabilities”. Please refer to RGD “Public Accounts Instructions for the Reporting of the Financial Position of Crown Corporations” located at the following URL address: <http://publiservice.pwgsc.gc.ca/rg/text/oldrg-e.html>.

Examples of financial obligations of this type are illustrated and classified as follows:

- (i) Breach of contract

The Government of Canada has entered into a contract with outside parties who then subsequently claim the Government has broken one or more of the terms of the contract as at the accounting date.

Example: Lease cancellation, construction contracts, lay-offs.

(ii) Claims regarding damage to property

Example: Damage to property or loss of income resulting from an accident involving a government-owned vehicle.

(iii) Claims related to physical or mental injury to a person or defamation of character

Example: Public presentation of material which could be considered libelous, slanderous or otherwise harmful to an individual, corporation, organization or group.

Include on-job injuries by employees.

(iv) Claims regarding expropriation and ownership of land

Parliament enacts legislation involving the expropriation of certain assets, and the owners of the assets claim more than the Government offers in compensation.

Example: Expropriation of land for roadways, resource development, national parks, etc.

(v) Claims relating to assets on loan, on deposit or in custody

The Government may, on occasion, have certain assets in its possession belonging to others which may be damaged or lost while being held.

Example: Valuables in the custody of Canada Border Services Agency.

(vi) Anticipated losses due to the termination of operations of a Government - controlled corporation

As the result of the termination of the operations of a Crown corporation or other public body, the Government of Canada may be totally or partially liable for moneys due to outside parties in addition to being liable for specifically guaranteed debts.

(vii) Possible expenditures with respect to arrangements made between departments or agencies and their employees

Include all litigation with respect to lay off, loss of promotion opportunity, disagreements relative to salary or benefit packages.

(viii) Comprehensive native land claims

Claims submitted by First nations seeking to establish an aboriginal title to land not covered by treaties.

(C) Also to be included as contingent liabilities are potential financial liabilities related to subscriptions and loans to international organizations. Included are the following:

(i) Callable share capital

Canada subscribes to the share capital of a number of international organizations, in some cases providing both paid-in and callable capital. The paid-in portion is reported as an asset on the Statement of Financial Position. Callable share capital is the portion of Canada's subscription that is not paid to the organization, but acts as a guarantee to allow it to borrow on international capital markets to finance its lending programs.

(ii) Future callable share capital

Future callable share capital represents callable share capital related to paid-in subscriptions that Canada has made a commitment to purchase in future.

06. Exclusions

The following information should not be reported unless it has a bearing on contingent liabilities reported under subsection 05:

- (a) borrowings of non-agent Crown corporations are not considered to be direct obligations of the Government. However, if borrowings of non-agent Crown corporations are specifically guaranteed by the Government, then particulars should be entered on Plate I-11 in the normal way.

Reporting requirements regarding direct borrowings of Crown corporations are included in a separate Receiver General Directive;

- (b) insurance in force under insurance programs operated by agent Crown corporations and not requiring use of the Consolidated Revenue Fund (CRF). Reporting requirements regarding insurance in force under funded insurance programs not involving the use of the CRF are included in a separate Receiver General Directive;
- (c) accounts payable remaining unpaid at the end of the fiscal year;
- (d) commitments — a primary purpose of commitments is to maintain an accurate record of free balances in departmental appropriations and allotments. Contingent liabilities represent possible (but not actual) liabilities; therefore, they would not impair the free balances in the appropriation accounts;
- (e) contractual obligations — a department or agency may be obligated to the purchase of goods and/or services in the course of carrying on its activities. These obligations are not subject to uncertainties other than those arising in the normal course of business and therefore, must not be included as contingent liabilities;

Note that information requirements regarding the reporting of outstanding commitments and contractual obligations may be found elsewhere in the PAI;

- (f) direct liabilities and contingent liabilities of Crown corporations; and
- (g) Allowance for bad debts — this annual estimate of the amount of uncollectible accounts is a result of normal business activities and should not be included.



07. Amount to be reported

The amount to be reported as a contingent liability of the Government of Canada should be presented under one of the following categories:

CONTINGENT LIABILITY CATEGORIES  
AMOUNT TO REPORT  
UNDER ITEM 7d or 8c OF PLATE I-11 AND ITEM 4c or 5d OF PLATE I-12

Pending and threatened litigation	Loan guarantee	Insurance program	International organizations
The best estimate of the amount, the Government may have to pay to satisfy the claim as determined by legal services or the Senior Financial Officer	Amount of money borrowed and outstanding for which repayment of the entire amount is guaranteed	The amount of insurance in force. Report gross amount of insurance and any offsetting funds or provisions	Callable and future callable share capital and lines of credit to international organizations

All claims relating to pending or threatened litigation should be reviewed on an on-going basis by departmental legal services. An updated legal opinion should be solicited for each item for each reporting date if circumstances permit. Retain documentation for audit purposes to show that reasonable attempts have been made to obtain updated legal opinions through the year. Otherwise, arrange for larger cases to receive more frequent attention than those for lesser amounts. Treasury Board will record a central accrual for all claims that have been identified as “likely” to be lost. The amount accrued will be the departmental estimate of contingent liability.

Each contingent liability of a pending or threatened litigation nature, in which the “Face amount of contingent liability” (Plate I-11 - item 7d) is in the amount of \$25,000 or more should be reported. Note that where no face amount of claim is specified, an estimate of the amount being sought should be made to determine if it exceeds the \$25,000 reporting threshold. All claims which exceed \$25,000 must be reported, whether they are before the courts or are the result of discussions or correspondence between Government representatives and the claimants. Court claims on which judgement has been passed but which are being appealed by either party must also be included.

**Special request to Canada Border Services Agency and Canada Customs Revenue Agency:**

**At each year-end, CBSA and CCRA must review taxes under objection or appeal where the amount exceeds \$10 million, to assess the likelihood of loss and the estimate of potential liability. Where an amount is identified as likely to be lost and can be reasonably estimated, a liability should be accrued by CBSA and CCRA.**

Particulars of all loan guarantees/insurance must be reported. For explicit loan guarantees, the contingent liability represents the Government's potential liability relating to Government-guaranteed borrowings outstanding at the accounting date. Anticipated loan repayments or other recoveries must not be deducted.

If the exact amount of the contingent liability is not available at the time of reporting, provide an estimate if possible.

For international organizations, callable share capital relates to shares already subscribed. Future callable share capital relates to shares for which Canada has made a commitment to subscribe in future periods. Lines of credit are those issued to international organizations, which may be drawn upon in future periods.

Claims expressed in foreign currencies should normally be converted to Canadian dollars at the Bank of Canada closing rate quoted for the relative foreign currency on the last business day of the quarter or fiscal year-end. However, if it is appropriate, because of the terms of the agreement or guarantee involved, to use other rates to determine the amount of contingent liability, do so but indicate on Plate I-11 the particulars of and reason for using a different rate(s).

#### Joint Defendant Reporting:

There are two options currently accepted for reporting contingent liabilities where more than one department is named as co-defendant in litigation cases. When this situation occurs the concerned departments should contact each other and decide if:

- (1) One department is going to assume the responsibility for reporting the contingent liability relating to the case. This will imply that this department will report the total "Face Amount of the Claim", prepare the required "Legal Estimate" and "Departmental Estimate" and the "Status", on behalf of all other departments. If this option is selected, only the lead department would report the financial information for this contingency. The other departments should recognize their involvement with this contingency by submitting their plate I-11 and I-12 with the Name of the Plaintiff and leaving the financial information blank and noting in the Narrative under item (7a) of Plate I-11 that (name of department) will be responsible for reporting this case. If the lead department decides it will no longer report the total contingency information for all departments, it has to notify the other co-defendants that they will have to report the contingency as under the second option.
- (2) Each department agrees to report their own share of the contingent liability relating to the case. If this option is selected then each department would assume the responsibility for reporting their share of the "Face Amount of the Claim", "Legal Estimate", "Departmental Estimate" as well as the "Status" column. When this option is used the total of the amounts reported by all concerned departments cannot exceed the total of the entire contingency case. (for example if the Face Amount of the Claim is \$100,000 and there are 2 departments involved, the total of the amounts reported by each department cannot exceed \$100,000).

Note: The reports from the Department of Justice will track only one case. Therefore each department involved would receive a copy of the same report setting out the global contingent liability for the file. It is up to departments to agree on the division of the amount.

#### 08. Responsibility for reporting

The Senior Financial Officers or their designates for organizations which are included in the Government of Canada accounting entity are responsible for:

- (a) identifying contingent liabilities;
- (b) determining applicable amounts; and
- (c) reporting the information to the Receiver General in accordance with the submission dates indicated in subsection 12.

Government departments (and branches designated as departments for purposes of the *Financial Administration Act*) are responsible for ensuring that those government bodies for which they make annual representation to the Receiver General, report all contingent liabilities either individually or on a consolidated basis with those of the reporting department. If a Government department wishes to delegate reporting responsibility to one or more of its government bodies, particulars should be provided to the Director, Central and Public Accounts Reporting Directorate (see subsection 12). Otherwise it will be assumed that the departmental submission includes all contingent liabilities that pertain to subordinate government bodies such as commissions, boards, committees or corporations named in Schedule II of the *Financial Administration Act*.

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### 09. Manuscript preparation

Departments and agencies must:

- use Plates I-11 and I-12. Samples of the most recently updated plates are included as Annexes A and B of this section. Departments with numerous contingent liabilities to report are encouraged to use word processing software to prepare submissions but the format should follow that of Plates I-11 and I-12. Electronic facsimiles of Plates I-11 and I-12 are provided annually in Lotus spreadsheet.

Information concerning Plates I-11 and I-12 is provided under DETAILED PREPARATION OF PLATES (subsection 10).

- indicate nil returns on Plate I-12, appropriate memoranda, FAX or Email.
- round amounts to the nearest dollar.

### 10. Detailed preparation of plates

Note: The Department of Justice is in the process of implementing national standards for the reporting of claims against the departments and agencies that they represent, for amounts greater than \$25,000. For March 31, 2005 quarterly report, many departments will be receiving standard reports from the Department of Justice providing all relevant information required to complete Plates I-11 and I-12. In order to help departments, instructions for completing the plates include references to the contents of Department of Justice reports.

Plate I-11 — Contingent liabilities of the Government of Canada — Specific contingent liability (Annex A of this section)

#### **A. Pending or threatened litigation**

A Plate I-11 must be prepared to provide full information regarding each **NEW** contingent liability that came into existence or became known since the date of the previous submission.

Plate I-11 need not be prepared for any contingencies involving litigation that have been reported in previous submissions unless the particular case was closed or deleted in an earlier submission but, for some reason, has to be re-activated. Such cases require submission of a new Plate I-11.

Only one contingent liability is to be reported on each Plate I-11 except in situations where several related cases of litigation, each less than \$25,000, but in the aggregate exceeding this amount, are grouped together for reporting purposes.

The information to be reported on Plate I-11 is explained below in form section sequence:

(1) Department or agency

- indicate the name of the reporting entity.

(2) Fiscal year

- enter current fiscal year ending March 31.

(3) Quarter

- check applicable box for the appropriate quarter or annual public accounts (P/A) submission.

(4) Name of outside parties involved

- identify claimants. In situations where confidentiality is a significant factor, reporting departments may disguise particulars of such plaintiffs by using pseudonyms or other appropriate references.

(5) File reference number

- enter a unique departmental identifying code or file number to facilitate follow-up in future submissions. This code, once allocated, should not be changed or assigned to any other case until the original claim has been removed from the system. These codes could become very important in the development of an electronic data capture system.

(6) Date litigation commenced

- indicate an approximate date if an exact date cannot be determined. This date will usually be the date the Department of Justice opens a file.

(7) Contingent liability - Litigation only

- (a) Narrative of situation. Provide sufficient detail to permit an independent assessment of the merits of the claim and type of litigation involved. This field is only mandatory for cases where any one of the amounts in 7(b), 7(c) or 7(d) exceeds \$50 million or where the department of Justice considers the case to be high risk (i.e. potential for significant effect on department's policies or programs or to Government as a whole).
- (b) Face amount of claim (Mandatory). Enter amount claimed by plaintiff. If none, please indicate so by entering "N/A" (not available). Note: In reports provided by the Department of Justice, the face amount of the claim is referred to as "amount at issue" or "amount claimed".
- (c) Best estimate of potential liability by legal counsel (Mandatory). This amount represents legal counsel's best estimate of potential loss to the Government based on precedent, probability analysis or other considerations. The estimate of potential liability should include an assessment of damages, plaintiff's legal costs and interest. The estimate should exclude any costs the Government will incur in defending against the claim such as legal costs and other professional fees. A range of potential liabilities may be developed. When a particular amount within such a range appears to be a better estimate than any other, that amount would be reported. However, when no amount within the range is indicated as a better estimate than any other, the minimum amount in the range would be reported.

Note: The estimate of contingent liability should reflect the best estimate of potential liability based on information available as at the reporting date. It is expected that there will be fluctuations in the estimates as additional information becomes available.

Provide date and brief particulars of legal opinion in space provided where available. Note, however, that submission of plates must not be delayed due to difficulty in obtaining timely legal opinions. In such situations, enter N/A (not available).

Note: In reports provided by the Department of Justice, the best estimate of potential liability is referred to as "amount at risk". Where "UA" appears on the reports, it represents that counsel is unable to provide an estimate at this time.

- (d) Departmental estimate amount of contingent liability (Mandatory). The amount of the contingent liability to be entered next to item 7d of Plate I-11 may be the estimated amount provided by legal services, or the amount as determined by the Senior Financial Officer. The latter situation may occur where management has additional knowledge such as where it has the intent to settle the claim. If no estimate is available, enter N/A (not available).
- (e) Other defendants in this action. Please enter particulars of all other departments, agencies and Crown corporations, apart from the reporting department/agency, which are named defendants in this action to prevent duplications at the government-wide consolidation level. If there are no other co-defendants named in the action, enter N/A.

Contingent liabilities involving co-defendant departments will require the concerned departments to decide if one department will report the estimated contingent liability for all departments or whether each department will report its estimated contingent liability separately. Refer to subsection 7 for guidance on joint reporting.

Do not complete items 8 or 9 of Plate I-11 for litigation.

One (1) paper copy of each Plate I-11 (if applicable) is required for quarterly and annual reports.

**B. Guarantees, insurance, international organizations, etc.**

A Plate I-11 must be prepared each reporting period for any contingencies involving guarantees, insurance, international organizations etc. that are either new or have been reported in previous submissions since detailed information is required on an ongoing basis about these types of contingent liabilities to complete interim and *Public Accounts of Canada* versions of contingent liabilities.

Only one contingent liability is to be reported on each Plate I-11.

The information to be reported on Plate I-11 is explained below in form section sequence:

- (1) Department or agency
  - indicate the name of the reporting entity.
- (2) Fiscal year
  - enter current fiscal year ending March 31.
- (3) Quarter
  - check applicable box for the appropriate quarter or annual Public Accounts (P/A) submission.
- (4) Name and address of outside parties involved
  - identify and provide address of the entity for which the Government is acting as guarantor as well as the lending institution. If the guarantee involves individuals or groups that cannot be identified by name or where it is impractical to list all the individuals or groups due to volume (example: guaranteed loans to students, farmers, small business loans, etc.), supply sufficient information on the source of the contingent liability such as "Loans to students, Loans to farmers...etc."

(5) File reference number

- enter a unique departmental identifying code or file number to facilitate reference in future submissions. This code, once allocated, should not be changed or assigned to any other contingency until the original item has been removed from the system.

(6) Date contingency commenced

- indicate an approximate date if an exact date cannot be determined.

(7) Contingent liability -- Litigation only

- do not complete this section.

(8) Contingent liability -- Guarantees, insurance, international organizations, etc.

- (a) Narrative of situation. Describe as clearly and specifically as possible the nature of the contingent liability using the most appropriate wording such as the description in the Main Estimates if applicable.
- (b) Authorized limit. Where the amount of guarantee/insurance or agreements with international organizations is limited by legislation or other Government order (example: Order-in-Council), indicate the appropriate authority and the maximum amount as authorized by the Government of Canada. Loan guarantees/insurance are usually stated as fixed amounts in the applicable authority. However, there are authorities that place limits on the maximum amount of loan guarantees and such limits are expressed as a percentage of aggregate loans made to qualified borrowers and vary depending upon the dollar value range of aggregate loans made by each lender.

In these instances, contact the responsible officer of Public Accounts Section (see section 15.2.6) for instructions on how to calculate the authorized limits.

- (c) Amount of contingent liability. For explicit loan or other guarantees, insurance, international organizations etc., the contingent liability represents the Government's potential liability relating to Government - guaranteed borrowings or other amounts outstanding at the accounting date. Amounts entered here are to be individually listed on Plate I-12.

(9) Percentage of expected losses to outstanding guarantees (where applicable) and allowance for losses

An assessment of the costs of loan guarantee programs and ad hoc loan guarantees issued and in effect at the end of the period must be provided. This assessment should reflect the estimated amount under each program or specific guarantee that the department expects to pay to honour its obligations. For interim reporting purposes the amount of the allowance should be reviewed and adjusted quarterly if necessary.

Should it be necessary to submit revised amounts at year-end, please submit a properly amended Plate I-11 clearly indicating the change(s) made by underlining the amount(s) so amended.

The principle underlying the recording of allowances for loan guarantees costs is that costs and liabilities resulting from transactions or events that occurred on or before the accounting date must be recorded as liabilities as at the accounting date. In the case of loan guarantees, the event is the issuance of the guarantee which generates an economic activity. The costs, if any, related to this guarantee must be accounted for when it becomes evident that a claim against the guarantee is likely.

For each guarantee, departments must assess whether there was an *actual* liability at the reporting date. Whether a liability exists depends on the likelihood that a future event will result in or confirm the existence of an actual liability at the reporting date. Consequently, the following two conditions must be met to report a loan guarantee liability:

- (a) it is likely that a future event will confirm that a liability existed at the end of the reporting period; and,
- (b) the amount of the loss can be reasonably determined.

Depending on the circumstances and the nature of the loan guarantee program, different measurement techniques may be used to determine the amount of (loss provision) or use (the allowance for losses) required. The following criteria could be used among others, in developing these measurement techniques:

- (a) past experience;
- (b) the current economic environment;
- (c) relative field of activity or industry; and
- (d) the department's objective or intent.

For example, a department administering Program X, may determine, based on the foregoing criteria and management's best estimates, that \$25,000 ought to be set up as a provision for losses. The outstanding program balance at the end of the period was \$225,000,000. The factor will be determined by the equation  $25,000/225,000,000 \times 100$  or .01 percent.

In addition to the above requirements, departments must also provide information on the methodology used to determine the loss amounts under items 9 of Plate I-11. Adequate documentation must be retained for review by the Treasury Board and the Office of the Auditor General:

- (a) Quarter ending (enter date). Enter the quarter ending reporting date that corresponds with item 3.
  - (b) Previously reported allowance. This amount must agree with that reported in 9(d) of Plate I-11 for the previous quarterly submission.
  - (c) Current quarter adjustment. This represents the positive or negative amount required to adjust the previously reported allowance so that it agrees with the net amount for the current quarter reported in 9(d). There should be a correlation to the change in Amount of Outstanding Guarantees (9(e)) from one quarter to the next.
  - (d) Net allowance at quarter end. This figure represents the calculated allowance for the quarter based on the criteria described above.
  - (e) Amount of outstanding guarantees. This amount must agree to that reported next to item 8(c).
  - (f) Percentage of expected losses to outstanding guarantees. This is the factor determined by dividing 9(d) by 9(e) x 100. Calculate to two decimal places.
- (10) Certification. Enter name, title, and telephone number of person responsible of the plate as well as the date of preparation. No signatures are necessary.

One (1) paper copy of each Plate I-11 is required for quarterly and annual reports except for "NIL" reports, in which case, no Plate I-11 is needed. Electronic copies are not useful at the present time.

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Plate I-12 - Contingent liabilities of the Government of Canada - Consolidated department/agency submission  
(Annex B of this section)

This plate is composed of two major parts:

Items 4, 5 and 6 summarize all contingent liabilities of a department or agency as of the accounting date including new cases for the quarter and those carried over from the previous period.

Item 7 is used to provide information regarding contingent liability situations reported on the immediately preceding submission and that are either deleted or reported as a different amount on the present submission. The information to be reported on Plate I-12 in the following sequence is explained below:

(1) Department or agency

- indicate the name of the reporting entity.

(2) Fiscal year

- enter current fiscal year ending March 31.

(3) Quarter

- check applicable box for the appropriate quarter or annual public accounts (P/A) submission.

(4) Contingent liability - Litigation

This section of the plate is used for litigation ONLY.

(a) Reference number. Enter the unique departmental identifying code or file number assigned to each case of litigation described above in instructions pertaining to the preparation of Plate I-11. As indicated earlier, this code, once allocated, should not be changed or assigned to any other contingency until the original item has been removed from the system. It is not necessary to list litigation cases in any particular reference number sequence as long as all cases have been accounted for.

(b) Name of plaintiff. Insert particulars of name of plaintiff in proper sequence - last name, first name.

(c) Particulars of claim (Mandatory). This section summarizes the individual amounts reported under (7) - "Contingent liability - Litigation only" on Plate I-11. Information is to be summarized by "Face amount of claim", "Legal opinion - Best Estimate" and "Departmental Estimate of contingent liability". Each new case of litigation appearing for the first time on the summary must be supported by a pertinent Plate I-11. Those cases which have been reported previously, are to be carried forward from the immediate previous submission *but no Plate I-11's are required*. **Make any necessary changes to the carry forward detail as appropriate, under "Face Amount of Claim" or "Legal opinion - Best Estimate"**. Changes to the **"Departmental Estimate of contingent liability"** reported column are made in the same way but such modifications to these amounts must be further detailed under item 7 of Plate I-12. **"Current Status"** column is to be completed by applying (L) for Likely, (UL) for Unlikely and/or (ND) for Not Determinable, when assessing the probability of an adverse outcome occurring. The three areas of this range of probabilities are described as follows:

- (i) likely -- likelihood of adverse outcome is assessed as high (i.e. the chance of losing the case is estimated at over 70 percent);



- (ii) unlikely -- likelihood of adverse outcome is assessed as low (i.e. the chance of losing the case is estimated at less than 30 percent);
- (iii) not determinable -- likelihood of adverse outcome is assessed as medium (i.e. the chance of losing the case is estimated between 30-70 percent) or the likelihood of adverse outcome cannot be assessed at this time.

Amounts reported as “Likely” will be recorded as liability and accrued by Treasury Board Secretariat.

The current status of claims can be found on Department of Justice reports either in the “Important/Test Note field” or the “Likelihood of Adverse Outcome Field” as either: high, low, medium or unable to assess.

- (d) Sub-total. Enter sub-total for “Departmental Estimate” only.

Note: Do not report deleted cases in this item but please see instructions relative to item 7 of Plate I-12 which follow.

- (5) Contingent liability - Guarantees, insurance, international organizations, etc.

This section of the plate is used for all contingent liability *EXCEPT* litigation. Every contingency reported in this section of Plate I-12 must be supported by separate, individual Plate I-11's except in the case of “Nil” reports when only a Plate I-12 or memo is needed.

- (a) Reference number. Enter a unique departmental identifying code or file number to facilitate reference in future submissions. This code, once allocated, should not be changed or assigned to any other contingency until the original item has been removed from the system.
- (b) Description of guarantee, etc. Please provide sufficient details so that the item can be easily matched to the related Plate I-11.
- (c) Authorized limit. Carry forward the amount entered in item 8(b) of the pertinent Plate I-11.
- (d) Amount of contingent liability. This amount will agree to that entered in item 8(c) of the relative Plate I-11.
- (e) Provision. This amount will correspond to the amount entered in item 9 - “Net Allowance at Quarter End” of the corresponding Plate I-11.
- (f) Sub-totals. Provide total for column 5(d).
- (6) Control total. The sum of 4(d) and 5(f) represents the departmental total of contingent liability for the current quarter.
- (7) Additions, deletions or changes to contingent liabilities (including guarantees) reported in previous submission

This section of Plate I-12 enables Central and Public Accounts Reporting Directorate (CPARD) to reconcile departmental submissions from one quarter (or reporting period) to the next. This process is known as a continuity verification. Therefore, all changes, including new contingencies or the deletion of old contingencies must be carefully detailed in this section of the Plate. It also provides departments with a self-checking mechanism to ensure all contingencies previously reported are accounted for and should reduce the need for subsequent follow-up between CPARD and accounting entities.

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- (a) Reference number. This is the unique identifying code assigned to each contingency, particulars of which have been described earlier.
- (b) Names or description. This data corresponds to that entered under item 4 of Plate I-12 and, if applicable, to the pertinent Plate I-11.
- (c) Amounts reported in:
- (1) Current submission - Amounts must agree to those reported in the current submission under columns 4(c) and 5(d) of Plate I-12.
  - (2) Previous submission - Amounts must agree to those reported in the previous submission under columns 4(c) and 5(d) of Plate I-12.
- (d) Difference. Subtract 7(c)(2) from 7(c)(1). Differences will be positive or negative. Increases in previously reported contingent liability or new cases will prove positive while decreases or deletion of previously reported contingent liability should show as negative amounts. Deleted contingencies should be rated as "0" under column 7(c)(1) for purposes of this exercise.
- (e) Explanation. Enter a brief and concise narrative to explain the deletion or change in amounts previously reported or the appearance of new entries. For example, deletions can be described as "case dropped", "settled out of court", "withdrawn by plaintiff", "transferred to ...(another).. department" etc. Changes in amounts might be described as "revised legal opinion", "case partially settled" etc. New amounts merit a comment such as "new litigation - Plate I-11 attached". Changes relating to loan guarantees will be described on an accompanying Plate I-11 and therefore the reference can read "see Plate I-11".
- (f) Sub-total. Provide total for column 7(d).
- (8) Enter total (Item 6) from previous submission. This amount must agree with the total entered in item 6 - Total departmental contingent liability - *from the previous quarterly submission*.
- (9) Total which should agree to item 6 above. This total is the result of adding (or subtracting) the sub-total of items 7(f) and 8 of Plate I-12 of the current submission and must agree to the amount entered in item 6 of Plate I-12 of the current submission.
- (10) Certification. Enter name(s), title(s) and telephone number(s) of person preparing the plate (and responsible reporting officer if different from person preparing the plate) as well as the date of preparation. No signatures are required.

One (1) paper copy is required for all quarterly reports. ***One additional (1) copy is needed for Public Accounts of Canada by March 31*** and should be forwarded to CPARD for the eventual use of the Auditor General. Electronic copies are not useful at the present time.

#### 11. Contingent Gains

Disclosure of contingent gains of \$25,000 or over that are likely to be realized is required. Particulars must be submitted for possible incorporation to the Government's Contingent Liabilities or in a note thereto.

Such gains could include contributions that are recoverable if certain future events occur or fail to occur. Other possibilities may be litigation initiated by the Government in which recovery of funds or punitive damages are reasonably expected to be received. Note that only contingent gains that are considered likely to be realized should be reported (i.e. the chance of a positive outcome is greater than 70 percent).

Since it is not anticipated that many departments will have contingent gains, information need not be reported on formal plates. The following information should be reported by memorandum or other stationary as appropriate and included as a separate report with the department submission of contingent liabilities:

- (a) the nature of the contingency;
- (b) an estimate of the contingent gain or a statement that such an estimate cannot be made; and
- (c) certified correct in accordance with sub-section (10).

Note: Amounts reported as contingent gains are NOT to be included nor netted from contingent liability submissions. Submit any information on contingent gains separately.

Amounts reported as accounts receivable are NOT contingent gains and particulars should not be included on any contingency submissions.

## 12. Frequency of reporting

Departments and agencies must prepare Plates I-11 and I-12 and any information relative to contingent gains at the end of each quarter, and submit signed originals no later than 30 calendar days after the end of each quarter. In the event that it is not possible to dispatch a submission on or before the due dates indicated below, contact the Public Accounts Section, section 15.2.6 by telephone giving reasons for the delay and the expected date on which the submission will be forwarded.

The submission dates are as follows:

<u>Quarter ending</u>	<u>Submission dates (due on or before)</u>
June 30	July 31
September 30	October 31
December 31	January 31
March 31 (preliminary figures)	April 30
March 31 (final figures)	May 31

Note: March 31 (preliminary figures) and March 31 (final figures) are considered as separate reports. Data reported under items 4a, 4b, 4c and 4d of March 31 (preliminary figures) Plate I-12 regarding deletion or significant changes, should not be reported again on the Plate I-12 for March 31 (final figures).

Mail completed submissions to:

Director, Central and Public Accounts Reporting Directorate (CPARD),  
 Central Accounting and Reporting Sector (CARS),  
 Public Works and Government Services Canada (PWGSC),  
 Phase III, Core 13A2,  
 Place du Portage  
 Ottawa, Canada  
 K1A 0S5

Facsimile: (819) 956-5407

Remember, however, that although every precaution is taken by CPARD, the FAX or internet are NOT secure modes of transmission and confidentiality of data on Plates I-11 and I-12 cannot be guaranteed. Therefore, departments must submit Plates I-11 and I-12 in hardcopy format and it is recommended that they be sent by courier.

The March 31 submission (final figures) will be used for *Public Accounts of Canada* purposes and must be revised to include any contingent liability for which claims have been received after March 31 but which relate to a transaction, event or situation existing as at March 31. If there are no changes to the preliminary figures, a final submission is not required, but CPARD must be advised by letter that the preliminary figures are to be considered as final. With the exception described above for March 31 (final figures), each quarterly submission should be complete and stand alone with respect to Plates I-11 and I-12, even though there is no change to information submitted in a previous quarterly report. However, if this requirement can only be met with great difficulty, contact a member of the Public Accounts Section for advice, (see section 15.2.6). This procedure is necessary to facilitate a manual departmental continuity check by CPARD.

### 13. Inquiries

Ralph Bickford (819) 956-1877      [Ralph.Bickford@pwgsc.gc.ca](mailto:Ralph.Bickford@pwgsc.gc.ca)



Government of Canada / Gouvernement du Canada

SOLICITOR - CLIENT PRIVILEGE INFORMATION

Plate I-11

CONTINGENT LIABILITIES OF THE GOVERNMENT OF CANADA-- SPECIFIC CONTINGENT LIABILITY

- 1. Indicate Department or Agency:
2. Fiscal Year:
3. Indicate "QUARTER" with a "X"

ENDING

DUE DATE

- June 30
September 30
December 31
March31(Pre)
March 31 (Final)

- July 31
October 31
January 31
April 30

See section 15.2.5 of PAI for due date
URL address:
http://publiservice.pwgsc.gc.ca/rg/text/recgen-e.html

- 4. Name of outside parties involved: Name:
(DD/MM/YY)

- 5. File reference number
6. Date litigation commenced

7. Contingent liability - Litigation only

7a. Narrative of situation:

Table with 3 rows: 7b. Face amount of claim, 7c. Best estimate of potential liability, 7d. Departmental estimate amount of contingent liability. Includes dollar signs and a grid for values.

Comments and summary of legal opinion:

**Plate I-11**

7e. Are there other departmental or Crown corporation defendants in this action? No  Yes   
If yes, please indicate which departments or Crown corporations to avoid duplications

\_\_\_\_\_  
\_\_\_\_\_

8. Contingent liability - Guarantees, insurance, international organizations, etc.

8a. Narrative of situation: \_\_\_\_\_  
\_\_\_\_\_

8b. Authorized limit as established in legislation, regulations..... \$

Provide details \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

8c. Amount of contingent liability carried forward to Plate I-12..... \$

**Plate I-11**

9. Percentage of expected losses to outstanding guarantees and allowance for losses

9a Quarter ending (Enter date)	9b Previously reported allowance	9c Current quarter adjustment	9d Net allowance at quarter end	9e Amount of outstanding guarantees	9f Percentage of expected losses to outstanding guarantees (9d/9e)
					ERR
					ERR
					ERR
					ERR
					ERR
					ERR
					ERR
					ERR
					ERR
					ERR

ERR will disappear  
when data entered in  
columns 9d & 9e  
(electronic version)

10. Certification

This plate prepared by:

Name (print) \_\_\_\_\_

Title \_\_\_\_\_

Telephone No. \_\_\_\_\_

Date \_\_\_\_\_



Government of Canada    Gouvernement du Canada

**SOLICITOR - CLIENT PRIVILEGE INFORMATION**

**Plate I-12**

CONTINGENT LIABILITIES OF THE GOVERNMENT OF CANADA-  
CONSOLIDATED DEPARTMENT/AGENCY SUBMISSION

1. Indicate Department or Agency : \_\_\_\_\_

2. Fiscal Year: \_\_\_\_\_

3. Indicate "QUARTER" with a "X"

ENDING	<input type="checkbox"/>	DUE DATE
June 30	<input type="checkbox"/>	July 31
September 30	<input type="checkbox"/>	October 31
December 31	<input type="checkbox"/>	January 31
March 31 (Pre)	<input type="checkbox"/>	April 30
March 31 (Final)	<input type="checkbox"/>	See section 15.2.5 of PAI for due date URL address: <a href="http://publiservice.pwgsc.gc.ca/rg/text/recgen-e.html">http://publiservice.pwgsc.gc.ca/rg/text/recgen-e.html</a>







### 15.3.6 Contractual Obligations

#### 01. Introduction

The nature of Government and consolidated Crown corporations activities requires negotiation of contracts that are significant in relation to its current financial position or that will materially affect the level of future expenditure. They principally involve the construction or acquisition of fixed assets; leases; purchases; transfer payments agreements, agreements with international organizations.

#### 02. Purpose

The purpose of this section is to advise government bodies and consolidated Crown corporations of Receiver General for Canada reporting requirements for contractual obligations.

#### 03. Authority

The authority for this section is derived from sections 63, 64 and 65 of the *Financial Administration Act* (FAA) located at the following URL address: <http://laws.justice.gc.ca/en/F-11/>. In general, these sections designate the Receiver General, subject to the regulations of the Treasury Board, with the responsibilities for keeping the accounts of Canada and preparing the *Public Accounts of Canada*.

#### 04. Disclosure

Information on contractual obligations including those pertaining to international organizations, is disclosed in a note to the audited financial statements of the Government. Additional details may be presented in a supporting section of Volume I of the *Public Accounts of Canada*. Refer to Annex B of this section for an extract of the information on the contingent liabilities and contractual obligations of international organizations that was reported in Section 11 of Volume I of the 2003-2004 *Public Accounts of Canada* (Tables 11.4 and 11.6) located at the following URL address: <http://publiservice.pwgsc.gc.ca/rg/text/pubacc-e.html>.

#### 05. Application

This section applies to all government bodies and consolidated Crown corporations which form part of the Government of Canada accounting entity. As applicable, such bodies are required to gather information on contractual obligations related to construction and acquisition of fixed assets; operating leases; contractual obligations related to future capital leases; purchases; transfer payment agreements, agreements with international organizations and other obligations such as, departments participating in a government-wide program (i.e. Canada Infrastructure Works Agreement and Regional and Economic Development Programs) and report particulars in a prescribed manner to the Receiver General.

The reporting requirements for consolidated Crown Corporations are found in the RGD “Instructions for the reporting of the results and financial position of Crown Corporations and other government business enterprises” located at the following URL address: <http://publiservice.pwgsc.gc.ca/rg/text/oldrg-e.html>.

#### 06. Definitions

Accounting date — means the fiscal year end of the Government - March 31.

Agreement — an understanding reached by two or more nations, persons, groups of persons, or legal entities among themselves.

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Appropriation — an authority of Parliament to pay money out of the Consolidated Revenue Fund or to which an expenditure can be charged.

Contract — a written agreement that can be enforced by law. A contract means:

- a) a construction contract,
- b) a goods contract,
- c) a service contract,
- d) an operating lease and contractual obligations related to future capital leases,
- e) a transfer payment agreement, entered into by or on behalf of Her Majesty.

Note: Management of Understanding may depending on the terms of the agreement, represent a legally binding contract.

Contractual obligation — represents a written obligation to outside organizations or individuals as a result of a contract and includes any associated on-going costs (e.g. utilities) that are written into or are ancillary to the contract. From a financial perspective, contractual obligations result in expenditures that are significant in relation to the usual operations of a department or consolidated Crown corporation. These contractual obligations will govern the level of a certain type of expenditure for a considerable period into the future.

Contractual obligation outstanding — the amount of the contractual obligation still outstanding at the accounting date. This amount represents the original amount of the contractual obligation plus any adjustments, less any amounts expended to the accounting date.

Cost — cost of a project comprises the expenditures for all aspects of a project such as the design (conceptual, preliminary and detailed), contracting, production, construction, installation and commissioning of the end item of a project (e.g. equipment, facility). It is of note that these costs represent amounts payable to parties outside the Government. Costs internal to the Government are not to be allocated.

Fixed assets — tangible, durable items of value, including land and major additions or alterations thereto as well as military equipment, etc., from which benefits are expected to be derived during their useful life.

Government body — an organization which is part of the Government of Canada as an accounting entity, including a department, an agency and any other organization.

Government of Canada — as an accounting entity, the Government of Canada is defined as all the departments named in Schedule I of the FAA; any division or branch of the Public Service of Canada set out in Column 1 of Schedule 1.1 of the FAA; a commission under the *Inquiries Act* designated by the Governor in Council as a department for purposes of the FAA; the staffs of the Senate, the House of Commons and the Library of Parliament; and, any corporation named in Schedule II of the FAA.

International organizations — as a measure of assistance to developing countries, Canada has made contractual obligations to international financial institutions and developing countries to disburse loans and advances in future periods, or to subscribe to the share capital of certain international organizations at some future date, to be used by these institutions in their lending activities.

Operating lease — a lease in which the lessor does not substantially transfer all the benefits and risks incident to ownership of property.

Contractual obligation related to future capital leases — a contractual obligation where the lease agreement has been signed but the benefits and risks of ownership have not been transferred to the department as at March 31 (i.e. has not been recorded as an asset and liability by the department). All other lease agreements should be reported under section 15.3.4 of this chapter.

Outside party — an organization or individual in the private or public sector outside the Government of Canada accounting entity.

Program — a grouping of departmental activities designed to achieve a specified objective that has been authorized by Parliament.

Project — A project can be made up of several different contracts to produce an end product or accomplish an objective. This may include end products or objectives which are similar in nature, which should be reported as one item. An example of this is the inventory of ammunition and bombs purchased by the Department of National Defence. These are items of a similar nature which may be purchased from a number of different suppliers.

Another example is the large number of contributions for capital projects funded by Indian Affairs and Northern Development Canada which could be grouped by distinct components of their capital plan, such as construction of water and sewer treatment or educational facilities.

In the case of facility or equipment type projects, for example, a project includes such activities as land acquisition for the construction of a facility, and any design/engineering or related work. It does not comprise those activities which are part of the planning leading to the project such as options analyses/feasibility studies, socio-economic studies, market analyses, topographic surveys, and pricing and availability studies.

Purchases contractual obligations — contractual obligations supported by a contract to supply or acquire goods or services.

Transfer payment agreement — a written legal and binding contract or understanding which results in an obligation by the Government to make future payments in the form of grants, contributions or subsidies.

#### 07. Reporting limits

All contractual obligations for fixed assets, operating leases, contractual obligations related to future capital leases, purchases, transfer payment agreements and international organizations are subject to the materiality level set for each category, and should be reported as follows:

- (1) Fixed assets - report the total amount of contractual obligations outstanding at March 31 equal or greater than \$10,000,000 or more per project or individual transaction, if not part of a project.
- (2) Operating leases - report the total amount of contractual obligations outstanding at March 31 equal or greater than \$10,000,000 per project or individual lease, if not part of a project. In cases where operating leases contain options for renewal, the amount of the contractual obligation should not include the value of the options unless the intention is to exercise them.
- (3) Contractual Obligations related to future capital leases — report the total amount of contractual obligations outstanding at March 31 equal or greater than \$1 million per project or individual lease if not part of a project.
- (4) Purchases - report the total amount of contractual obligations outstanding at March 31 equal or greater than \$10,000,000 per project or individual purchase if not part of a project.

- (5) Transfer payment agreements - report the total amount of contractual obligations outstanding at March 31 equal or greater than \$10,000,000 per activity or agreement.

For greater certainty it should be noted that a project could involve contractual obligations for fixed assets, operating leases, purchases, and transfer payment agreements none of which equals or exceeds \$10,000,000 individually, but in the aggregate amount to \$10,000,000 or more. The total should be reported with the appropriate breakdown provided by type.

- (6) International organizations - report budgetary and non-budgetary loans and advances to international organizations and developing countries, which Canada has agreed to disburse in the future. Also include contractual obligations for purchases of non-budgetary share capital in such organizations. Report all international contractual obligations outstanding at March 31 of \$1 million or more per bank, fund or developing country. Foreign currencies are to be translated into Canadian dollars using the closing rates of exchange at March 31, using plate I-3.

**Contractual obligations must be reported by the organization that will ultimately pay for the obligation from its budget. This will obviate the need for common services agencies such as Public Works and Government Services to report contracts negotiated on behalf of other organizations.**

Departments should aggregate individual contracts paid to suppliers for an item or items of a similar nature (or activity) and report them as one contractual obligation. The amounts of the individual contracts may be less than the reporting limit for this type of contractual obligation, however, in aggregate these contracts would exceed the threshold amount. An example of this would be contractual obligations to supply munitions given to numerous suppliers.

Departments participating in a government-wide program (i.e. Canada Infrastructure Works Agreement and Regional and Economic Development Programs) are requested to submit plates covering their involvement even though the amounts pertaining to the individual departments may be below those stipulated above, in situations where the aggregate government-wide total of the program meets the materiality limits established for the particular type of contractual obligation.

## 08. Characteristics of Contractual Obligations

### 08.1 General characteristics of contractual obligations

A contractual obligation has all of the following characteristics:

- (a) there is a contract signed by an authorized representative of the Crown i.e. Minister, Deputy Minister or any other authorized officer;
- (b) there is an existing budgetary or non-budgetary parliamentary authority or such authority is being sought in the Estimates of the subsequent fiscal years or through new or amended legislation or by means of a forecast included in the Annual Reference Level Update (ARLU);

In addition, a contractual obligation may have the following clauses:

- (c) the contract is revocable only if there is a clause permitting a replacement or amending a contract that is signed between the parties; and/or
- (d) The contract may include a clause permitting one of the parties to unilaterally terminate the contract, normally by providing the other party or parties notice in writing. At the time of the preparation of Plate I-3, there is no evidence that such a clause will be exercised in the future.

**“Subject to Funding” Clauses**

In the past there has been some confusion about whether contracts with subject to funding clauses (i.e. funding by government appropriations) are, in fact, irrevocable contractual obligations. Under section 40 of the FAA, “every contract providing for payment of any money by Her Majesty that payment under that contract is subject to there being an appropriation for the particular service of the fiscal year”. In other words, all contractual obligations of the government are subject to funding.

This means that is highly unlikely that the government would not honor its contractual obligations. **Therefore, a “subject to funding” clause does not exclude a contractual obligation from being reported in Plate I-3.**

**08.2 Specific characteristics of contractual obligations**

Contractual obligations are to be reported according to the following categories and specific characteristics for each category are restricted and mutually exclusive.

**A. Fixed assets - Acquisition of land, buildings, works, machinery and equipment**

Land, buildings, works, machinery and equipment have the following characteristics:

- (1) Tangible assets purchased, constructed, developed or acquired by other means and:
  - are held for use in the production or supply of goods, services or program outputs;
  - have a useful life extending beyond one fiscal year and are intended to be used on a continuing basis;
  - and
  - are not for sale in the ordinary course of operations.
- (2) They are valued at their acquisition costs. The acquisition cost is defined as the aggregate price paid by the Government to acquire the asset, including all payments necessary to make the asset operational such as installation costs, legal fees, site preparation costs, freight charges, testing and preparation charges. Government bodies must use the definition of cost appearing in subsection 06 to determine the amounts to be reported.
- (3) Land, buildings, works and machinery include items which are required/used by government bodies in the delivery of Government programs and specifically include defence and military installations at home and abroad used by Canada in providing defence services for its population or in fulfilling its partnership role in international treaties/agreements/organizations. Land includes acquisitions of property for parks or other government projects.
- (4) Equipment includes items which are required/used by government bodies in the delivery of Government programs and includes defence and military hardware such as ships, submarines, aircraft, tanks and any other equipment used during times of war or peacekeeping activity.

**B. Operating leases**

An operating lease has the following characteristics:

- (1) It is a lease where the benefits and risks of ownership related to the leased property are substantially retained by the lessor.
- (2) It is a lease where there is reasonable assurance that the Government will not obtain ownership of the leased asset by the end of the lease term. This means that there is not a bargain purchase option at the end of the lease.

- (3) It is a lease where the term of the lease is of such short duration that the Government will not receive substantially all of the economic benefits expected to be derived from the use of the leased asset over its life span. This means that the lease term, which is the fixed non-cancellable period of the lease, is less than 75 percent of the economic life of the asset.
- (4) It is a lease where the lessor is assured of not recovering the investment in the lease as a result of the lease agreement. In other words, if the lease period, including renewal options, is of such short duration that it is determined by the government body that the lessor is not likely to recover its investment costs in the leased asset, then the lease is deemed to be an operating lease. This means that the present value of the lease payments over the term of the lease is less than 90 percent of the fair value of the lease at the beginning of the lease (see definition of "Fair value of the leased asset" in section 15.3.4 of this chapter).

C. Contractual obligations related to future capital leases

When the capital lease agreement has been signed but the benefits and risks of ownership have not been transferred to the Department as at March 31, it is a contractual obligation (i.e. it has not been recorded as an asset and liability by the Department). All other capital lease agreements should be reported under section 15.3.4 of this chapter.

D. Purchases

Purchase obligations to acquire goods or services will be charged to budgetary expenditures when the goods are received or services provided. Some purchase contracts are made one or more years in advance of the delivery date due to production requirements/constraints by suppliers or due to the fact contracts may specify the delivery period when goods or services are needed. If such purchase contracts are over an extended period of time and in excess of the reporting limit, they are required to be reported to the Receiver General as contractual obligations.

E. Transfer payment agreements

A transfer payment agreement which provides for payments over a number of years is considered a contractual obligation if the contract cannot be changed unilaterally by the Government but requires consent of all affected parties to do so. Programs such as Old Age Security would not be considered a contractual obligation since the Government can change the legislation as it sees fit without the consent of others.

Transfer payments must be reported as contractual obligations where all of the following criteria are met:

- a legal binding contract exists which commits the Government to make specific payments at specific dates beyond the current fiscal year;
- the agreement cannot be revoked by the Government without the consent of other parties;
- the total cumulative remaining amount of such contractual obligation equals or exceeds \$10,000,000 at fiscal year-end.

F. International organizations

It is the policy of the Government to facilitate the efforts of the peoples of developing countries to achieve self-sustainable economic and social development in accordance with their needs and environment, by co-operating with them in development activities and to provide humanitarian assistance.

These efforts are facilitated in part by loans and advances which Canada has agreed to disburse in future years to international organizations and developing countries. Contractual obligations are also made to purchase non-budgetary share capital in international organizations.



The same criteria, apart from the materiality factor, that apply to transfer payment agreements (see E above) also govern contractual obligations made to international organizations.

The materiality factor is \$1 million or more for the aggregate total of contractual obligations made to each international organization or country after translation to Canadian currency.

Plate I-3, contractual obligations for international organizations are to be submitted using hardcopy input only.

#### 09. Exclusions

Exclusions are as follows:

##### (A) Exclusions - Grants and contributions

Grants and contributions programs which are not in the form of irrevocable contracts are to be excluded from this section since they are subject to changes through unilateral decisions by the Government.

##### (B) Exclusions - Capital leases once the transfer of ownership has occurred (i.e. has been recorded as an asset and liability by the department)

Once lessor transfers substantially all the benefits and risks incident to ownership of property to the lessee, capital leases are recorded in the accounts of Canada as an asset and liability. Such capital leases must be reported in accordance with the requirements of the directive regarding capital leases issued in section 15.3.4 of this chapter.

##### (C) Exclusions - International organizations

Exclude - undisbursed loans and advances under lines of credit made available to international organizations to finance future lending activities.

- future callable share capital related to subscriptions that Canada has made a commitment to purchase at some future date.
- callable share capital related to share capital already purchased.

The preceding three exclusions are considered to be and must be reported as contingent liabilities.

##### (D) Exclusions - Other

Standing or other offers which guarantee the Government predetermined prices for goods and/or services, are not contractual obligations since they are normally executed at the option of the Government.

##### (E) Exclusions - Internal costs to Government

Exclude from "Total Estimated Costs", "Amount Contracted", "Amount Expensed" and "Outstanding Contractual Obligations" on Plate I-3 internal costs to the Government such as salaries of employees, related employment and termination benefits payable in future years, and GST.

## 10. Manuscript preparation

Departments and agencies must:

- use Plate I-3 for reporting. A sample plate is included as Annex A of this section.

(Plate I-3 is not entirely appropriate for reporting or summarizing the contingencies and contractual obligations of International Organizations. Please note Annex B at the end of this section which illustrates the current requirement for information on International Organizations in the *Public Accounts of Canada*. Since there are only two departments and one Crown corporation providing this information, it is not feasible to design and provide a special plate at this time. As appropriate, please prepare a modified Plate I-3 (Table 11.4) including a retirement schedule based on Annex B to forward the necessary information).

The column headings of Plate I-3 are explained below under INFORMATION AND AMOUNTS TO BE REPORTED.

- indicate nil returns on the plates (if applicable).
- round amounts to the nearest million dollars.
- report data as required under INFORMATION AND AMOUNTS TO BE REPORTED.
- name of contractor and contract description are required in both official languages.

## 11. Information and amounts to be reported

Plate I-3 Contractual obligations - Fixed assets; operating leases; purchases; transfer payment agreements and international organizations.

Ensure that the contractual obligations related to fixed assets, operating leases, purchases, transfer payments and international organization are reported separately from each other on Plate I-3.

The information on Plate I-3 involves the following:

- (A) Name of contractor and contract description
- (B) Nom de l'entrepreneur et description du contrat

The information requested according to type of contractual obligation is as follows:

- (i) Fixed assets - Include applicable information on:
  - Projects, giving a brief description and the main location.
  - Contractor, give the name of the main contractor.
  - Contract description for the main contractor.
  - Supplier, in the case of outright purchases of assets.
- (ii) Operating leases and contractual obligations related to future capital leases - Give particulars and description of the leased asset such as:
  - Name of lessor.
  - Description of asset.
  - Location of asset.

- (iii) Purchases - Give particulars and description of purchase such as:
  - Seller.
  - Description of purchase.
  - Program under which purchase or project belong.
- (iv) Transfer payment agreements - Provide particulars such as:
  - Recipient or type of recipient.
  - Description or purpose of transfer payment.
  - Program under which the grants or contributions belong.

(C) Authority, reference or description

The information requested according to type of contractual obligation is as follows:

- (i) Fixed assets - Include the applicable authority reference such as:
  - Cabinet order.
  - Privy Council order.
  - Item in the Annual Reference Level Update (ARLU) approved by Treasury Board.
- (ii) Operating leases and contractual obligations related to future capital leases - Include the applicable authority reference such as:
  - Cabinet order.
  - Privy Council order.
  - Item in the Annual Reference Level Update (ARLU) approved by Treasury Board.
- (iii) Purchases - List the program and vote number under which the project or acquisition(s) belong.
- (iv) Transfer payment agreements - List the program and vote number under which the project belongs.

(D) Total estimated cost

The total estimated cost of the project should be disclosed in this column for all types of contractual obligations. The total estimated cost of the project/operating lease should be revised at every year end taking into account any contracts agreed upon and revised estimates of costs for the part of the project which has not yet been contracted out. For contractual obligations related to future capital lease, the estimated fair value of the leased property at the anticipated date of inception would be reported.

(E) Amount contracted to March 31

This is the total amount of the contracts agreed upon to March 31. This includes the amount of contracts that are finished and those that have not yet started as well as those that are in progress. For the finished contracts, amounts should reflect the actual values of such contracts rather than the original amounts where applicable. In the case of operating leases, when an item is being reported for a second consecutive fiscal year, because it is still above the materiality limit, the total must include actual payments, if such payments are different from those specified in the contract.

(F) Amount of expenditure to March 31

This is the portion of the contract(s) that has been fulfilled. This means that either a payment has been made or a PAYE (payable at year-end) has been recorded.

(G) Outstanding contractual obligation at March 31

This is the total outstanding amount of contractual obligation still to be discharged. This is the result of column E less column F.

(H) Outstanding contractual obligation at March 31 (Allocation)

This is the total outstanding amount of contractual obligation still to be discharged. Obligations that are assured to be paid in a foreign currency must be expressed in equivalent Canadian dollars, using the applicable March 31 year-end rate of exchange. The amount outstanding should be segregated by year for the first five years and in groups of five years thereafter. The sum of these six columns will agree with the total in column F.

Although an allocation (retirement schedule) does not show as a requirement in Annex B, entities reporting information on International Organizations should note that this requirement exists to provide summary data in Section 1, Volume I of the *Public Accounts of Canada*.

In certain cases, such as those dealing with progress billings, a precise schedule of amounts and payment dates may not be ready available. Departmental best estimates will suffice in such instances.

DEPARTMENT OR AGENCY: XYZ

Plate I-3

Contractual Obligations—Fixed Assets, Operating Leases, Purchases and Transfer Payment Agreements

(in millions of dollars)

PAGE 1 OF 1

(A) Name of contractor and contract description	(B) Nom de l'entrepreneur et description du contrat	(C) Authority, reference or description/ Autorisation, référence ou description	(D) Total estimated cost/ Coût total estimatif	(E) Amount contracted to March 31/ Montant des contrats accordés au 31 mars	(F) Amount of expenditure to March 31/ Montant des dépenses au 31 mars	(G) Outstanding contractual obligation at March 31/ Obligations contractuelles non exécutées au 31 mars	(H) Amounts to be reported/ Montants à être présentés							
							(H) Outstanding contractual obligation at March 31/ Obligations contractuelles non exécutées au 31 mars							Total
							Subsequent fiscal years/Exercices subséquents					By period of five years/ Par période de cinq exercices		
							1	2	3	4	5			
<u>Fixed Assets</u>	<u>Immobilisations</u>													
1. ABC Electronics Ltd. Waterloo, Ont. To furnish and install radar site equipment for RAMP, North Bay, Ont.	1. ABC Electronics Ltd. Waterloo, Ont. Fournir et installer l'équipement à l'emplacement de radar pour RAMP, North Bay, Ont.	A.R.L.U./ M.J.A.N.R.	750	750	50	700	250	250	200			700		
<u>Operating Leases</u>	<u>Contrats de location-Exploitation</u>													
2. Cray Computer Company Ottawa, Ont	2. Compagnie Informatique Cray Ottawa, Ont	A.R.L.U./ M.J.A.N.R.	350	300	100	200	50	50	50	50		200		
Total	Total		1,100	1,050	150	900	300	300	250	50		900		

All information reported on this plate is in accordance with the requirements of this section.  
Tous les renseignements déclarés sur cette plaque sont conformes aux exigences de cette section.

ANNEX B

**EXTRACT OF INFORMATION ON THE CONTINGENT LIABILITIES AND  
CONTRACTUAL OBLIGATIONS OF INTERNATIONAL ORGANIZATIONS**  
(Table 11.4 in Section 11 of Volume I of the 2003-2004 *Public Accounts of Canada*)

	Undisbursed loans and advances	Future paid-in share capital	Total
<b>NON-BUDGETARY SHARE CAPITAL AND LOANS—</b>			
African Development Bank.....		11	11
European Bank for Reconstruction and Development.....		32	32
International Monetary Fund.....	119		119
Developing countries—Canada Account.....	3,190		3,190
	<u>3,309</u>	<u>43</u>	<u>3,352</u>
<b>BUDGETARY LOANS AND ADVANCES —</b>			
African Development Fund.....	70		70
Asian Development Fund.....	49		49
International Fund for Agricultural Development.....	29		29
Montreal Protocol Fund.....	12		12
Caribbean Development Bank—Special.....	2		2
International Development Association.....	230		230
International Monetary Fund.....	15		15
Global Environment Facility (GEF) Trust Fund.....	119		119
Developing countries—Canada Account.....	4		4
	<u>530</u>		<u>530</u>
<b>Total.....</b>	<u>3,839</u>	<u>43</u>	<u>3,882</u>

<sup>(1)</sup> Foreign currencies were translated into Canadian dollars using the closing rates of exchange at March 31, 2004  
(1\$US = \$1.3113 Cdn; 1SDR = \$1.94139 Cdn).

Note: Canada has agreed to lend the Poverty Reduction and Growth Facility (formerly the Enhanced Structural Adjustment Facility) special drawing rights (SDR) 700 million of which SDR 639 million has been lent, and to subsidize the interest rate on the loan through a grant of approximately SDR 190 million, of which SDR 182 million has been paid-in.

	Callable share capital
<b>NON-BUDGETARY SHARE CAPITAL AND LOANS—</b>	
African Development Bank.....	1,218
Asian Development Bank.....	2,612
Caribbean Development Bank.....	64
International Bank for Reconstruction and Development (World Bank).....	6,647
Multilateral Investment Guarantee Agency.....	60
European Bank for Reconstruction and Development.....	803
Inter-American Development Bank.....	5,081
<b>Total.....</b>	<u>16,485</u>

### 15.3.7 Accounts receivable (excluding interdepartmental)

#### 01. Introduction

To comply with accounting guidelines and policies established by the Treasury Board Secretariat and the Receiver General, departments and agencies must report all revenues and revenues netted against expenses on an accrual basis; that is in the fiscal year the transaction or event which give rise to the revenue occurred. These accounts receivable are reported in the departmental trial balances and are consolidated on a government wide level at year end by Accounting Banking and Compensation Directorate (ABCD) - Public Works and Government Services Canada (PWGSC), and thus are reported on the Statement of Financial Position published in Volume I of the *Public Accounts of Canada* located at the following URL address <http://publiservice.pwgsc.gc.ca/rg/text/home-e.html>.

#### 02. Background information and authority

*The 6th Report of the Standing Committee on Public Accounts of Canada*, tabled in the House of Commons on October 20, 1964, recommended that accounts receivable information be included in the *Public Accounts of Canada*. The Government subsequently implemented this recommendation and the information continues to be published in the *Public Accounts of Canada*.

With the implementation of the Financial Information Strategy, departments and agencies are now recording all accounts receivable, tax receivables and other accounts receivable, through their departmental trial balance submission to CFMRS.

#### 03. Definitions

Accounts receivable — represent financial claims arising from accrued revenue transactions which will result in a future inflow of cash. These claims do not include amounts already recorded as Loans, Investments and Advances. Accounts receivable are split into two distinct categories, which are tax receivables and other accounts receivable.

Tax receivables — represent financial claims incurred through the Canada Customs and Revenue Agency (CCRA) tax system and Canada Border Services Agency (CBSA) tax system.

Goods and Services Tax — represent Goods and Services Tax charged by departments and agencies on their billings.

Provincial Sales Tax — represent Provincial Sales Tax charged by departments and agencies on their billings.

Other accounts receivable and revenues netted against expenses — represent claims arising from accrued revenues for interest earned, fees charged, goods delivered or services rendered by a government body on or before March 31; expenses overpayments, other recoverable payments.

Government body — an organization which is part of the Government of Canada as an accounting entity, including a department, an agency and any other organization.

Government of Canada — as an accounting entity, the Government of Canada is defined as all the departments named in Schedule I of the *Financial Administration Act* (FAA); any division or branch of the Public Service of Canada set out in Column 1 of Schedule 1.1 of the FAA; a commission under the *Inquiries Act* designated by the Governor in Council as a department for purposes of the FAA; the staffs of the Senate, the House of Commons and the Library of Parliament; and, any corporation named in Schedule II of the FAA.

#### 04. Scope

This section is in general agreement with the Policy on Receivables Management located on the *Treasury Board Site* at the following URL address: [http://www.tbs-sct.gc.ca/Pubs\\_pol/dcgpubs/TBM\\_142/PRM-GCD\\_e.asp](http://www.tbs-sct.gc.ca/Pubs_pol/dcgpubs/TBM_142/PRM-GCD_e.asp). The matured portions of loans, investments and advances need not be reported under these instructions because these balances are reported on Form TA9.

Accounts receivable arise from a number of different situations, but generally represent billed and unbilled or accrued financial claims arising from amounts owed to a government body for use of its assets, or from the provision of services as of the accounting date. All revenues and revenues netted against expenses are to be accounted for in the period the transactions or events giving rise to the revenue occurred. For example, the sale of publications should be accounted for in the period the goods are delivered.

Departments and agencies that have revolving funds are not to include revolving fund accounts receivable on their departmental Plates I-5. A separate Plate I-5 must be completed for each revolving fund and the total accounts receivable must agree to amounts reported as accounts receivable on the Statement of financial position of such revolving funds. The sum of all plates (departmental and revolving funds) must equal the total amount of accounts receivable reported in the departmental final trial balance submitted to CFMRS.

**Departments and agencies must use information from the Financial Reporting Accounts. The accounts receivable information reported on Plate "I-5" must agree to external accounts receivable information included in the departmental final trial balance submitted to the Receiver General (Financial Reporting Account group 112 (excluding sub-groups 1124 and 1125) and 113).**

**Only external accounts receivable should be reported on the plate. Interdepartmental accounts receivable need not be reported.**

Accounts receivable also arise from financial claims for tax receivables including GST and PST accrued as part of a sale. When GST and PST are charged to a sale of goods and services to external parties the GST and PST will be included and recorded in the accounts receivable FRA. To understand this concept a typical journal entry to record a sale where GST and PST were charged and recorded to accounts receivable is presented below. For more information on this and other common accrual entries you may consult Chapter 10R2 Accounting Entries under Full FIS in the Receiver General Manual which is located at the following URL address: <http://publiservice.pwgsc.gc.ca/rg/text/recgen-e.html>.

Example: Other accounts receivable

		\$
11221	Accounts receivable non-tax revenue	115DR
423XX	Sales of goods and services	100CR
21134	GST (including HST) payable to CCRA	7CR
21151	PST (excluding HST) payable to Provinces	8CR

On plate I-5, the \$115 recorded as other accounts receivable will be reported on the line "total other accounts receivable \$115".

Tax receivables include amounts assessed by Canada Customs Revenue Agency (CCRA) and Canada Border Services Agency (CBSA) but not yet collected, as well as estimates of unassessed taxes at year-end. It also includes taxes and premiums collectable on behalf of others such as provincial, territorial governments and the Canada Pension Plan.

Tax receivables have to be broken down by type of tax receivables (please see list of FRAs).



05. Inclusions

The following types of accounts receivable and allowance for doubtful accounts must be reported:

(a) Tax receivables

(i) Financial Reporting Accounts to be used by CCRA and CBSA only;

1121X	Accounts receivable - Tax receivables
1127X	Allowance for doubtful tax accounts - Tax receivables
1131X	Personal Income Tax - Accrual Estimates
1132X	Personal Income Tax - Employers Source Deductions accrued
1133X	Corporate Income Tax - Accruals
1134X	Non resident tax - Accruals
1135X	GST - Accruals
1136X	Excise taxes - Accruals
1137X	Customs duties - Accruals
1139X	Other tax receivables - Accruals

(ii) Departments with any other type of tax receivables must report the amount as a tax receivables on plate I-5;

(b) Other accounts receivable

Financial Reporting Accounts to be used by all departments and agencies.

1122X	Accounts receivable - Other revenues, excluding interdepartmental
1123X	Accounts receivable - Other

Should other FRAs have been used to record accounts receivable - Tax receivables or other accounts receivable, provide the details as a note on your plate.

06. Exclusions

Accounts receivable amounts reported on Plate I-5 must exclude the following.

Accounts receivable amounts reported on Plate I-5 must exclude loans, investments and advances. These items are recorded in the accounts of Canada and reported as assets on the Statement of Financial Position. They are listed in the following tables of Section 9, Volume I of the *Public Accounts of Canada*:

- Enterprise Crown corporations
- Portfolio investments
- National governments
- International organizations
- Provincial and territorial governments
- Other loans, investments and advances (includes advances to employees, and other types of loans, investments and advances not classified elsewhere)

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### 07. Manuscript preparation

Departments and agencies must use Plate I-5 for reporting year end accounts receivable amounts. Completed plate must be provided by each department or agency and those organizations with no accounts receivable are required to indicate “Nil Return” on the plate.

Departments and agencies with revolving funds are required to complete separate plates for each revolving fund, in addition to their departmental Plate I-5.

On Plate I-5, tax receivables amounts must be allocated to the revenue classification.

### 08. Data to be reported

Amounts must be rounded to the nearest dollar.

A sample plate is included as Annex A of this section and the column headings of Plate I-5 are explained below.

Plate I-5 — Accounts receivable as at March 31:

- (1) Current year
  - the year end balances for accounts receivable which arose in the current fiscal year.
- (2) Categories of accounts receivable
  - tax receivables must be allocated to the revenue classification as per Plate I-5. Other accounts receivable are presented on one line only.
- (3) Gross receivables
  - amounts of accounts receivable collectable from parties outside the Government of Canada as an accounting entity.
- (4) Allowance for doubtful accounts
  - consists of an allowance for doubtful accounts, based on the best estimate of amounts that may not be collected (including accounts receivable scheduled for write-off or forgiveness in the future) and, an allowance for other contingencies to reflect situations where departments will incur additional direct expenses (such as a collection agency) to collect accounts receivable. Estimates may be made on the basis of experience and include the use of percentage loss calculations. Under no circumstances should an amount be removed from the Statement of Accounts Receivable unless written-off or forgiven during the period.
- (5) Net receivables (CY)
  - column (3) minus column (4).

Plate I-5 — Aging of other accounts receivable

The information related to other accounts receivable on Plate I-5 should also be disclosed in the aging of gross accounts receivable (column 3 Gross receivables (CY) of Plate I-5). Other accounts receivable total of column 3 and the gross total of column 7 (total aging) on Plate I-5 must agree.

- (6) Outstanding days
  - balances at year end grouped according to number of outstanding days. These balances do not include internal transactions. In the case of a receivable for a refund of old year expenditure where a refund claim is made, the due date is the date of the claim and not the date of the original expense.

(7) Total

- total should equal the total of other accounts receivable in column 3.

ANNEX A

DEPARTMENT OR AGENCY: XYZ

Plate I-5

Accounts Receivable as at March 31

PAGE 1 OF 1

Categories of accounts receivable (2)*	Financial Reporting Account	Current year (CY) (1)*		
		Gross receivables (3)*	Allowance for doubtful accounts (4)*	Net receivables (CY) (5)*
Tax receivables—**		\$	\$	\$
Income tax receivables—				
Individuals.....		24,280,264	(3,311,053)	20,969,211
Employers.....		10,203,348	(644,610)	9,558,738
Corporations.....		5,243,102	(1,073,723)	4,169,379
Non-residents.....		824,562	(332,673)	491,889
Goods and services tax receivable.....		9,570,803	(1,734,102)	7,836,701
Customs duties receivable.....		126,104	(37,738)	88,366
Excise taxes and duties receivable.....		523,016	(40,263)	482,753
Total tax receivables.....		50,771,199	(7,174,162)	43,597,037
Total other accounts receivable***.....	1122X, 1123X	3,289,790	(1,042,955)	2,246,835

\* Refer to explanation provided under subsection 8 of this section - "Data to be reported".

\*\* Tax receivables applies to CCRA and CBSA only.

\*\*\* Other accounts receivable applies to all departments or agencies.

DEPARTMENT OR AGENCY: XYZ

Plate I-5

Other accounts receivable as at March 31

Aging of other accounts receivable	Outstanding days (6)*					Total (7)*
	0-30	31-60	61-90	91-365	Over 365	
	\$	\$	\$	\$	\$	\$
Total other accounts receivable.....	808,567	36,429	28,541	674,200	1,742,053	3,289,790

\* Refer to explanation provided under subsection 8 of this section - "Data to be reported".

CCRA and CBSA Only

Tax receivables as at March 31

Aging of tax receivables	Outstanding years						Total
	Less than one year	1-2	2-3	3-4	4-5	Over 5 years	
	\$	\$	\$	\$	\$	\$	\$
Total tax receivables.....	42,029,114	2,900,254	1,552,432	1,138,577	785,968	2,364,854	50,771,199

### 15.3.8 Capital assets and assets under capital leases

#### 01. Introduction

This section collects information with respect to capital assets acquired, built or developed by a department as well as assets under capital lease.

#### 02. Background Information and authority

Up to fiscal year 2000-2001, capital assets were recorded as expenditures. Effective fiscal year 2001-2002, capital assets owned as well as those under capital lease have been recorded as capital assets in the accounts of Canada. This section of the PAI should be read in conjunction with the Treasury Board Accounting Standard 3.1 - "Capital Assets", located at the following URL address:

[http://www.tbs-sct.gc.ca/Pubs\\_pol/dcgpubs/accestd/capasset\\_e.asp](http://www.tbs-sct.gc.ca/Pubs_pol/dcgpubs/accestd/capasset_e.asp). The FIS Accounting Manual issued by Treasury Board Chapter 3.5 - "Capital Assets" is located at the following URL address:  
[http://www.tbs-sct.gc.ca/pubs\\_pol/dcgpubs/accestd/fisam-mcssif-0701\\_e.asp](http://www.tbs-sct.gc.ca/pubs_pol/dcgpubs/accestd/fisam-mcssif-0701_e.asp).

#### 03. Definitions

Capital assets — represent assets acquired, built, developed or betterments to tangible assets, whose useful life extends beyond the fiscal year, which are not intended for resale in the ordinary course of operations and which are intended to be used on an ongoing basis for producing goods or delivering services, including military activities.

Assets under capital lease — represent capital assets that are used by a department under a lease that transfers substantially all the benefits and risks incident to ownership of the assets to the department.

#### 04. Scope

All capital assets at March 31 as well as supplementary information regarding capital assets must be reported in the Statement of Capital Assets and Assets under Capital Leases (Plate I-6, Plate I-6a and Plate I-6b).

Capital assets must be accounted for in accordance with Treasury Board Accounting Standard (TBAS) 3.1 - Capital Assets. If a departmental corporation or a revolving fund follows an accounting policy that differs from that specified in TBAS 3.1, the information submitted in their final trial balance for reporting through the CFMRS must be realigned to be fully compliant with TBAS 3.1.

**Departments and agencies must use the information from the Financial Reporting Accounts (FRA). The capital asset elements are reported on Plate I-6 and must agree with capital asset accounts in your departmental final trial balance submitted to the Receiver General (Financial Reporting Account group 16XXX).**

Reporting requirements for obligations under capital leases are found in section 15.3.4.

#### 05. Manuscript preparation

Departments and agencies must use Plate I-6 for reporting capital assets, Plate I-6a for reporting assets under capital lease and Plate I-6b for supplementary information. Completed plates must be provided by each department or agency. Organizations with no capital assets or assets under capital lease obligation are required to submit the Plate I-6, Plate I-6a and Plate I-6b by indicating a "Nil Return" on the plate.

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## 06. Data to be reported

Amounts must be in thousands of dollars.

A sample plate is included as Annex A of this section and the column headings of Plate I-6 and Plate I-6a are explained below. Plate I-6a "Assets under capital leases" uses the same instructions as "Capital assets".

### A) Capital Assets:

#### (1) Categories of capital assets

- the categories of capital assets represent the main categories listed in the *Chart of Accounts* and identify the grouping of financial reporting accounts.

#### (2) Opening balance

- the opening balance is the amount reported as the closing balance as at March 31, 2004 in accordance with TBAS 3.1. If opening balances have been modified in your financial statements, these modifications must be reported in plates I-6 and I-6a using the "Other transactions" column.

#### (3) Acquisitions during the year

- the acquisition of capital assets and betterments have been separated in two columns: "Other Government Departments" and "Outside parties" under FRA group 16XXX. While they relate to standard objects 08 and 09, the FRA content may be different due to the threshold amount being capitalized by the department or agency and other elements such as capitalization of labor cost.
- all OGD transactions reported on plates I-6 and I-6a must be accompanied by either a "cell comment" or description of the transfer on page 4 of plate I-6 and I-6a comprising of the partnering department name or number as well as related amount, to allow elimination of the transaction at the consolidated level.
- transfers of capital assets between OGD should be recorded at the net book value.
- acquisition of Work in Progress (WIP) from another department is to be reported under the "Acquisitions for the year - Outside parties" column.
- transfer of costs from the WIP account to the proper capital asset account must be reported using the "Other transactions" column as presented in Annex A of this section.

#### (4) Disposals/write-offs during the year

- the disposition consists of the elimination of the original cost of the assets disposed of or written off during the year. Disposals have also been separated to report transactions with Other Government Departments and outside parties. Transfer of capital assets between OGD is done at net book value.
  - all OGD transactions reported on plates I-6 and I-6a must be accompanied by either a "cell comment" or description of the transfer on page 4 of plate I-6 and I-6a comprising of the partnering department name or number as well as related amount, to allow elimination of the transaction at the consolidated level.
  - disposals of capital assets done via the Crown Assets Distribution Center must appear in the "Dispositions during the year - Outside parties" column.
  - write-offs of WIP must be reported using the "Dispositions during the year - Outside parties" column.
  - transfer of costs from the WIP account to the proper capital asset account must be reported using the "Other transactions" column as presented in Annex A of this section.
-

(5) Other transactions

- other transactions are adjustments recorded through FRA 36ddd, 35ddd (transfer of assets due to government reorganization, refer to RG Manual section 10.7.16 of Chapter 10) or 42771, Work In Progress (WIP) transfers, and/or other modifications (minor reclassifications or modifications, etc.) brought to previous year reported closing balances and considered year to date in CFMRS.

For plates I-6 and I-6a, these transactions must be reported using the modification worksheet as presented in Annex A of this section, and not in the opening balance column or in the acquisition and disposal columns. The amount should be reported on page 3 of plates I-6 or/and I-6a.

(6) Closing balance

- the closing balance represents the value of the assets still owned by the Government as defined in the accounting policies and is calculated on the plate by the opening balance, plus acquisitions during the year, plus other transactions, less dispositions/write-offs during the year and, must agree with the FRA balance.

(7) Proceeds from disposals of capital assets

- proceeds from disposals are equal to compensation received from the disposal (ex: proceeds coming from the sale) of an asset. Use the "Proceeds from disposals of capital assets" section in page 4 of plate I-6 to calculate the proceeds.

B) Accumulated amortization of capital assets:

(1) Categories of capital assets amortized

- the categories of capital assets amortized represent the main categories listed in the *Chart of Accounts* and identify the grouping of FRA.

(2) Opening balance

- the opening balance of the accumulated amortization is the closing balance reported as at March 31, 2004. If opening balances have been modified from previous fiscal year's final trial balance, these modifications must be reported using the "Other transactions" column as presented in Annex A of this section, and not in the opening balance column.

(3) Increase due to Interdepartmental acquisitions

- as per TBAS 3.1, transfers of capital assets between departments are to be done at net book value. The receiving department is to record the asset at its original cost and accumulated amortization. The receiving department would record the increase in amortization as a result of an interdepartmental acquisition in this column.

(4) Amortization for the year

- the amortization for the year represents the charges made to reflect the economic usage of the assets during the year. Amortization must agree with the corresponding FRA (Financial Reporting Account group 514XX). Only amortization expenses should be present in this column, other increases in accumulated amortization, "increases due to interdepartmental acquisitions" excluded, must be reported through the "Other transactions" column.

(5) Disposals/write-offs during the year

- the disposal or write-offs in accumulated amortization consists of the elimination of the accumulated amortization related to capital assets that have been disposed or written-off during the year. Disposals have also been separated to report transactions with “Other Government Departments” and “Outside parties”. Transfer of capital assets between departments must be done at net book value and must contain the related accumulated amortization, see the “Increases due to interdepartmental acquisitions” section for more details.

(6) Other transactions

- other transactions are modifications to opening balances or corrections done with FRA 36ddd, 35ddd (transfer of assets due to Government reorganization, refer to RG Manual section 10.7.16 of Chapter 10) or 42771, and/or other increases/decreases (reclassifications, increases in accumulated amortization due to write-downs, other increases in accumulated amortization besides amortization or OGD acquisitions, minor modifications, etc.)

(7) Closing balance

- the closing balance represents the total accumulated amortization related to the closing balance of the capital assets and must agree with the FRA balance.

C) Supplementary information

Plate I-6b collects information required for the preparation of the Notes of the Government of Canada Consolidated Financial Statements. This plate collects information regarding:

- the department’s amortization method by asset type as well as useful life or applicable rate for each asset account that is not nil;
- the nature of significant works of art and historical treasures held by a department;
- the nature and estimated fair market value of contributed capital assets received from external sources over \$1 million recorded in the period;
- the nature and use of any capital assets recorded at nominal values; and
- the nature and net book value of any capital assets not being amortized because they have been removed from service.



DEPARTMENT OR AGENCY: XYZ

Plate I-6

Capital assets as March 31, 2005

Page 1 of 4

Capital assets (in thousands of dollars)	Financial Reporting Account	Opening balance April 1, 2004	Acquisitions during the year		Disposals /write-offs, during the year		Other transactions (see page 3 of plates I-6 and I-6a)	Closing balance March 31, 2005
			Other Government Departments	Outside parties	Other Government Departments	Outside parties		
<b>At cost/established value</b>								
<b>Land</b>	16111	25,250		1,250		100	30	26,430
<b>Buildings</b>	16112	50,000		10,260		2,000	5,760	64,020
<b>Works and infrastructure</b>	16113	10,000		800		100	250	10,950
<b>Machinery and equipment</b>								
Machinery and equipment	16121	2,660		350	275	150	500	3,085
Informatics hardware	16122	1,000	250	200		130		1,320
Informatics purchased and developed software	16123							
Arms and weapons for defence	16124							
Other equipment, including furniture	16129	2,370		35		20	(500)	1,885
<b>Total machinery and equipment</b>	1612	<b>6,030</b>	<b>250</b>	<b>585</b>	<b>275</b>	<b>300</b>		<b>6,290</b>
<b>Vehicles</b>								
Ships and boats	16131	10,000	2,000	3,000	35	2,000		12,965
Aircraft	16132							
Motor vehicles (non-military)	16133							
Military vehicles	16134							
Other vehicles	16135							
<b>Total vehicles</b>	1613	<b>10,000</b>	<b>2,000</b>	<b>3,000</b>	<b>35</b>	<b>2,000</b>		<b>12,965</b>
<b>Leasehold improvements</b>								
Leasehold improvements	16141			20		5		15
Leasehold improvements on properties where custodian is another Government department	16142							
<b>Total leasehold improvements</b>	1614			<b>20</b>		<b>5</b>		<b>15</b>
<b>Assets under construction</b>								
Building in progress of construction	16311	500				100	(400)	
Engineering work in progress of construction	16312							
Work in progress for software	16315	120		15				135
Other construction or work in progress	16319							
<b>Total assets under construction</b>	163	<b>620</b>		<b>15</b>		<b>100</b>	<b>(400)</b>	<b>135</b>
<b>Assets under capital leases (plate I-6a)</b>		37,000		4,000	500		2,290	42,790
<b>Total capital assets</b>		<b>138,900</b>	<b>2,250</b>	<b>19,930</b>	<b>810</b>	<b>4,605</b>	<b>7,930</b>	<b>163,595</b>

ANNEX A

## Plate I-6

Capital assets as March 31, 2005

Page 2 of 4

Accumulated amortization for capital assets (in thousands of dollars)	Financial Reporting Account	Opening balance April 1, 2004	Increase due to Interdepartmental acquisitions	Amortization for the year	Disposals during the year		Other transactions (see page 4 of plates I-6 and I-6a)	Closing balance March 31, 2005
					Other Government Departments	Outside parties		
<b>At cost/established value</b>								
<b>Buildings</b>	16212	35,570		6,000		1,000	3,000	43,570
<b>Works and infrastructure</b>	16213	3,000		1,000		30		3,970
<b>Machinery and equipment</b>								
Machinery and equipment	16221	1,050		120	100	50	300	1,320
Informatics hardware	16222	300	50	45		35		360
Informatics purchased and developed software	16223							
Arms and weapons for defence	16224							
Other equipment, including furniture	16229	1,590		300		10	(200)	1,680
<b>Total machinery and equipment</b>	1622	<b>2,940</b>	<b>50</b>	<b>465</b>	<b>100</b>	<b>95</b>	<b>100</b>	<b>3,360</b>
<b>Vehicles</b>								
Ships and boats	16231	7,000	1,000	1,000	20	800		8,180
Aircraft	16232							
Motor vehicles (non-military)	16233							
Military vehicles	16234							
Other vehicles	16235							
<b>Total vehicles</b>	1623	<b>7,000</b>	<b>1,000</b>	<b>1,000</b>	<b>20</b>	<b>800</b>		<b>8,180</b>
<b>Leasehold improvements</b>								
Leasehold improvements	16241			5				5
Leasehold improvements on properties where custodian is another Government department	16242							
<b>Total leasehold improvements</b>	1624			<b>5</b>				<b>5</b>
Assets under capital leases (plate I-6a)	167	12,200		1,500	300		640	14,040
<b>Total accumulated amortization</b>		<b>60,710</b>	<b>1,050</b>	<b>9,970</b>	<b>420</b>	<b>1,925</b>	<b>3,740</b>	<b>73,125</b>
<b>Net capital assets</b>		<b>78,190</b>	<b>1,200</b>	<b>9,960</b>	<b>390</b>	<b>2,680</b>	<b>4,190</b>	<b>90,470</b>

ANNEX A

Plate I-6

Page 3 of 4

Capital assets as March 31, 2005

Other transactions—Capital assets (in thousands of dollars)	Financial Reporting Account	Amendments FRA 36ddd	Government reorganization FRA 35ddd	Amendments FRA 42771	Work in Progress Transfers	Other (specify using cell comment)	Total
<b>Land</b>	16111					30	30
<b>Buildings</b>	16112	5,260			500		5,760
<b>Works and infrastructure</b>	16113			250			250
<b>Machinery and equipment</b>							
Machinery and equipment	16121			500			500
Informatics hardware	16122						
Informatics purchased and developed software	16123						
Arms and weapons for defence	16124						
Other equipment, including furniture	16129			(500)			(500)
<b>Total machinery and equipment</b>	1612						
<b>Vehicles</b>							
Ships and boats	16131						
Aircraft	16132						
Motor vehicles (non-military)	16133						
Military vehicles	16134						
Other vehicles	16135						
<b>Total vehicles</b>	1613						
<b>Leasehold improvements</b>							
Leasehold improvements	16141						
Leasehold improvements on properties where custodian is another Government department	16142						
<b>Total leasehold improvements</b>	1614						
<b>Assets under construction</b>							
Building in progress of construction	16311			100	(500)		(400)
Engineering work in progress of construction	16312						
Work in progress for software	16315						
Other construction or work in progress	16319						
<b>Total assets under construction</b>	163			<b>100</b>	<b>(500)</b>		<b>(400)</b>
<b>Total modifications to capital assets</b>		<b>5,260</b>		<b>350</b>		<b>30</b>	<b>5,640</b>

Plate I-6

Capital assets as March 31, 2005

Page 4 of 4

Other transactions—Accumulated amortization for capital assets (in thousands of dollars)	Financial Reporting Account	Amendments FRA 36ddd	Government reorganization FRA 35ddd	Amendments FRA 42771	Increases due to write-down of assets	Other (specify using cell comment)	Total modifications
<b>Buildings</b>	16212	3,000					3,000
<b>Works and infrastructure</b>	16213						
<b>Machinery and equipment</b>							
Machinery and equipment	16221			200			200
Informatics hardware	16222						
Informatics purchased and developed software	16223						
Arms and weapons for defence	16224						
Other equipment, including furniture	16229			(200)			(200)
<b>Total machinery and equipment</b>	1622						
<b>Vehicles</b>							
Ships and boats	16231						
Aircraft	16232						
Motor vehicles (non-military)	16233						
Military vehicles	16234						
Other vehicles	16235						
<b>Total vehicles</b>	1623						
<b>Leasehold improvements</b>							
Leasehold improvements	16241/16741						
Leasehold improvements on properties where custodian is another Government department	16242/16742						
<b>Total leasehold improvements</b>	1624/1674						
<b>Total modifications to accumulated amortization</b>		<b>3,000</b>					<b>3,000</b>

**Proceeds from disposal of capital assets**

		Information on OGD transactions		
		FRA	Dept	Amount
Proceeds from disposals of capital assets (deduction)	<u>2,230</u>			
Loss on disposal of physical assets (FRA 51511)	1,000			
Losses on write-downs and write-offs related to capital assets (portion of FRA 51733)	100	16122	DEF	250
Disposal of accumulated amortization (plate I-6)	1,925	16131	DEF	1,000
Disposal of capital assets (plate I-6)		16131	ABC	1,000
Write-down of capital assets (plate I-6)		16121	TUV	(275)
Gain on disposal of capital assets to outside parties (FRA 42411)		16131	FGH	(35)
Gain on sale of real property (FRA 42413)				
	<u>5,255</u>	<u>5,255</u>		
		16222	DEF	50
		16231	DEF	500
		16231	ABC	500
		16221	TUV	(100)
		16231	FGH	(20)

Notes for quality assurance:

- 1 - Ensure that closing balances agree with the corresponding FRA.
- 2 - Disposals or decreases must indicate a reduction.
- 3 - Ensure rounding of total net assets agrees with total rounded FRA.
- 4 - All amendments to opening balances vs 2004 trial balances must be supported by either a formal request to the Receiver General when FRA 36DDD or FRA 35DDD (government reorganization) was authorized, and/or by FRA 42771 for minor adjustments. Please insert related figures in the appropriate columns in pages 3 and 4.
- 5 - NEW - Insert proper information in the "Proceeds from disposal of capital assets" section on this page.
- 6 - NEW - Insert partnering OGD and amounts for OGD transactions as a cell comment next to related amount or use "information on OGD transactions section" on this page.

## Assets under capital leases at March 31, 2005

Assets under capital leases (in thousands of dollars)	Financial Reporting Account	Opening balance April 1, 2004	Acquisitions during the year		Disposals during the year		Other transactions (see page 3)	Closing balance March 31, 2005
			Other Government Departments	Outside parties	Other Government Departments	Outside parties		
<b>Land</b>	16611			500				500
<b>Buildings</b>	16612	26,000		1,500	500	2,790		29,790
<b>Works and infrastructure</b>	16613			500				500
<b>Machinery and equipment</b>								
Machinery and equipment	16621	500		500				1,000
Informatics hardware	16622							
Informatics software	16623							
Arms and weapons for defence	16624							
Other equipment	16629							
<b>Total machinery and equipment</b>	1662	<b>500</b>		<b>500</b>				<b>1,000</b>
<b>Vehicles</b>								
Ships and boats	16631							
Aircraft	16632							
Motor vehicles (non-military)	16633	10,500		1,000		(500)		11,000
Military vehicles	16634							
Other vehicles	16639							
<b>Total vehicles</b>	1666	<b>10,500</b>		<b>1,000</b>		<b>(500)</b>		<b>11,000</b>
<b>Total assets under capital leases</b>		<b>37,000</b>		<b>4,000</b>	<b>500</b>	<b>2,290</b>		<b>42,790</b>

## Plate I-6a

Assets under capital leases at March 31, 2005

Page 2 of 4

Accumulated amortization for assets under capital leases (in thousands of dollars)	Financial Reporting Account	Opening balance April 1, 2004	Increases due to Interdepartmental acquisitions	Amortization for the year	Disposals during the year		Other transactions (see page 4)	Closing balance March 31, 2005
					Other Government Departments	Outside parties		
<b>Buildings</b>	16712	5,000		350	300		790	5,840
<b>Works and infrastructure</b>	16713			50				50
<b>Machinery and equipment</b>								
Machinery and equipment	16721	200		100				300
Informatics hardware	16722							
Informatics software	16723							
Arms and weapons for defence	16724							
Other equipment	16729							
<b>Total machinery and equipment</b>	1672	<b>200</b>		<b>100</b>				<b>300</b>
<b>Vehicles</b>								
Ships and boats	16731							
Aircraft	16732							
Motor vehicles (non-military)	16733	7,000		1,000			(150)	7,850
Military vehicles	16734							
Other vehicles	16739							
<b>Total vehicles</b>	1673	<b>7,000</b>		<b>1,000</b>			<b>(150)</b>	<b>7,850</b>
<b>Total accumulated amortization of assets under capital leases</b>		<b>12,200</b>		<b>1,500</b>	<b>300</b>		<b>640</b>	<b>14,040</b>
<b>Net assets under capital leases</b>		<b>24,800</b>		<b>2,500</b>	<b>200</b>		<b>1,650</b>	<b>28,750</b>

Assets under capital leases as March 31, 2005

Modifications to assets under capital lease (in thousands of dollars)	Financial Reporting Account	Amendments FRA 36ddd	Government reorganization FRA 35ddd	Amendments FRA 42771	Other (specify using cell comment)	Total
<b>Land</b>	16611					
<b>Buildings</b>	16612	2,790				2,790
<b>Works and infrastructure</b>	16613					
<b>Machinery and equipment</b>						
Machinery and equipment	16621					
Informatics hardware	16622					
Informatics software	16623					
Arms and weapons for defence	16624					
Other equipment	16629					
<b>Total machinery and equipment</b>	1662					
<b>Vehicles</b>						
Ships and boats	16631					
Aircraft	16632					
Motor vehicles (non-military)	16633			(500)		(500)
Military vehicles	16634					
Other vehicles	16639					
<b>Total vehicles</b>	1666			(500)		(500)
<b>Total modifications for assets under capital leases</b>		<b>2,790</b>		<b>(500)</b>		<b>2,290</b>

Plate I-6a

Assets under capital leases at March 31, 2005

Modifications to amortization for assets under capital assets (in thousands of dollars)	Financial Reporting Account	Amendments FRA 36ddd	Government reorganization FRA 35ddd	Amendments FRA 42771	Increases due to write-down of assets	Other (specify using cell comment)	Total
<b>Buildings</b>	16712			790			790
<b>Works and infrastructure</b>	16713						
<b>Machinery and equipment</b>							
Machinery and equipment	16721						
Informatics hardware	16722						
Informatics software	16723						
Arms and weapons for defence	16724						
Other equipment	16729						
<b>Total machinery and equipment</b>	1672						
<b>Vehicles</b>							
Ships and boats	16731						
Aircraft	16732						
Motor vehicles (non-military)	16733			(150)			(150)
Military vehicles	16734						
Other vehicles	16739						
<b>Total vehicles</b>	1673			<b>(150)</b>			<b>(150)</b>
<b>Total modifications to accumulated amortization for assets under capital leases</b>				<b>640</b>			<b>640</b>

**Information on OGD transactions**

FRA	Dept	Amount
16612	ABC	500
16712	ABC	300

Notes for quality assurance:

- 1 - Ensure that closing balances agree with the corresponding FRA.
- 2 - Disposals or decreases must indicate a reduction.
- 3 - Ensure rounding of total net assets agrees with total rounded FRA.
- 4 - All amendments to opening balances vs 2004 trial balances must be supported by either a formal request to the Receiver General when FRA 36DDD or FRA 35DDD (government reorganization) was authorized, and/or by FRA 42771 for minor adjustments. Please insert related figures in the appropriate columns in pages 3 and 4.
- 5 - NEW - Insert partnering OGD and amounts for OGD transaction as a cell comment next to the related amount or use "information on OGD transactions" section on this page.



## SUPPLEMENTARY INFORMATION

Plate I-6b

**Amortization policy**

Page 1 of 2

Asset type	Amortization policy (i.e. Straight-line, usage)	Useful life or rate (as applicable)
<b>Buildings and works</b>		
Buildings	Straight-line	20 to 30 years
Works and Infrastructure	Straight-line	20 to 40 years
<b>Machinery and equipment</b>		
Machinery and equipment	Straight-line	5 to 15 years
Informatics hardware	Straight-line	3 to 5 years
Informatics software		
Arms and weapons for defence		
Other equipment	Straight-line	3 to 10 years
<b>Vehicles</b>		
Ships and boats	Straight-line	10 to 25 years
Aircraft		
Motor vehicles (non military)		
Military vehicles		
Other vehicles		
<b>Leasehold improvements</b>		
Leasehold improvements	Straight-line	lease term
Other (specify)		
Assets under capital leases	Straight-line	lease term

**Supplementary information on works of art or similar items**

**Describe the nature of any significant museum collections, works of art or historical treasures held by your department.**

Description
The department has an extensive collection of paintings and sculptures portraying agriculture in Canada. The collection comprises over 300 works of art.

DEPARTMENT OR AGENCY: XYZ

Plate I-6b
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Page 2 of 2

1 - Identify contributed capital assets received from external sources during the year.

For those over \$1,000,000.

Provide description of the nature and amount of the contribution received in the period and recognized in the trial balances.

Description	Estimated Fair market value \$
Building ABC	15,000,000

2 - List any capital assets that are recognized at nominal value, (indicate "NA" if none).

Description	Use of asset	Reason for nominal value
Land located in ABC town	Tourism	Acquired at Confederation

3 - List the nature and net book value of any capital assets that are not being amortized due to their removal from service.

Description	Net book value \$
Building ABC	1,000,000

**15.3.9 Other Volume I Statements**01. Introduction

Miscellaneous individual departmental statements are published in Volume I of the *Public Accounts of Canada*.

02. Manuscript preparation

Departments and agencies must:

- submit statements in the same format as shown in PY Public Accounts. A letter requesting such statements will be sent to concerned organizations.
- round amounts to the nearest dollar.

## **15.4 VOLUME II OF THE *PUBLIC ACCOUNTS OF CANADA***

### **15.4.1 General**

Volume II of the *Public Accounts of Canada* presents the financial operations of ministries.

There is one section for each ministry. The departments and agencies for which a Minister is responsible to Parliament are grouped by programs to provide a total ministry presentation. Each ministerial section presents the objectives of each program, a description of the business lines and a set of the following statements to present each ministry's financial operations:

- Ministry Summary (of Source and Disposition of Authorities);
- Programs by Business Line;
- Transfer Payments;
- Details of Respendable Amounts; and
- Revenues.

### **15.4.2 Summary of Source and Disposition of Budgetary and Non-Budgetary Authorities**

#### **01. Introduction**

A ministry summary (of source and disposition of authorities) is published in the ministerial sections of Volume II of the *Public Accounts of Canada*. This statement includes data related to both budgetary expenditures, and non-budgetary loans, investments and advances.

In 2003-2004 the Receiver General Public Accounts staff, developed a new process which completed the Predrafted Form "A" using information contained in the Estimates for "Source of Authorities" and data from the Central Financial Management Reporting System (CFMRS) for the "Disposition of Authorities".

#### **02. Authority**

The authority for this section is contained in sections 63, 64 and 65 of the *Financial Administration Act* which sets out the statutory responsibilities of the Receiver General for keeping the accounts of Canada, and preparing the *Public Accounts of Canada*. This authority also requires the appropriate Ministers to provide the Receiver General with information for those purposes.

#### **03. Manuscript preparation**

The Predrafted Form A will be completed by the Receiver General Public Accounts staff and will be provided by electronic mail, beginning in January (based on accounting period 09) to the Officer responsible for the Public Accounts of each department and agency. On receipt of the Predrafted Form "A", departments and agencies are required to verify its contents and advise the Public Accounts staff by electronic mail of any discrepancies. P12-1 will be the last time a Predrafted Form "A" will be sent to departments and agencies for final verification. Information contained in P12-2 trial balances will be used to report the final figures in the *Public Accounts of Canada*. Therefore, departments and agencies must ensure that their trial balances include accurate and complete "Disposition of Authorities" information. Sample forms are included as Annex A (budgetary information) and Annex B (non-budgetary information).

While information from the Estimates, legislation and other documents is provided by the Public Accounts staff in the "Source of Authorities", certain amount in the "Adjustments and transfers" column has yet to be completed by the departments and agencies (e.g. Exchange valuation, Export Development Canada's adjustment to borrowing limit etc.). In addition, modification to or repealing of any legislation, affecting the limit of the authorized fund, shall also be reviewed by the respective departments and agencies and the Public Accounts staff should be made aware of such changes.

In the event that certain information is not available from the trial balance, and is required for inclusion in the Ministerial Summary of Volume II of the Public Accounts, departments and agencies are expected to provide the required information directly to the Public Accounts staff. This scenario is more frequently applicable to non-budgetary transactions especially with regard to transactions relative to "note issue" matters. Separate request detailing the missing information will be sent to the appropriate departments and agencies. It may be necessary for departments and agencies to include additional information for supplementary appropriations or transfers from Treasury Board contingency votes. When additional information needs to be included on the form, departments and agencies must insert new rows at the proper location. Totals must include the new data. Also, departments and agencies will need to provide an explanation for each amount overexpended (in a footnote to Predrafted Form "A"). Any overexpenditure will be reported in note 2(ii) in Section 2 of Volume I of the *Public Accounts of Canada*.

A final Predrafted Form A will be prepared by the Receiver General, based on data available from the CFMRS trial balances submitted by departments and agencies in P12-2, and will be sent to departments and agencies in June only as a confirmation of the information that will be included in the Ministry Summary of Volume II of the *Public Accounts of Canada*.

Please note that departments and agencies are responsible for ensuring that the information submitted on May 31 for Predrafted Form "B" and as applicable for Predrafted Form "C" agrees with the information that will be included in their P12-2 trial balance and subsequently in Predrafted Form "A".

The following procedures that currently exist for preparing Predrafted Form "A" should be used as a guide for the certification of Predrafted Form "A".

#### 04. Amounts reported

The amounts reported under the column headings of Predrafted Form "A" are explained below:

- (1) Available from previous years
  - amount brought forward from the PY. This amount must be the same as the amount reported in PY *Public Accounts of Canada* under the column "Authorities available for use in subsequent years".
- (2) Main Estimates
  - amount shown in the Main Estimates.
- (3) Supplementary Estimates
  - amount shown in Supplementary Estimates.
- (4) Adjustments and transfers
  - Transfers:
    - for transfers of funds between ministries or between votes within a ministry, and for transfers of duties and responsibilities between entities within the same ministry:
      - amount transferred from another vote or entity represents a debit adjustment.
      - amount transferred to another vote or entity represents a credit adjustment.

- Adjustments:
  - for statutory authorities with no time/dollar limits (except those for departmental corporations):
    - amount required so that total of amounts in columns (2), (3) and (4) will agree with amount in column (6). This amount may be a debit or a credit adjustment.
  - for statutory authorities with time/dollar limits (except those for revolving funds, those allowing for the spending of proceeds from the disposal of surplus Crown assets, and those for salaries and motor car allowances):
    - authorities with annual lapsing limits, and authorities with non-lapsing limits established in the CY — amount required so that total of amounts in columns (2), (3) and (4) will agree with amount of the authorized limit. This amount may be a debit or a credit adjustment.
    - authorities with non-lapsing limits established in previous years — amount required to delete total of amounts in columns (2), (3) and (4). This amount is generally a credit adjustment.
    - authorities with non-lapsing limits established in previous years and either increased or decreased in the CY — amount required so that total of amounts in columns (2), (3) and (4) will agree with the increase or decrease to the authorized limit. This amount may be a debit or a credit adjustment.

N.B. For salaries and motor car allowances, the adjustment represents the amount required so that total of amounts in columns (2), (3) and (4) will agree with amount in column (6).

- for statutory authorities related to departmental corporations (spending of revenues in accordance with section 29.1 of the *Financial Administration Act*):
  - amount required so that total of amounts in columns (2), (3) and (4) will agree with the amount of revenues received during the year and credited to other revenues reported in the “Budgetary Revenues” statement (Predrafted Form “E”). This amount may be a debit or a credit adjustment. If the amount spent during the year is less than the amount received, the difference must lapse and be shown in column (7).
- for statutory authorities related to revolving funds:
  - refer to section 15.5.2 of this chapter.
- for statutory authorities related to the spending of proceeds from the disposal of surplus Crown assets (spending of revenues in accordance with sections 13(2) and 14 of the amended *Surplus Crown Assets Act*):
  - amount of the proceeds received during the year and credited to revenues. This amount must agree with the corresponding amount reported in the “Budgetary Revenues” statement (Predrafted Form “E”).

N.B. Pursuant to the *Surplus Crown Assets Act*, the House of Commons, the Library of Parliament, the Office of the Ethics Commissioner, the Senate, and the International Joint Commission are not authorized to spend the proceeds received from the disposal of surplus Crown assets. These five (5) organizations cannot set up a spending authority for this purpose.
- for authorities on which Parliament has imposed annual ceilings:
  - amounts of previous years' overexpenditures that were paid out or settled during the CY.
  - increase or decrease to total of amounts in columns (2) and (3). This may only apply to Department of Foreign Affairs and International Trade (Foreign Affairs) (Vote 10).
- for statutory authorities related to the losses on premium, discount and exchange:
  - at March 31, departments and agencies must revalue their Foreign Assets and Liabilities. Any adjustment between the recorded book value and the year end value must be accounted for. In case of a net loss due to the Revaluation of Foreign Assets and Liabilities, it must be reported on Predrafted Form “A”. In case of a net gain, please refer to “Budgetary Revenues” statement (Predrafted Form “E”, section 15.4.7).
- for authorities denominated in foreign currencies — amount required so that total of amounts in columns (1), (2), (3) and (4) will agree with amount of the authority expressed in Canadian dollars as at the end of the CY.
- for authorities having maintenance of value payments — amount of the payment (same as amount shown in column (6)).

N.B. Column (4) must not be used to reflect adjustments imposed by Treasury Board such as budget cuts. In such cases, the amount of the imposed reduction must lapse (column (7)).

(5) Total available for use

- total of amounts in columns (1) to (4).

(6) Used in the CY

- net expenditures (i.e., gross expenditures less revenues netted against expenditures) for the current year (including both external and internal transactions). The information reported on Predrafted Form "A" must agree with the information included in the Authority classification (Authority codes A and B) of the departmental final trial balance submitted to CFMRS:
- gross payments; where the authority does not provide for the reinvestment of loan repayments.
- net payments (disbursements less receipts); where repayments are available for reinvestment.

N.B. Payments for encashment of notes, which were previously issued and reported as a "use" of the vote authority, must not be reported in this column, even though there are cash disbursements. The use of the authority as recognized upon note issuance.

(7) Lapsed or (overexpended)

Authorities lapsed:

- amount of authority not used or repealed at the end of the CY and not available for future use.

N.B. For statutory authorities related to the spending of proceeds from the disposal of surplus Crown assets, we must first determine the amount to be reported under column (8). Once this is done, the amount to be reported under column (7) is then determined as follows:

Amount in column (5) minus amount in column (6) minus amount in column (8).

Authorities overexpended:

- excess of amount in column (6) over amount in column (5). This excess will be a credit amount.

(8) Available for use in subsequent years

- amount of authority not used at the end of the CY and available for future use.

N.B. For statutory authorities related to the spending of proceeds from the disposal of surplus Crown assets, the amount to be reported under this column is available for one year only and is the lesser of:

- the given maximum limit (refer to subsection 05 below);
- the amount received during the year as reported under column (4); or
- the difference between amount in column (5) and amount in column (6).

(9) Used in the PY

- net expenditures of the PY (including both external and internal transactions), as amended wherever necessary. This amount should generally be the same as the amount reported in PY *Public Accounts of Canada*. For authorities that no longer exist in the CY, the amounts of the PY are reported as a single amount at the end of each program in line with the notation "Appropriations not required for the current year".

05. Given maximum limits

The given maximum limits of unused spending authorities related to the proceeds from the disposal of surplus Crown assets are as follows:

	<u>(in thousands of dollars)</u>
Canada Customs and Revenue Agency	152.2*
Correctional Service	295.2
Department of Agriculture and Agri-Food	197.6
Department of Canadian Heritage	275.0
Department of Citizenship and Immigration	62.0
Department of Environment	460.8
Department of Fisheries and Oceans	1,300.0
Department of Foreign Affairs and International Trade	795.2**
Department of Health	151.0
Department of Human Resources Development	270.6***
Department of Indian Affairs and Northern Development	198.4
Department of Industry	241.6
Department of National Defence	5,907.2
Department of Natural Resources	209.0
Department of Public Works and Government Services	924.0
Department of Transport	2,108.0
Royal Canadian Mounted Police	2,754.4
All other departments and agencies (NOTE 1)	25.0 each

NOTE 1: Except the House of Commons, the Library of Parliament, the Senate, Office of the Ethics Commissioner and the International Joint Commission.

- This given maximum limit must be split between CCRA and Canadian Border Services Agency.
- \*\* This given maximum limit must be split between Foreign Affairs and International Trade.
- \*\*\* This given maximum limit must be split between Human Resources Development (Social Development) and Human Resources and Skills Development.



DEPARTMENT OR AGENCY: XYZ

Predrafted Form "A"

Summary of Source and Disposition of Authorities (budgetary information)

PAGE 1 OF 2

Source of authorities						Disposition of authorities				
Available from previous years (1)	As shown in			Total available for use (5)	Vote	Used in the CY (6)	Lapsed or (overexpended) (7)	Available for use in subsequent years (8)	Used in the PY (9)	
	Main Estimates (2)	Supplementary Estimates (3)	Adjustments and transfers (4)							
\$	\$	\$	\$	\$		\$	\$	\$	\$	
<b>Department</b>										
ABC Program										
...	115,522,000	...	...	115,522,000	1					
...	...	6,800,000	...	6,800,000	1a					
...	...	1	...	1	1b					
...	...	...	999,999	999,999						
...	...	...	91,000	91,000						
...	115,522,000	6,800,001	1,090,999	123,413,000		120,227,822	3,185,178	...	118,322,527	
...	40,000	...	(1,350)	38,650	(S)	38,650	...	...	37,650	
2,000	...	...	50,000	52,000	(S)	20,000	7,000	25,000	6,000	
13,137,457	4,188,000	...	(4,188,000)	13,137,457	(S)	5,761,000	...	7,376,457	153,584	
<b>Form "E"</b>										
...	6,822,000	...	...	6,822,000	(S)	6,822,000	...	...	6,428,000	
<b>13,139,457</b>	<b>126,572,000</b>	<b>6,800,001</b>	<b>(3,048,351)</b>	<b>143,463,107</b>		<b>132,869,472</b>	<b>3,192,178</b>	<b>7,401,457</b>	<b>124,947,761</b>	
<b>Form "B"</b>										
DEF Program										
722,822	227,830,000	...	...	228,552,822	5					
...	...	18,322,000	...	18,322,000	5a					
...	...	...	(999,999)	(999,999)						
...	...	...	(640,000)	(640,000)						
722,822	227,830,000	18,322,000	(1,639,999)	245,234,823		228,616,828 <sup>(2)</sup>	15,901,368	716,627	238,627,526	
...	32,000,000	...	...	32,000,000	10					
...	...	3,800,000	...	3,800,000	10a					
...	...	4,625,000	...	4,625,000	10b					
...	...	...	2,000,000	2,000,000						
...	32,000,000	8,425,000	2,000,000	42,425,000		44,832,627	(2,407,627)	...	40,356,356	
...	8,600,000	...	...	8,600,000	15					
...	...	...	(2,000,000)	(2,000,000)						
...	8,600,000	...	(2,000,000)	6,600,000		6,228,000	372,000	...	5,800,000	

ANNEX A

DEPARTMENT OR AGENCY: XYZ

Predrafted Form "A"

PAGE 2 OF 2

Summary of Source and Disposition of Authorities (budgetary information)--Concluded

Source of authorities						Disposition of authorities				
Available from previous years (1)	As shown in			Total available for use (5)	Vote	Used in the CY (6)	Lapsed or (overexpended) (7)	Available for use in subsequent years (8)	Used in the PY (9)	
	Main Estimates (2)	Supplementary Estimates (3)	Adjustments and transfers (4)							
\$	\$	\$	\$	\$		\$	\$	\$	\$	
...	10,000,000	2,000,000	1,000,000	13,000,000	(S)	Grants to agencies established under the <i>Farm Products Agencies Act</i>	13,000,000	...	...	
...	6,000,000	...	(1,000,000)	5,000,000	(S)	Contributions to employee benefit plans	5,000,000	...	4,800,000	
...	...	...	62,000	62,000	(S)	Write-off of active assets	62,000	...	...	
...	...	...	32,000	32,000	(S)	Refunds of amounts credited to revenues in previous years	32,000	...	...	
2,000	...	...	8,000	10,000	(S)	Spending of proceeds from the disposal of surplus Crown assets	1,000	1,000	8,000	
...	...	...	<b>Form "E"</b>	...	...	Appropriations not required for the current year	...	...	2,000,000	
<b>724,822</b>	<b>284,430,000</b>	<b>28,747,000</b>	<b>(1,537,999)</b>	<b>312,363,823</b>		<b>Total Program—Budgetary Form "B"</b>	<b>297,772,455</b>	<b>13,866,741</b>	<b>724,627</b>	<b>291,589,882</b>
<b>13,864,279</b>	<b>411,002,000</b>	<b>35,547,001</b>	<b>(4,586,350)</b>	<b>455,826,930</b>		<b>Total Department—Budgetary Form "B"</b>	<b>430,641,927</b>	<b>17,058,919</b>	<b>8,126,084</b>	<b>416,537,643</b>
...	...	...	6,000,000	6,000,000	20	<b>GHI Agency</b> <sup>(3)</sup> Program expenditures	...	...	...	
...	...	...	1,000,000	1,000,000	20b	Program expenditures	...	...	...	
...	...	...	7,000,000	7,000,000		Total—Vote 20	7,000,000	...	6,800,000	
...	...	...	900,000	900,000	(S)	Contributions to employee benefit plans	900,000	...	875,000	
...	...	...	7,900,000	7,900,000		<b>Total budgetary</b>	<b>7,900,000</b>	...	<b>7,675,000</b>	
...	...	...	<b>7,900,000</b>	<b>7,900,000</b>		<b>Total Program</b> <sup>(3)</sup> — <b>Budgetary Form "B"</b>	<b>7,900,000</b>	...	<b>7,675,000</b>	
...	12,000,000	...	(12,000,000)	...	25	<b>JKL Agency</b> <sup>(4)</sup> Operating expenditures	...	...	...	
...	8,000,000	...	(8,000,000)	...	30	Contributions	...	...	...	
...	<b>20,000,000</b>	...	<b>(20,000,000)</b>	...		<b>Total Program</b> <sup>(4)</sup> — <b>Budgetary</b>	...	...	...	

(S) Statutory authority.

<sup>(1)</sup> Treasury Board Vote 5—Government contingencies.

<sup>(2)</sup> This amount includes \$6,000,000 in financial assistance to ABC Corporation Ltd.

<sup>(3)</sup> GHI Agency was transferred from Ministry PPP on November 20, CY.

<sup>(4)</sup> JKL Agency was transferred to Ministry QQQ on December 8, CY.

ANNEX B

DEPARTMENT OR AGENCY: XYZ

Predrafted Form "A"

Summary of Source and Disposition of Authorities (non-budgetary information)

PAGE 1 OF 2

Source of authorities						Disposition of authorities			
Available from previous years (1)	As shown in			Total available for use (5)	Vote	Used in the CY (6)	Lapsed or (overexpended) (7)	Available for use in subsequent years (8)	Used in the PY (9)
	Main Estimates (2)	Supplementary Estimates (3)	Adjustments and transfers (4)						
\$	\$	\$	\$	\$		\$	\$	\$	\$
<u>Example #1 — a current non-budgetary lapsing authority where the authority does not provide for loan repayments to be reinvested.</u>									
...	4,000,000	...	...	4,000,000	L15				
...	...	650,000	...	650,000	L15b				
...	...	...	(200,000)	(200,000)					
...	4,000,000	650,000	(200,000)	4,450,000	Total	4,179,898	270,102	...	...
<u>Example #2a — a new non-budgetary item authorized by statute in the CY.</u>									
...	...	...	5,400,000	5,400,000	(S)	5,000,000	...	400,000	...
<u>Example #2b — an increase to an existing non-budgetary statutory item.</u>									
10,000,000	...	...	5,400,000	15,400,000	(S)	15,100,000	...	300,000	4,755,000
<u>Example #2c — an authority with a brought forward amount representing a non-current statutory item for which an estimated use was disclosed in the CY Estimates.</u>									
10,000,000	5,400,000	...	(5,400,000)	10,000,000	(S)	4,895,000	...	5,105,000	10,928,000

Form "B"

Form "B"

ANNEX B

DEPARTMENT OR AGENCY: XYZ

Predrafted Form "A"

Summary of Source and Disposition of Authorities (non-budgetary information)--*Concluded*

PAGE 2 OF 2

Source of authorities						Disposition of authorities					
Available from previous years	As shown in			Total available for use	Vote	Used in the CY	Lapsed or (overexpended)	Available for use in subsequent years	Used in the PY		
	Main Estimates	Supplementary Estimates	Adjustments and transfers							(1)	(2)
\$	\$	\$	\$	\$		\$	\$	\$	\$		
<u>Example #3 — a current non-budgetary authority with a brought forward amount.</u>											
5,625,000	8,000,000	...	(13,625,000)	...	L60 <sup>(1)</sup>						
...	...	2,000,000	(2,000,000)	...							
5,625,000	8,000,000	2,000,000	(15,625,000)	...	L60b						
Outstanding loans limit increased from \$9,000,000 to \$17,000,000 re: <i>Appropriation Act No. 9, 1966</i> (Net)											
Increase in limit from \$17,000,000 to \$19,000,000											
Total <sup>(1)</sup>						...	...	...	...		
<u>Example #4 — a current non-budgetary dollar vote</u>											
...	...	1	4,499,000	4,500,000	L15a						
Note issuance and payments for stock in the International Tin Council (Gross)						4,500,000	...	...	...		
<u>Example #5 — a non-lapsing statutory item without an estimated amount in the Estimates.</u>											
13,070,999	...	...	...	13,070,999	(S)						
Loans to farm syndicates pursuant to Section 8 of the <i>Farm Syndicates Credit Act</i> (Net)						2,598,000	...	10,472,999	...		
<u>Example #6 — an authority denominated in a foreign currency with a brought forward amount, an increase in the authority by a dollar vote, and where payments and note issuance are authorized</u>											
536,347,810	1	...	58,749,999	595,097,810	L35						
Purchase of shares and issuance of notes—Asian Development Bank (US \$ authority translated to Cdn \$ at year-end closing exchange rate - \$1 US = \$1.1750 Cdn) (Gross)											
...	2,900,000	...	...	2,900,000							
536,347,810	2,900,001	...	58,749,999	597,997,810							
Note issuance						9,987,500	...	585,110,310	...		
Payment						2,513,584	386,416	...	...		
Total						12,501,084	386,416	585,110,310	...		

(S) Statutory authority.

<sup>(1)</sup> Non-budgetary authority (loan, investment or advance).

<sup>(1)</sup> Vote L60 was transferred to Ministry QQQ on December 8, CY.

### 15.4.3 Programs by Business Line

#### 01. Introduction

Programs by business line is a statement, showing under each program the amounts for the authorities available for use and the authorities used in the current year for each business line, classified by type of expenditures (i.e. operating, capital, transfer payments, revenues netted against expenditures, and non-budgetary loans, investments and advances).

We are currently developing a new process for the Predrafted Form “B”. Departments and agencies will have begun receiving a Predrafted Form “B”, which is prepared by the Receiver General Public Accounts staff, from information contained in the Estimates for the “Authorities available for use” and from data contained in the Central Financial Management Reporting System (CFMRS) for the “Authorities used in the current year”. This information will be provided regularly, by electronic mail, to the Officer responsible for preparing the Public Accounts of each department and agency. On receipt of the Predrafted Form “B”, departments and agencies will verify the contents and advise the Public Accounts staff by electronic mail of any discrepancies uncovered. P12-1 will be the last time a Predrafted Form “B” will be sent to departments and agencies for final verification. Information contained in P12-2 trial balances will be used to report the final figures in the *Public Accounts of Canada*.

#### 02. Manuscript preparation

It is anticipated that Predrafted Form “B” prepared by the Receiver General will replace the Predrafted Form “B” that you were providing us in accordance with the requirements included in these Public Accounts Instructions. In the event that information is not readily available (e.g., authorities available for use by business lines are not available for non-budgetary amounts and amounts by business lines are not included in the Supplementary Estimates) it will be necessary for departments and agencies to revise the amounts provided in the Predrafted Form “B”.

We will advise you of our decision to proceed with this new process when we send the predrafted forms and plates in April. In the interim, the current procedures to prepare Predrafted Form “B” apply.

Departments and agencies must use the Predrafted Form “B” for reporting and a sample form is included as Annex A of this section.

The amounts reported are rounded to the nearest dollar and the information required is as follows:

- provide the total authorities available for use (based on the Input Factors in the Annual Reference Level Update) and the authorities used in the current year (based on the relevant transactions coded to authority codes prefixed by A, B, G and H included in the final departmental CFMRS trial balance) for each business line under each program. Such data must be reported by type of expenditures as shown on the Predrafted Form “B”. The types of expenditures are as follow:
  - Operating expenditures consist of program or operating expenditure votes and budgetary statutory items (including revolving funds), less transfer payments identified as Standard Object 10 and revenues netted against expenditures;
  - Capital consists of expenditures related to a capital expenditure vote;
  - Transfer payments consist of those expenditures identified as Standard Object 10; and,
  - Revenues netted against expenditures consists of amounts of revenue that are eligible for credit to the vote by organizations that have this authority.
  
- allocate for each program, the revenues netted against expenditures to the affected types of expenditures as illustrated in Annex A of this section.

- provide for each type of expenditures, under each program the gross and net (determined after deducting revenues netted against expenditures) totals. The net total amount spent (budgetary data only) of each business line under each program must agree with the business lines reported in the activity field of the departmental final trial balance submitted to CFMRS.

The total budgetary and non-budgetary data of each program must agree to the corresponding amounts reported in the “Summary of Source and Disposition of Authorities” statement (Predrafted Form “A” -- columns (5) and (6)).

The data related to transfer payments, for each business line and for each program, must agree to the corresponding amounts reported in the “Transfer Payments” statement (Predrafted Form “C”).

The data related to revenues netted against expenditures, for each business line and for each program, must agree to the corresponding amounts reported in the “Details of Respendable Amounts” statement (Predrafted Form “D”). Revenues netted against expenditures must be coded to Authority codes A5XX, B13X and A825, with sub-categories of objects 45, 46 and 48; and also includes Authority codes A5XX and B13X and A825 with economic object 7099, the object 0184 with Authority code A326 credit for client 014, and Authority code B321 credit for client 056.

ANNEX A

DEPARTMENT OR AGENCY: XYZ

Predrafted Form "B"

Programs by Business Line

PAGE 1 of 3

	Operating		Capital		Transfer payments		Revenues netted against expenditures		Non-budgetary		Total	
	Total authorities available for use	Authorities used in the current year	Total authorities available for use	Authorities used in the current year	Total authorities available for use	Authorities used in the current year	Total authorities available for use	Authorities used in the current year	Total authorities available for use	Authorities used in the current year	Total authorities available for use	Authorities used in the current year
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
<b>Department</b>												
ABC Program												
Business Line A	25,744,979	25,692,652	1,228,332	1,228,332	...	...	...	...	...	...	26,973,311	26,920,984
Business Line B	37,565,460	35,755,812	3,136,455	2,568,127	...	...	3,600,000 Form "D"	2,909,680 Form "D"	...	...	37,101,915	35,414,259
Business Line C	43,812,402	37,003,697	...	...	...	...	2,200,000 Form "D"	3,890,320 Form "D"	...	...	41,612,402	33,113,377
Business Line D	36,822,969	36,528,639	952,510	892,213	...	...	...	...	...	...	37,775,479	37,420,852
Sub-total	143,945,810	134,980,800	5,317,297	4,688,672	...	...	5,800,000 Form "D"	6,800,000 Form "D"	...	...	143,463,107	132,869,472
Revenues netted against expenditures	(4,800,000)	(6,200,000)	(1,000,000)	(600,000)	...	...	(5,800,000)	(6,800,000)	...	...	...	...
<b>Total Program —</b>												
<b>Budgetary</b>	<b>139,145,810</b>	<b>128,780,800</b>	<b>4,317,297</b>	<b>4,088,672</b>	...	...	...	...	...	...	<b>143,463,107</b> Form "A"	<b>132,869,472</b> Form "A"

ANNEX A

DEPARTMENT OR AGENCY: XYZ

Predrafted Form "B"

Programs by Business Line—Continued

PAGE 2 of 3

	Operating		Capital		Transfer payments		Revenues netted against expenditures		Non-budgetary		Total	
	Total authorities available for use	Authorities used in the current year	Total authorities available for use	Authorities used in the current year	Total authorities available for use	Authorities used in the current year	Total authorities available for use	Authorities used in the current year	Total authorities available for use	Authorities used in the current year	Total authorities available for use	Authorities used in the current year
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
DEF Program												
Business Line A	131,400,934	122,832,607	...	...	7,147,063 Form "C"	7,300,000 Form "C"	...	...	...	...	138,547,997	130,132,607
Business Line B—												
Budgetary	118,937,889	110,879,221	42,425,000	44,832,627	12,452,937 Form "C"	11,928,000 Form "C"	...	...	...	...	173,815,826	167,639,848
Non-budgetary	...	...	...	...	...	...	...	...	10,000,000	4,895,000	10,000,000	4,895,000
<b>Total Program—</b>												
<b>Budgetary</b>	<b>250,338,823</b>	<b>233,711,828</b>	<b>42,425,000</b>	<b>44,832,627</b>	<b>19,600,000</b> Form "C"	<b>19,228,000</b> Form "C"	...	...	...	...	<b>312,363,823</b> Form "A"	<b>297,772,455</b> Form "A"
<b>Non-budgetary</b>	...	...	...	...	...	...	...	...	<b>10,000,000</b>	<b>4,895,000</b>	<b>10,000,000</b> Form "A"	<b>4,895,000</b> Form "A"
<b>Total Department—</b>												
<b>Budgetary</b>	<b>389,484,633</b>	<b>362,492,628</b>	<b>46,742,297</b>	<b>48,921,299</b>	<b>19,600,000</b> Form "C"	<b>19,228,000</b> Form "C"	...	...	...	...	<b>455,826,930</b> Form "A"	<b>430,641,927</b> Form "A"
<b>Non-budgetary</b>	...	...	...	...	...	...	...	...	<b>10,000,000</b>	<b>4,895,000</b>	<b>10,000,000</b> Form "A"	<b>4,895,000</b> Form "A"



DEPARTMENT OR AGENCY: XYZ

Predrafted Form "B"

Programs by Business Line—Concluded

PAGE 3 of 3

	Operating		Capital		Transfer payments		Revenues netted against expenditures		Non-budgetary		Total	
	Total authorities available for use	Authorities used in the current year	Total authorities available for use	Authorities used in the current year	Total authorities available for use	Authorities used in the current year	Total authorities available for use	Authorities used in the current year	Total authorities available for use	Authorities used in the current year	Total authorities available for use	Authorities used in the current year
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
<b>GHI Agency <sup>(1)</sup></b>												
Business Line A	463,727	496,551	2,146,882	2,103,449	...	...	...	...	...	...	2,610,609	2,600,000
Business Line B—												
Budgetary	1,771,644	2,100,000	...	...	...	...	...	...	...	...	1,771,644	2,100,000
Non-budgetary	...	...	...	...	...	...	...	...	2,200,000	750,000	2,200,000	750,000
Business Line C	885,395	652,827	1,379,525	1,347,173	1,252,827 Form "C"	1,200,000 Form "C"	...	...	...	...	3,517,747	3,200,000
<b>Total Program —</b>												
<b>Budgetary</b>	<b>3,120,766</b>	<b>3,249,378</b>	<b>3,526,407</b>	<b>3,450,622</b>	<b>1,252,827</b> Form "C"	<b>1,200,000</b> Form "C"	...	...	...	...	<b>7,900,000</b> Form "A"	<b>7,900,000</b> Form "A"
<b>Non-budgetary</b>	...	...	...	...	...	...	...	...	<b>2,200,000</b>	<b>790,000</b>	<b>2,200,000</b> Form "A"	<b>750,000</b> Form "A"

<sup>(1)</sup> GHI Agency was transferred from Ministry PPP on November 20, CY.

## 15.4.4 Transfer Payments

### 01. Introduction

A statement giving details on the source and disposition of authorities for each grant, contribution and other transfer payment is published, where applicable, in the ministerial sections of Volume II of the *Public Accounts of Canada*. Such details are shown by business line under each program.

### 02. Definitions

Contribution — a conditional transfer payment for a specified purpose which is subject to being accounted for and audited pursuant to a contribution agreement.

Grant — an unconditional transfer payment which is not subject to being accounted for or audited but for which eligibility and entitlement may be verified.

Transfer payment — a grant, contribution or other payment for which no goods or services are received.

### 03. Reference

Reference must be made to the Policy on Transfer Payments on the *Treasury Board Site* located at the following URL address: [http://www.tbs-sct.gc.ca/pubs\\_pol/dcgpubs/TBM\\_142/ptp\\_e.asp](http://www.tbs-sct.gc.ca/pubs_pol/dcgpubs/TBM_142/ptp_e.asp).

### 04. Manuscript preparation

Departments and agencies must:

- use Predrafted Form “C” for reporting. A sample form is included as Annex A of this section.

When additional information needs to be included on the form, you must insert new rows at the proper location.  
Totals must include the new data.

The information must be provided in both official languages.

The column headings of Predrafted Form “C” are explained below under AMOUNTS TO BE REPORTED.

- indicate nil returns on the form (if applicable)
- round amounts to the nearest dollar.
- provide data on the source and disposition of authorities for each grant, contribution and other transfer payment as detailed in the Estimates or as approved by Treasury Board. Such data must be reported by business line under each program and must be shown as illustrated in Annex A of this section.
- insert at the end of each business line, in line with the notation “Items not required for the current year”, the total amount of grants, contributions or other transfer payments having PY but no CY expenditures. This amount must be reported under the “Authorities used in the PY” column (column (9)).
- provide, for each business line, a total for all grants, contributions or other transfer payments.
- provide, for each program, a total for all grants, contributions or other transfer payments.

- provide, for each program, a summary showing total transfer payments by business line.
- provide total transfer payments for each program and for each entity (where applicable).
- agree total data for each business line and for each program to amount reported as transfer payments in the “Programs by Business Line” statement (Predrafted Form “B”).

#### 05. Amounts to be reported

The amounts to be reported under the column headings of Predrafted Form “C” are explained below:

- (1) Available from previous years
  - amount brought forward from the PY. This amount must be the same as the amount reported in PY *Public Accounts of Canada* under the column “Authorities available for use in subsequent years”.
- (2) Main Estimates
  - amount voted as shown in the Main Estimates.
- (3) Supplementary Estimates
  - total of amounts voted as shown in all Supplementary Estimates.
- (4) Adjustments and transfers
  - transfers:
    - for transfers between ministries:
      - amounts transferred from other ministries represent debit adjustments.
      - amounts transferred to other ministries represent credit adjustments.
    - for transfers within a ministry:
      - amounts transferred from other entities within the same ministry represent debit adjustments.
      - amounts transferred to other entities within the same ministry represent credit adjustments.
  - Adjustments:
    - for statutory transfer payments with no time/dollar limits:
      - amount required so that total of amounts in columns (2), (3) and (4) will agree with amount in column (6). This amount may be a debit or a credit adjustment.
    - for statutory transfer payments with time/dollar limits:
      - transfer payments with annual lapsing limits, and transfer payments with non-lapsing limits established in the CY — amount required so that total of amounts in columns (2), (3) and (4) will agree with the amount of the authorized limit. This amount may be a debit or a credit adjustment.
      - transfer payments with non-lapsing limits established in previous years — amount required to delete total of amounts in columns (2), (3) and (4).
      - transfer payments with non-lapsing limits established in previous years and either increased or decreased in the CY — amount required so that total of amounts in columns (2), (3) and (4) will agree with the increase or decrease to the authorized limit. This amount may be a debit or a credit adjustment.
    - for transfer payments other than statutory:
      - amounts of previous years' overexpenditures that were paid out or settled during the CY.
- (5) Total available for use
  - total of amounts in columns (1) to (4).
- (6) Used in the CY
  - expenditures of the CY.

(7) Variance under

- amount of authority not used at the end of the CY and not available for future use.

Variance over

- excess of amount in column (6) over amount in column (5). This excess will be a credit amount.

N.B. Grants are authorized by Parliament through an *Appropriation Act* by the words “the grants listed in the Estimates”. Therefore, grants can not be increased or redirected to other recipients without the authority of Parliament. However, the description of contributions is considered informative and there is managerial flexibility in treating them. Therefore, to avoid reporting credit amounts, departments and agencies must transfer funds between contributions (within the same vote) using column (4).

Any overexpenditure will be reported in note 2(ii) in Section 2 of Volume I of the *Public Accounts of Canada*.

(8) Available for use in subsequent years

- amount of authority not used at the end of the CY and available for future use.

(9) Used in the PY

- expenditures of the PY, as amended whenever necessary. This amount should generally be the same as the amount reported in PY *Public Accounts of Canada*. For transfer payments that no longer exist in the CY, the expenditures of the PY must be reported as a single amount at the end of each business line in line with the notation “Items not required for the current year”.

## ANNEX A

DEPARTMENT OR AGENCY: XYZ

Predrafted Form "C"

Transfer Payments

PAGE 1 of 2

Source of authorities					Disposition of authorities				
As shown in									
Available from previous years	Main Estimates	Supplementary Estimates	Adjustments and transfers	Total available for use		Used in the CY	Variance under or (over)	Available for use in subsequent years	Used in the PY
(1)	(2)	(3)	(4)	(5)		(6)	(7)	(8)	(9)
\$	\$	\$	\$	\$		\$	\$	\$	\$
					<b>Department</b>				
					DEF Program				
					<b>Grants</b>				
					Business Line A				
...	1,400,000	...	...	1,400,000	Royal Agricultural Winter Fair, Toronto	1,000,000	400,000	...	950,000
...	4,100,000	...	(1,852,937)	2,247,063	Canadian Western Agribition, Regina	3,000,000	(752,937)	...	1,372,000
...	700,000	...	...	700,000	Canadian Council on 4-H Clubs	500,000	200,000	...	400,000
...	2,800,000	...	...	2,800,000	(S) Grants to agencies established under the <i>Farm Products Agencies Act</i>	2,800,000	...	...	...
...	...	...	...	...	Items not required for the current year	...	...	...	478,000
...	9,000,000	...	(1,852,937)	7,147,063		7,300,000	(152,937)	...	3,200,000
					Business Line B				
...	100,000	...	...	100,000	Canadian Horticultural Council	100,000	...	...	100,000
...	7,200,000	2,000,000	1,000,000	10,200,000	(S) Grants to agencies established under <i>the Farm Products Agencies Act</i>	10,200,000	...	...	...
...	7,300,000	2,000,000	1,000,000	10,300,000		10,300,000	...	...	100,000
...	<b>16,300,000</b>	<b>2,000,000</b>	<b>(852,937)</b>	<b>17,447,063</b>	<b>Total—Grants</b>	<b>17,600,000</b>	<b>(152,937)</b>	...	<b>3,300,000</b>
					<b>Contributions</b>				
					Business Line B				
...	348,000	...	...	348,000	Canadian Grains Council	300,000	48,000	...	275,000
...	1,352,000	...	...	1,352,000	Canadian National Livestock Records	1,000,000	352,000	...	850,000
...	600,000	...	(147,063)	452,937	Commonwealth Agricultural Bureau	328,000	124,937	...	312,000
...	...	...	...	...	Items not required for the current year	...	...	...	1,063,000
...	<b>2,300,000</b>	...	<b>(147,063)</b>	<b>2,152,937</b>	<b>Total—Contributions</b>	<b>1,628,000</b>	<b>524,937</b>	...	<b>2,500,000</b>

DEPARTMENT OR AGENCY: XYZ

Predrafted Form "C"

Transfer Payments—Concluded

PAGE 2 of 2

Source of authorities					Disposition of authorities				
As shown in									
Available from previous years (1)	Main Estimates (2)	Supplementary Estimates (3)	Adjustments and transfers (4)	Total available for use (5)		Used in the CY (6)	Variance under or (over) (7)	Available for use in subsequent years (8)	Used in the PY (9)
\$	\$	\$	\$	\$		\$	\$	\$	\$
<b>Program Summary by Business Line</b>					<b>Sommaire du programme par secteur d'activité</b>				
...	9,000,000	...	(1,852,937)	7,147,063	Business Line A	7,300,000	(152,937)	...	3,200,000
<b>Form "B"</b>					<b>Form "B"</b>				
...	9,600,000	2,000,000	852,937	12,452,937	Business Line B	11,928,000	524,937	...	2,600,000
<b>Form "B"</b>					<b>Form "B"</b>				
...	<b>18,600,000</b>	<b>2,000,000</b>	<b>(1,000,000)</b>	<b>19,600,000</b>	<b>Total Program</b>	<b>19,228,000</b>	<b>372,000</b>	...	<b>5,800,000</b>
<b>Form "B"</b>					<b>Form "B"</b>				
...	<b>18,600,000</b>	<b>2,000,000</b>	<b>(1,000,000)</b>	<b>19,600,000</b>	<b>Total Department</b>	<b>19,228,000</b>	<b>372,000</b>	...	<b>5,800,000</b>
<b>Form "B"</b>					<b>Form "B"</b>				
<b>GHI Agency<sup>(1)</sup></b>					<b>Organisme GHI<sup>(1)</sup></b>				
<b>Grant</b>					<b>Subvention</b>				
...	...	...	752,827	752,827	Business Line C College Art Association of America	700,000	52,827	...	779,594
<b>Contribution</b>					<b>Contribution</b>				
...	...	...	500,000	500,000	Business Line C Roads and Transportation Association	500,000	...	...	500,000
...	...	...	<b>1,252,827</b>	<b>1,252,827</b>	<b>Total Program<sup>(1)</sup></b>	<b>1,200,000</b>	<b>52,827</b>	...	<b>1,279,594</b>
<b>Form "B"</b>					<b>Form "B"</b>				
<b>JKL Agency<sup>(2)</sup></b>					<b>Organisme JKL<sup>(2)</sup></b>				
<b>Contributions</b>					<b>Contributions</b>				
...	7,000,000	...	(7,000,000)	...	Business Line B Contribution to the Canadian Shippers Council	...	...	...	...
...	1,000,000	...	(1,000,000)	...	University of Ottawa	...	...	...	...
...	<b>8,000,000</b>	...	<b>(8,000,000)</b>	...	<b>Total Program<sup>(2)</sup></b>	...	...	...	...

<sup>(S)</sup> Statutory transfer payment

<sup>(1)</sup> GHI Agency was transferred from Ministry PPP on November 20, CY.

<sup>(2)</sup> JKL Agency was transferred to Ministry QQQ on December 8, CY.

### 15.4.5 Details of Respendable Amounts

#### 01. Introduction

A comparative statement giving details of respendable amounts is published, where applicable, in the ministerial sections of Volume II of the *Public Accounts of Canada*. Such details are shown by business line under each program. In the case of budgetary expenditures, respendable amounts refer to revenues netted against expenditures. With respect to non-budgetary loans, investments and advances, the respendable amounts refer to receipts or credits that are authorized by the Act to be of revolving nature and thus credited against the specific non-budgetary authorities. Unlike yearly non-budgetary authorities, presented in the Estimates, these authorities are derived from the Parliamentary Acts of the departments or agencies and are of continuing nature. They are presented in the *Public Accounts of Canada* year after year until any amendment is made to the Act(s).

Thus, the amount that should appear in Predrafted Form “D” is the aggregate of all credits. For example if a loan is made, in a year, for \$500,000 and a collection is made for \$100,000, then Predrafted Form “A” should report \$400,000 (i.e. the net of payments and receipts) whereas Predrafted Form “D” should report \$100,000. In reporting so, care should be taken to present this \$100,000 without any negative sign or parentheses.

#### 02. Manuscript preparation

Departments and agencies must:

- use Predrafted Form “D” for reporting. A sample form is included as Annex A of this section.

When additional information needs to be included on the form, you must insert new rows at the proper location.  
Totals must include the new data.

For reporting purposes, no amount in this form should have any parentheses.

- indicate nil returns on the form (if applicable).
- round amounts to the nearest dollar.
- provide details (nature, authorities available for use in the CY and authorities used in the CY and PY) of respendable revenues (budgetary expenditures) and receipts (non-budgetary loans, investments and advances). Such details must be reported by business line under each program and must be shown as illustrated in Annex A of this section.
- provide, for each business line under each program, a total for both respendable revenues and receipts.
- provide total budgetary and non-budgetary data for each program.
- agree respendable revenues (budgetary expenditures) authorities available for use and authorities used in the CY for each business line and for each program to corresponding amounts reported in the “Programs by Business Line” statement (Predrafted Form “B”, section 15.4.3).
- agree the non-budgetary respendable amount to object code 5015 (settlement of loans with cash) as reported in your trial balance.
- agree total budgetary authorities available for use and authorities used in the CY with the “Budgetary Details by Allotment” statement (see section 15.5.15).

ANNEX A

DEPARTMENT OR AGENCY: XYZ

Predrafted Form "D"

Details of Respendable Amounts

PAGE 1 OF 1

	Authorities available for use in the CY	Authorities used in the CY	Authorities used in the PY
	\$	\$	\$
<b>Department</b>			
ABC Program			
<b>Budgetary (respendable revenues)</b>			
Business Line B			
Recoveries from research and technical services	3,600,000	2,909,680	2,719,790
	<b>Form "B"</b>	<b>Form "B"</b>	
Business Line C			
Rental of public buildings	1,800,000	1,801,030	1,800,071
Air transportation tax	...	1,290,320	1,080,210
Recoveries from other governments for cost- sharing agreements, training, materials and services and receipts from other government departments	...	750,000	550,000
Other recoveries	400,000	48,970	99,929
	2,200,000	3,890,320	3,530,210
	<b>Form "B"</b>	<b>Form "B"</b>	
<b>Total Program—Budgetary</b>	<b>5,800,000</b>	<b>6,800,000</b>	<b>6,250,000</b>
	<b>Form "B"</b>	<b>Form "B"</b>	
<b>Total Department—Budgetary</b>	<b>5,800,000</b>	<b>6,800,000</b>	<b>6,250,000</b>
<b>GHI Agency <sup>(1)</sup></b>			
<b>Non-budgetary (respendable receipts)</b>			
Business Line B			
Repayment of loans	...	500,000	450,000
<b>Total Program—Non-budgetary</b>	<b>...</b>	<b>500,000</b>	<b>450,000</b>

<sup>(1)</sup> GHI Agency was transferred from Ministry PPP on November 20, CY.



## 15.4.6 Budgetary Revenues

### 01. Introduction

The Policy on Classification and Coding of Financial Transactions (Chapter 5-1) located on the *Treasury Board Site* which is available at the following URL address:

[http://www.tbs-sct.gc.ca/pubs\\_pol/dcgpubs/TBM\\_142/5-1\\_e.asp](http://www.tbs-sct.gc.ca/pubs_pol/dcgpubs/TBM_142/5-1_e.asp), presents a method of identifying and coding budgetary expenditures and revenues internal to the Government utilizing the object classification structure shown in Chapter 7 of the *Chart of Accounts* issued by the Receiver General. All budgetary expenditures and revenues (including revenues netted against expenditures) representing internal transactions to the Government of Canada accounting entity are coded to government-wide objects within standard objects 01 to 12 and with Internal Indicator “I” and tax revenues and other revenues. All revenues netted against expenditures and external revenues are coded to government-wide objects within revenues netted against expenditures and tax revenues and other revenues. The Internal Indicator “I” allows for an identification of all internal budgetary transactions on a government-wide basis and is intended to solve the problem of double counting of these transactions at the object level. The detailed government-wide objects are included in Chapter 7 of the *Chart of Accounts* issued by the Receiver General, which is available at the following URL address: <http://www.pwgsc.gc.ca/recgen/gw-coa/0405/toc-e.html>.

Chapter 13, Appendix 2 of the Receiver General’s Manual located at the following URL address:

<http://publiservice.pwgsc.gc.ca/rg/text/recgen-e.html> lists all the Objects with the Internal indicators “I” and the External indicators “E”.

A comparative statement of budgetary revenues by program is published, where applicable, in the ministerial sections of Volume II of the *Public Accounts of Canada*. In addition, a General Summary of Revenues is also published in this volume. Finally, a comparative summary statement of budgetary revenues is published in Volume I of the *Public Accounts of Canada*.

This section provides instructions for the reporting of budgetary revenues in Volumes I and II of the *Public Accounts of Canada*. Budgetary revenues represent:

- external tax and other revenues which are coded to revenues with External Indicator “E” and sub-categories of objects 42, 45, 46, 47 and 48 with Authority codes C, D and E.
- internal tax revenues from other Government departments and agencies that refer to Internal Indicator “I” and sub-category of object 42 with Authority code C; and
- internal other revenues coded to sub-categories of objects 45, 46, 47 and 48 with Internal Indicator “I” with Authority codes D and E.
- the FIS Accounting Manual allows the use of OBJECTS other than those indicated above for selected transactions, for example, Refunds of previous years expenditures (D311) used with the original expenditure objects. For those exceptions, the rule of Predrafted Form E will be to report transactions coded with Authorities C, D and E. Other than those exceptions, any discrepancies between the Object and Authority permutation, must be corrected by Period 12-2 to bring them in line. If discrepancies exist after Period 12-2, Predrafted Form “E” must agree with Authority codes C, D and E.

Departments and agencies must use the classification of revenues as per the *Chart of Accounts* issued by the Receiver General for reporting on Predrafted Form “E”. The total of Predrafted Form “E” must agree with the information reported in the departmental final trial balance submitted to CFMRS (**Authority codes C, D and E**).

## 02. Definitions

Government body — an organization which is part of the Government of Canada as an accounting entity, including a department, an agency and any other organization.

Government of Canada — as an accounting entity, the Government of Canada is defined as all the departments named in Schedule I of the *Financial Administration Act* (FAA); any division or branch of the Public Service of Canada set out in Column 1 of Schedule 1.1 of the FAA; a commission under the *Inquiries Act* designated by the Governor in Council as a department for purposes of the FAA; the staffs of the Senate, the House of Commons and the Library of Parliament; and, any corporation named in Schedule II of the FAA.

External revenue — represents a receipt or credit from a non-government body or from a non-budgetary account of a government body.

Internal revenue — represents a credit which is always represented by a corresponding charge to a budgetary expenditure of a government body. Authority codes C, D and E with Internal Indicator “I” represent revenues from internal sources. The transactions of organizations which are excluded from the Government of Canada accounting entity are not to be considered as internal transactions.

Source of revenue — indicates whether revenues are external or internal to the Government of Canada.

## 03. Compliance with accounting directives

To meet the reporting requirements of this section, particularly in the accurate identification, analysis and reporting of internal transactions, compliance with the Manual of the Receiver General Appendix 2 of Chapter 13, is essential. The 1992-4 directive applies to clear the invalid and suspense economic objects at year end.

## 04. Manuscript preparation

Departments and agencies must:

- use Predrafted Form “E” for reporting. A sample form is included as Annex A of this section.
- indicate nil returns on the form (if applicable).
- round amounts to the nearest dollar.
- provide the following information:
  - for each program:
    - the nature of any substantial revenue item together with CY and PY amounts presented by source (internal/external). The nature (e.g. computer services) of any internal revenue of \$500,000 or more must be provided.
    - total CY and PY amounts by source.
    - a summary for each government body (if there is more than one program under a specific government body) showing total CY and PY amounts of each classification of revenues.

However, departments should not include the portion of GST that has not been sent to CCRA at year end; it will remain as a liability and will be transferred in the new year.

- 
- agree total CY amounts of revenues under each government body with the total other revenues of the Authority Classification Codes as reflected in the departmental final trial balance submitted to CFMRS and as adjusted where necessary pursuant to Chapter 14 of the Receiver General Manual entitled “Year End Timetable and Procedures” which is available at the following URL address:  
<http://publiservice.pwgsc.gc.ca/rg/text/recgen-e.html>.
  - for the break-down of “Sales of goods and services”, refer to the Financial Reporting Accounts classification; there are 6 sub-categories: rights and privileges, lease and use of public property, services of a regulatory nature, services of a non-regulatory nature, sales of goods and information products and other fees and charges.
  - agree total PY amounts of revenues under each program and/or government body to amounts reported in PY *Public Accounts of Canada* (as amended for transfer of responsibilities and for net voting authority eliminated in CY).
  - analyse transactions derived from internal documents to determine their sources.
  - provide additional information with respect to the source of revenues upon request. (Departments and agencies are encouraged to keep sufficient records to allow identification of revenue classifications by paying (debit) department).
  - agree CY amount for the return on investments for each government body to the amount shown in the “Return on Investments” statement (Plate III-20, section 15.5.18).
  - agree CY amount for proceeds from the disposal of surplus Crown assets for each program to the amount reported as proceeds received in the CY on the “Summary of Source and Disposition of Authorities” statement (Predrafted Form “A” — Column 4, section 15.4.2).
  - provide any gain on foreign exchange revaluation at year end. At March 31, departments and agencies must revalue their Foreign Assets and Liabilities. Any adjustment between the recorded book value and the year end value must be accounted for. In case of a net gain due to the Revaluation of Foreign Assets and Liabilities, it must be reported on Predrafted Form “E”. In case of a loss, please refer to “Summary of Source and Disposition of Authorities” statement (Predrafted Form “A”, section 15.4.2).

ANNEX A

DEPARTMENT OR AGENCY: XYZ

Predrafted Form "E"

Budgetary Revenues

Tax revenues and other revenues (External and Internal)

PAGE 1 of 3

Financial Reporting Account	External revenues (External Indicator "E")		Internal revenues (Internal Indicator "I")		Total	
	CY	PY	CY	PY	CY	PY
	\$	\$	\$	\$	\$	\$
ABC Program						
<b>Tax revenues—</b>						
Excise duties	6,344,908	7,592,454	37,787	137,040	6,382,695	7,729,494
<b>Total tax revenues</b>	<b>6,344,908</b>	<b>7,592,454</b>	<b>37,787</b>	<b>137,040</b>	<b>6,382,695</b>	<b>7,729,494</b>
<b>Other revenues—</b>						
Return on investments—						
Loans, investments and advances—						
Business Development Bank of Canada—						
Interest	5,987	192,436	...	...	5,987	192,436
Dividends	351	58,627	...	...	351	58,627
Others—						
Assisted passage scheme	5,100	4,700	...	...	5,100	4,700
Burgeo Leasing Limited	6,268	6,102	...	...	6,268	6,102
Foreign exchange accounts—						
International Monetary Fund -						
Subscriptions - Transfer of profits	1,650	3,893	9,461	12,408	11,111	16,301
	19,356	265,758	9,461	12,408	28,817	278,166
Refunds of previous years' expenditures—						
Proceeds received from oil companies on return of empty oil and gas containers	386	228	...	...	386	228
Repayment by provinces for various investigations	700,332	350,438	...	...	700,332	350,438
Repayment for services rendered by other departments	...	...	31,227	29,000	31,227	29,000
Adjustments to prior year's payables	124,000	72,000	1,000	428	125,000	72,428
Sundries	169,327	45,922	200,160	102,628	369,487	148,550
	994,045	468,588	232,387	132,056	1,226,432	600,644

## ANNEX A

DEPARTMENT OR AGENCY: XYZ

Predrafted Form "E"

Budgetary Revenues--Continued

Tax revenues and other revenues (External and Internal)

PAGE 2 of 3

Financial Reporting Account	External Revenues (External Indicator "E")		Internal revenues (Internal Indicator "I")		Total		
	CY	PY	CY	PY	CY	PY	
	\$	\$	\$	\$	\$	\$	
Sales of goods and services —							
Rights and privileges—	42311						
Rentals, licences and permits	1,227,438	982,538	581,094	445,998	1,808,532	1,428,536	
Lease and use of public property	42312	...	...	...	...	...	
Services of a regulatory nature	42313	...	...	...	...	...	
Services of a non-regulatory nature	42314	...	...	...	...	...	
Sales of goods and information products—	42315						
Proceeds from the sale of cloth to manufacturers	1,442,749	...	...	...	1,442,749	...	
Paylist deductions	...	...	549,029	...	549,029	...	
Proceeds from the sale of furniture	445,943	...	992,816	...	1,438,759	...	
Sundry sales	39,194	...	...	...	39,194	...	
	1,927,886	...	1,541,845	...	3,469,731	...	
Other fees and charges	42319	...	...	...	...	...	
		3,155,324	982,538	2,122,939	445,998	5,278,263	1,428,536
Proceeds from the disposal of surplus Crown assets		50,000	...	...	...	50,000	...
							<b>Form "A"</b>
Miscellaneous revenues <sup>(1)</sup> —							
Payments to Pension Fund		133,095	56,538	...	...	133,095	56,538
Prepayment for musical performances		99,827	49,780	...	...	99,827	49,780
Payments of motor damages against members		1,887	1,728	...	...	1,887	1,728
Sundries		1,932	6,902	234,714	188,536	236,646	195,438
		236,741	114,948	234,714	188,536	471,455	303,484
<b>Total other revenues</b>		<b>4,455,466</b>	<b>1,831,832</b>	<b>2,599,501</b>	<b>778,998</b>	<b>7,054,967</b>	<b>2,610,830</b>
<b>Total Program</b>		<b>10,800,374</b>	<b>9,424,286</b>	<b>2,637,288</b>	<b>916,038</b>	<b>13,437,662</b>	<b>10,340,324</b>

ANNEX A

DEPARTMENT OR AGENCY: XYZ

Predrafted Form "E"

Budgetary Revenues--*Concluded*

Tax revenues and other revenues (External and Internal)

PAGE 3 of 3

Financial Reporting Account	External revenues (External Indicator "E")		Internal revenues (Internal Indicator "I")		Total	
	CY	PY	CY	PY	CY	PY
	\$	\$	\$	\$	\$	\$
DEF Program						
<b>Other revenues—</b>						
Refunds of previous years' expenditures—						
Repayment for repairs to cars	428,532	100,822	...	...	428,532	100,822
Sundries	128,436	20,078	42,399	22,428	170,835	42,506
	556,968	120,900	42,399	22,428	599,367	143,328
Sales of goods and services						
Rights and privileges—						
Rentals, licences and permits	192,428	228,436	201,519	311,577	393,947	540,013
Proceeds from the disposal of surplus Crown assets	8,000	...	...	...	8,000	...
					<b>Form "A"</b>	
<b>Total Program</b>	<b>757,396</b>	<b>349,336</b>	<b>243,918</b>	<b>334,005</b>	<b>1,001,314</b>	<b>683,341</b>
<b>Summary</b>						
<b>Tax revenues—</b>						
Excise duties	6,344,908	7,592,454	37,787	137,040	6,382,695	7,729,494
<b>Total tax revenues</b>	<b>6,344,908</b>	<b>7,592,454</b>	<b>37,787</b>	<b>137,040</b>	<b>6,382,695</b>	<b>7,729,494</b>
<b>Other revenues—</b>						
Return on investments	19,356	265,758	9,461	12,408	28,817	278,166
					<b>Plate III-20</b>	
Refunds of previous years' expenditures	1,551,013	589,488	274,786	154,484	1,825,799	743,972
Sales of goods and services	3,347,752	1,210,974*	2,324,458	757,575*	5,672,210	1,968,549*
Proceeds from the disposal of surplus Crown assets	58,000	...	...	...	58,000	...
Miscellaneous revenues <sup>(1)</sup>	236,741	114,948	234,714	188,536	471,455	303,484
<b>Total other revenues</b>	<b>5,212,862</b>	<b>2,181,168*</b>	<b>2,843,419</b>	<b>1,113,003*</b>	<b>8,056,281</b>	<b>3,294,171*</b>
<b>Total Department</b>	<b>11,557,770</b>	<b>9,773,622*</b>	<b>2,881,206</b>	<b>1,250,043*</b>	<b>14,438,976</b>	<b>11,023,665*</b>

\* Amends previous year's *Public Accounts of Canada*.<sup>(1)</sup> Includes Net gain on exchange and Domestic coinage.

## 15.4.7 Budgetary Expenditures by Program and Standard Object

### 01. Introduction

A statement of budgetary internal and external expenditures by standard object is published in Table 3 of Volume II of the *Public Accounts of Canada*.

This statement reflects budgetary expenditures and revenues netted against expenditures. Expenditures are included in economic objects within standard objects 01 to 12 with Authority codes A and B. Revenues netted against expenditures are included in source objects in sub-categories 45, 46 and 48 with Authority codes A and B. The object classification structure is shown in Chapter 7 of the *Chart of Accounts* issued by the Receiver General located at the following URL address: <http://www.pwgsc.gc.ca/recgen/gw-coa/0405/toc-e.html>.

To be included in Standard Objects 01 to 12:

- Objects 0101 to 3999, Authority codes A and B.
- Objects of Authority code A122 (refunds of previous years - Revenues).
- Objects 5000 to 8999 with Authority codes A and B excluding object 7099 with Authority codes A5XX, B13X and A825.
- Objects 4XXX Authority codes A and B, other than with Authority codes A122, A5XX, B13X and A825.

In Table 3, Volume II, of the *Public Accounts of Canada*, internal and external expenditures are reported as one amount while internal and external revenues netted against expenditures are presented separately. External and internal transactions are now obtained from CFMRS and correspond to transactions identified with indicators E and I.

Revenues netted against expenditures include the following elements:

- Objects of sub-categories 45, 46 and 48 with Authority codes A5XX, B13X and A825.
- Object 0184 with Authority code A326 credit for client 014.
- Authority code B321 credit for client 056.
- Economic object 7099 with Authority codes A5XX, B13X and A825.

### 02. Manuscript requirement

Table 3 of Volume II of the *Public Accounts of Canada* is prepared from information reported in your final trial balance. Ensure that CY expenditures reported in the “Summary of Source and Disposition of Authorities” (Predrafted Form “A”, section 15.4.2) agree with the object information reported in your final trial balance submitted to CFMRS.

The “Object” information reported in the departmental final trial balance submitted to CFMRS should be adjusted where necessary pursuant to Chapter 14 of the Receiver General Manual entitled “Year End timetable and Procedures” which is available at the following URL address: <http://publiservice.pwgsc.gc.ca/rg/text/recgen-e.html>. For the expenditures, standard objects 01 to 12 and revenues netted against expenditures must only include Authority codes A and B.

Plates III-6, III-7a and III-9a are required as indicated below.

- agree for each program:
  - CY expenditures shown for standard object 04 of your final trial balance to the sum of the standard types of services reported in the “Professional and Special Services” statement (Plate III-6, section 15.5.8).

- 
- To allow the Receiver General to produce the additional information required in Volume III of the *Public Accounts of Canada*, departments and agencies must agree the total of their reporting objects with the following standard objects:
- the detailed information for standard object 08 (Acquisition of land, buildings and works) is published in section 5 of Volume III of the *Public Accounts of Canada* (Plate III-7a, section 15.5.9).
  - the detailed information for standard object 10 (transfer payments) is published in section 7 of Volume III of the *Public Accounts of Canada* (Plate III-9a, section 15.5.10).

For standard object 09 (Acquisition of machinery and equipment including parts and consumable tools), departments and agencies must agree the economic objects with the total of standard object 09. This will allow the Receiver General to produce the additional information required in section 6 of Volume III of the *Public Accounts of Canada*.

You must agree CY expenditures shown for standard object 10 of your trial balance to the amounts reported in the “Transfer Payments” statement (Predrafted Form “C”, section 15.4.4).

The revenues netted against expenditures included in your trial balance must agree as follows:

- CY amounts shown for revenues netted against expenditures to amounts reported in the “Programs by Business Line” statement (Predrafted Form “B”, section 15.4.3) under “Revenues netted against expenditures” column.
- CY amounts shown for revenues netted against expenditures to amounts reported in the “Details of Respendable Amounts” statement (Predrafted Form “D”, section 15.4.5).



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**15.5 VOLUME III OF THE PUBLIC ACCOUNTS OF CANADA**
**15.5.1 General**

Volume III of the *Public Accounts of Canada* presents additional information and analyses. Its content is summarized as follows:

- . Financial Statements of Revolving Funds;
- . Financial Statements of Departmental Corporations;
- . Supplementary Information Required by the *Financial Administration Act*;
- . Professional and Special Services;
- . Acquisition of Land, Buildings and Works;
- . Acquisition of Machinery and Equipment including parts and consumable tools;
- . Transfer Payments;
- . Public Debt Charges;
- . Payments of Claims against the Crown, Ex Gratia Payments and Court Awards;
- . Federal-Provincial Shared-Cost Programs;
- . Other Government-Wide Information; and
- . Other Miscellaneous Information.

In all manuscripts, the following abbreviations must be used with respect to provinces and territories:

. Alberta	-	Alta
. British Columbia	-	BC
. Manitoba	-	Man
. New Brunswick	-	NB
. Newfoundland and Labrador	-	NL
. Northwest Territories	-	NWT
. Nova Scotia	-	NS
. Nunavut	-	Nunavut
. Ontario	-	Ont
. Prince Edward Island	-	PEI
. Quebec	-	Que
. Saskatchewan	-	Sask
. Yukon Territory	-	YT

Instructions to gather the necessary information from departments and agencies to prepare Volume III of the *Public Accounts of Canada* are outlined in this section.

## 15.5.2 Revolving Funds

### 01. Introduction

#### A. Authority

The Policy on Special Revenue Spending Authorities located on the *Treasury Board Site*, sets out the policy and procedural requirements for revolving funds. This policy is available at the following URL address: [http://www.tbs-sct.gc.ca/Pubs\\_pol/dcgpubs/TBM\\_142/srsap1\\_e.asp](http://www.tbs-sct.gc.ca/Pubs_pol/dcgpubs/TBM_142/srsap1_e.asp). It describes the relationship of the revolving fund concept to the accounts of Canada as follows:

“Amounts expended from the Consolidated Revenue Fund for working capital, capital expenditures and temporary financing of deficits shall be recorded in a manner prescribed by the Receiver General for Canada and Government of Canada Accounting Policy. Amounts received shall be recorded as recoveries of budgetary expenditures and credited to the continuing authorization in the fiscal year in which they are received. The difference (net annual amount expended or received) will be reported as net use of the non lapsing authorization reflected in the accounts of Canada on an annual basis. Year-end procedures in the accounts of Canada shall be the same as for all other budgetary appropriations.”

The policy resulted in revised reporting requirements for both the ministerial statements (Volume II) and the revolving fund statements for the *Public Accounts of Canada* of 1980-81 and subsequent years.

#### B. Disclosure

Departments and agencies listed in Annex K of this section must prepare and submit a complete set of ministerial statements and revolving fund financial statements annually to the Receiver General for Canada. The financial statements must be submitted in both English and French.

### 02. Reference

The Policy on Special Revenue Spending Authorities located on the *Treasury Board Site*, outlines the policy for and explains the concept of revolving funds. The legal basis of this policy is section 7(c) and section 29.1 of the *Financial Administration Act*. A “Guide on Revolving funds” is available on the “Financial Management and Accounting Policy Network” to departments and agencies with access to the GENet. The URL address is: [http://www.tbs-sct.gc.ca/fin/sigs/revolving\\_funds/rfpai\\_e.asp](http://www.tbs-sct.gc.ca/fin/sigs/revolving_funds/rfpai_e.asp).

Departments listed in Schedules I, I.1 and II of the *Financial Administration Act* (FAA) who are engaged in the provision of services external to the federal government, for which fees are charged must refer to the following documents:

- The *User Fees Act* located at the following URL address: <http://laws.justice.gc.ca/en/u-3.7/text.html>.
- A Policy on Service Standards for External Fees located at the following URL address: [http://www.tbs-sct.gc.ca/pubs\\_pol/oepubs/TB\\_H/CRP\\_e.asp](http://www.tbs-sct.gc.ca/pubs_pol/oepubs/TB_H/CRP_e.asp).

A Policy on Common Services located at the following URL address: [http://www.tbs-sct.gc.ca/pubs\\_pol/dcgpubs/tb\\_93/CSP\\_e.asp](http://www.tbs-sct.gc.ca/pubs_pol/dcgpubs/tb_93/CSP_e.asp) is used to ensure that departments and agencies can acquire responsive, cost-effective support to their program delivery.

### 03. Manuscript preparation

#### A. Ministerial statements (Volume II)

Revolving funds must submit the ministerial statements described below with related financial statements.

Instructions for the preparation of these ministerial statements are found in section 15.4 of this chapter.

(a) Summary of source and disposition of authorities (Predrafted Form “A”)

This statement summarizes the net transactions of the revolving fund account, in the accounts of Canada, as well as the source and disposition of authorities. If transfers of authorities to other accounts are required by legislation, such transfers must be equivalent to the amount of authority “Used in the CY” by the transferee. Such transfers in the revolving fund must be subtracted in the “Adjustments and Transfers (4)” column and added in the same column in the reporting of the other account. Note also that write-offs of deficit/surplus amounts affect the authority account within the revolving fund but do not require an entry in the accounts of Canada. For reporting instructions refer to section 15.4.2 of this chapter.

(b) Programs by business line (Predrafted Form “B”)

This statement presents the total authorities available for use and the authorities used in the current year for each Business line under each program, classified by type of expenditure.

For reporting instructions refer to section 15.4.3 of this chapter.

(c) Transfer Payments (Predrafted Form “C”)

This statement applies to a few revolving funds. Refer to section 15.4.4 of this chapter for reporting instructions.

B. Revolving fund financial statements

Reporting requirements and general standards:

- (a) Revolving fund financial statements must be prepared on the accrual basis of accounting and must follow the reporting requirements and standards set out in this section. Departments and agencies must submit the following revolving fund statements that will be published in Volume III of the *Public Accounts of Canada*: Statement of Authority Provided (Used), Reconciliation of Unused Authority, Statement of Financial Position, Statement of Operations and Net Assets (Liabilities) and Cash Flow Statement (Annexes B to F of this section). In addition, a Management Report (Annex A of this section) and the Notes to Financial Statements (Annex G of this section) must accompany the financial statements. Examples are included in the annexes for illustration purposes only. In the preparation of submissions, these formats must be followed as closely as possible, using this terminology and that suggested in the Policy on Special Revenue Spending Authorities located on the *Treasury Board Site*. (Non-applicable lines and items must be excluded).

**N.B. The figures in the financial statements are reported in thousands of dollars.**

- (b) Any information required for fair presentation of financial position, statement of operations and net assets (liabilities) or cash flow must be presented in the financial statements, including notes to such statements and supporting schedules to which the financial statements are cross-referenced.
- (c) Items must be classified so that significant information is readily understandable. Items not significant in themselves must be grouped together, as close to their approximate nature. Therefore, the category “other” should be avoided as much as possible.
- (d) Financial statements must be prepared on a comparative basis showing the corresponding figures for the preceding year.
- (e) Where the basis of valuation of assets is not self-evident, the basis must be explicitly stated in the body of the applicable statements and explained in the notes.

- 
- (f) Where the accounting treatment of financial statement items and note presentation does not follow the standards of this section, the practice used must be explained in the notes to the financial statements with an indication of the reason the standard concerned was not applied. Mandatory disclosure of such non compliance is also required in the Management report.
- (g) If a mandate for auditing the financial statements has been given, then the audit report must accompany the financial statements.

Specific presentation standards:

(a) Management report (Annex A of this section)

The objectives of this report are stated in terms of the following guidelines which must be considered in developing the management report:

- (i) Management's responsibility for the preparation and presentation of the revolving fund financial statements includes:
- an acknowledgment of preparation by management that they are:
    - required and subject to Treasury Board policy, as stated in the Policy on Special Revenue Spending Authorities, located on the *Treasury Board Site*; and
    - required and subject to the reporting requirements and standards of the Receiver General found in this section.

Mandatory disclosure is required in case of non compliance:

- an indication that the financial statements are prepared in accordance with stated accounting policies appropriate in the circumstances, of which the more significant are outlined in Note 2 to the financial statements, on a basis consistent with that of the preceding year, unless indicated otherwise;
  - an optional statement that some figures for the previous year have been reclassified to conform to the current year's presentation;
  - a statement that other financial and operating data in the ministerial statements and elsewhere in the *Public Accounts of Canada* are consistent with those contained in the financial statements, unless otherwise indicated;
  - a reference to estimates and judgments required in the preparation of the financial statements; and
  - a reference to due consideration of materiality.
- (ii) Management's responsibility for maintaining financial management and internal control systems includes:
- development of financial management policies such as:
    - how they are developed and implemented;
    - communication of established policies and procedures; and
    - selection and training of qualified staff;

- development and maintenance of:
    - accounting and coding manuals;
    - revolving fund authorities manual;
    - internal control and *Public Accounts of Canada* directives; and
    - appropriate division of responsibilities;
  - development and maintenance of internal audit policies and standards.
- (iii) The Auditor General's (or external auditor's) responsibility (if statements have been audited and an opinion accompanies the statements) includes:
- a statement emphasizing that the objective of an audit (conducted in accordance with generally accepted auditing standards) is to enable the auditor to express an opinion on the fairness of the financial statements; and
  - a statement on the opinion expressed by the auditor.
- (iv) Management's responsibility for financial management and reporting includes:
- concise description of the implementation of current or future recommendations approved by departmental head or Parliament;
  - concise description of accounting studies or systems under way to improve financial management and reporting; and
  - management's response to the Auditor General's or external auditor's reservation(s); and proposals by management to remedy the situation.
- (v) Signature of report:
- senior full-time financial officer; and
  - senior financial officer reporting to the Deputy Minister.

The above signatures on the management report represent the approval of the complete set of financial statements. The typed names of the signing officers with position held must be shown below the signatures. The management report must also indicate the date it was signed.

- (vi) Location of report:
- prior to the Statement of Authority Provided (Used).

To remain informative and objective, the management report must describe the various means by which management discharges such responsibilities. An example (Annex A of this section) is appended for illustration only.

(b) Statement of authority provided (used) (Annex B of this section)

The dual purpose of this statement is to show forecast and actual authority provided (used) during the year and to reconcile the net transactions on the accrual basis of accounting with the basis of accounting used in the accounts of Canada. The forecast 2004-2005 column figures from Estimates 2005-2006 Part III - Report on Plans and Priorities must be disclosed in the Estimates column. The following provide specific requirements for the preparation of this statement:

(i) Net results

As reported in the Statement of Operations and Net Assets (Liabilities) (Annex E of this section) and adjusted by:

(ii) Items not requiring use of funds

As reported in the Statement of Cash Flow (Annex F of this section). These are all non cash items included in the Statement of Operations and Net Assets (Liabilities) such as provision for employee termination benefits, amortization, gain/loss on disposal of fixed assets, etc.

(iii) Items requiring use of funds

## - Net capital acquisitions

All gross purchases of capital assets less gross proceeds from disposal of capital assets, as reported in the Statement of Cash Flow. Non cash item such as contributed/transferred assets are excluded.

## - Net other assets and liabilities

It includes the increase/decrease in working capital taken from the Statement of Cash Flow. It includes as well Acquisitions of capital assets under capital leases.

Details of calculation must be provided in the Supplementary Revolving Fund information sheet (Annex H of this section) and the following items must be separately distinguished as a minimum:

- Any gross sources and uses of working capital reported in the Statement of Cash Flow (except those already mentioned in (i) and (ii) above and the increase/decrease in the Accumulated Net Charge Against the Fund's Authority (ANCAFA) account).
- The difference between CY and PY's net PAYE charges against the appropriation account after March 31 net of amounts credited to the appropriation account after March 31, as reported in the Reconciliation of Unused Authority (Annex C of this section).

The authority provided (used) in this statement is also reported on Predrafted Form "A" in the ministerial Summary of Source and Disposition of Authorities statement of Volume II as the net charge/net credit to the appropriation and must agree with the authority code balance from the trial balance sent to CFMRS.

(c) Reconciliation of unused authority (with the revolving fund (ANCAFA)) (Annex C of this section)

This table reconciles the credit or debit balance in the ANCAFA account in the revolving fund accounts with the amount of unused authority carried forward to the following year. The ANCAFA account records the net amount provided (used) of the revolving fund's non-lapsing authority, except that it does not reflect PAYE charges against and amounts credited to the appropriation account after March 31. However, such charges and credits are included in the measurement of unused authority.

The reconciliation contains, where applicable, two types of transactions:

- (i) PAYE charged against the appropriation account during the post year-end period in accordance with the Policy on Payables at Year End (PAYE) (Chapter 5-5) located on the *Treasury Board Site* available at the following URL address: [http://www.tbs-sct.gc.ca/Pubs\\_pol/dcgpubs/TBM\\_142/5-5\\_e.asp](http://www.tbs-sct.gc.ca/Pubs_pol/dcgpubs/TBM_142/5-5_e.asp). These include amounts discharged after March 31 and recorded in the trial balance sent to CFMRS; and

- (ii) amounts credited to the appropriation account after March 31 in accordance with the PAYE policy. These include amounts received and recorded in the trial balance by cash receipts, and receivables with OGDs established under the Treasury Board Secretariat PAYE policy.

PAYE charges against appropriation account and amount credited to the appropriation account after March 31, must be equal to those on the Supplementary Revolving Fund information sheet (Annex H of this section).

The reconciliation must also report the amounts of authority granted by legislation (considering increase/decrease approved in subsequent Appropriation Acts) to obtain the amount of unused authority carried forward to the following year. The unused balance must agree with the carried forward item in the Summary of Source and Disposition of Authorities statement (Predrafted Form "A", section 15.4.2).

(d) Statement of Financial Position (Annex D of this section)

This statement presents the revolving funds financial position in terms of its assets, liabilities and net assets or net liabilities at the end of an accounting period and assists users in evaluating the position of the entity at a specific date. This statement must distinguish at least the following items:

- (i) Current assets include those assets ordinarily realizable to cash or cash equivalents within one year from the date of the Statement of Financial Position and are presented in order of liquidity. They include (where applicable):
- cash, including cash on hand or in transit received prior to March 31 but not deposited until the subsequent year, as well as petty cash and/or imprest bank account balances;
  - accounts receivable from Government departments and outside parties, each reported separately and in that order. Accounts receivable include, if applicable, accrued revenue or unbilled revenue receivables. Accounts receivable must agree to plate I-5 of the revolving fund;
  - progress payments to suppliers;
  - accountable advances to employees;
  - amount of lease payments receivable within one year from the date of the Statement of Financial Position and reported under "Current portion of net investment in lease(s)";
  - inventories, to be reported in total with the basis of valuation explicitly expressed on the Statement of Financial Position. Suggested terminology includes "at cost", "at the lower of cost and replacement cost" or "at the lower of cost and net realizable value". The method that most clearly reflects periodic income must be chosen in determining the cost. A departure from cost may be required when the utility value of the goods is less than their cost (due to damage, obsolescence, deterioration, changes in price levels, etc.). For further disclosure requirements, see Notes to Financial Statements in this section; and
  - prepaid expenses.
- (ii) Long-term receivables:
- leases (lessor) -
- from the point of view of the lessor, "direct financing leases" are the only type of lease that revolving funds carry. A direct financing lease is a lease or form of contract that, from the point of view of the lessor, transfers substantially all the benefits and risks incident to ownership of

property to the lessee and, at the inception of the lease, the fair value of leased property is the same as its carrying amount to the lessor (usually not a manufacturer or dealer). A lease would not be precluded from being classified as a direct financing lease after it is renewed or extended even though the carrying amount of the property at the end of the original lease term is different from its fair value at that date.

Initial direct costs (if applicable) must be expensed as incurred and a portion of unearned income equal to the initial direct costs must be recognized in income in the same year. The remaining income must be deferred and taken into income over the lease term to produce a constant rate of return equivalent to the implicit interest rate on the investment in the lease. This accounting treatment is essential to meet the reporting requirements explained hereafter.

For purposes of statement presentation, the lessor's "Net investment in lease(s)" includes:

- (i) the lease payments receivable; plus
- (ii) any residual value, (bargain purchase) of the leased property accruing to the lessor (if applicable); less
- (iii) unearned finance income remaining to be allocated to income over the lease term

which must be segregated between current and long-term portions. For further disclosure requirements, see Notes to Financial Statements in this section;

- leases (lessee) -

from the point of view of the lessee, the contractual agreement or lease that transfers substantially all of the benefits and risks of ownership related to the leased property from the lessor to the lessee must be accounted for as a capital lease by the lessee.

To report the total resources at the lessee's disposal and all aspects of the lessee's long-term obligations, a capital lease must be accounted for as an acquisition of asset and the assumption of an obligation. Further details are included under capital assets, current liabilities, long-term liabilities, Statement of Operations and Net Assets (Liabilities) and Notes to Financial Statements in this section.

N.B. From the point of view of a lessee, a lease would normally transfer substantially all of the benefits and risks of ownership to the lessee when, at the inception of the lease, one or more of the following conditions are present:

- (i) there is reasonable assurance that the lessee will obtain ownership of the leased property by the end of the lease term;
- (ii) the lease term is of such a duration that the lessee will receive substantially all of the economic benefits expected to be derived from the use of the leased property;
- (iii) the lessor would be assured of recovering the investment in the leased property and of earning a return on this investment.

From the point of view of a lessor, a lease would normally transfer substantially all of the benefits and risks of ownership to the lessee when, at the inception of the lease, all the following conditions are present:



- (i) any of the above-mentioned conditions;
  - (ii) the credit risk associated with the lease is normal when compared to the risk of collection of similar receivables;
  - (iii) the amounts of any unreimbursable costs that are likely to be incurred by the lessor under the lease can be reasonably estimated. For example, costs are not reasonably estimated when the lessor has a commitment to guarantee the performance or to effectively protect the lessee from obsolescence of the leased property.
- (iii) Capital assets must be reported in total on a gross basis less accumulated amortization shown as a separate figure. The basis of valuation must be stated on the Statement of Financial Position, for example, at cost. Should the capital assets be accounted for on a basis other than cost, such terms as “appraisal”, “appraisal plus additions at cost”, “at appraised value” are considered suitable for use in the financial statements in describing the basis of valuation. In this case, the basis must be described in the Notes to Financial Statements.

On disposal of capital assets, the net proceeds should be paid into the fund and a gain or loss on disposal recorded.

To distinguish between capital assets that the revolving fund owns and those that it only has the right to use, assets leased under capital leases must be segregated from other capital assets and reported under “Asset(s) under capital lease(s)”. The asset value to be recorded at the beginning of the lease term must be the fair acquisition value or price, excluding executory costs and any imputed interest included in the lease contract. This capital value will be amortized over the period of expected use, similar to other assets of the same type, or over the lease term. See further instructions under Notes to Financial Statements in this section. Refer to section 15.3.4 of this chapter for specific reporting instructions concerning any capital lease arrangements and required related calculations. Revolving funds with total minimum lease payments remaining after March 31 in excess of \$1,000,000 per contract are also required to provide additional information to the Receiver General through the departmental submission in accordance with the requirements of section 15.3.4 of this chapter.

On certain capital assets where there is a period of time when the asset is being constructed or made ready for its intended use, a portion of the interest incurred must be allocated to and capitalized as part of the historical cost of the asset. However, interest cannot be capitalized for inventories that are routinely manufactured or otherwise produced in large quantities on a repetitive basis.

Leasehold improvements must be amortized over the lesser of the lease term or service life.

- (iv) Other assets:
- deferred service charges, as distinct from prepaid expenses, must not be classified as current assets. Major items must be shown separately on the face of the Statement of Financial Position or in a note to financial statements. Where amortization has been deducted in arriving at the carrying value of the deferred charge, this fact must be disclosed on the Statement of Financial Position and explained under significant accounting policies. See further instructions under Notes to Financial Statements in this section.
  - intangible assets must include and present separately such valuable items as franchise rights, patent rights, copyrights, licences and trade marks, with the basis of valuation stated on the Statement of Financial Position. All such assets must be disclosed, although their value may be nominal.

(v) Current liabilities must include amounts payable within one year from the date of the Statement of Financial Position and be presented in order of liquidity. They include and sequentially distinguish:

- accounts payable and accrued liabilities to Government departments and outside parties, each reported separately and in that order. Accrued liabilities must include amounts for payroll deductions, accrued salaries, wages and vacation pay;
- if accrued salaries, wages and vacation pay are significant, they should be reported separately;

N.B. Supplementary information for vacation pay calculations can be found in Annex I of this section.

- advances from customers and customers' deposits;
- contractors' holdbacks;
- amount of lease payments to be made within one year from the date of the Statement of Financial Position and reported under "Current portion of obligation(s) under capital lease(s)";
- current portion of the provision for employee termination benefits; and
- deferred revenues - revenues received during the fiscal year for which no services have been rendered or no goods provided in the current (or previous) year.

(vi) Long-term liabilities:

- provision for employee termination benefits must include amounts provided for and equal to all benefits payable upon employees' termination of employment with the revolving fund, for example, severance pay. The current portion of the provision for employees terminating employment within the next twelve months must be reported as a current liability;
- for each asset under capital lease, there must be a corresponding liability reported separately on the Statement of Financial Position under "Obligation(s) under capital lease(s)". The original amount to be reported will equal the recorded fair acquisition value or price of the asset, exclusive of executory costs and imputed interest included in the lease contract. Current and long-term portions must be segregated on the Statement of Financial Position; and
- deferred revenues must include only advance payments from clients for future sales or services to occur more than one year from the date of the Statement of Financial Position.

(vii) Net assets/liabilities:

- Accumulated net charge against the Fund's authority (ANCAFA) must be reported as part of the net assets/liabilities.
- Accumulated surplus/(deficit) and contributed capital must also be reported as a component of the net assets/liabilities.

(e) Statement of operations and net assets (liabilities) (Annex E of this section)

The purpose of this statement is to show revenues, expenses and net results of a revolving fund operation on the accrual basis of accounting.

This statement must present fairly the results of operations for the year and distinguish at least the following items:

- (i) the revenues by type (production of goods and services) and/or business line, in descending order of dollar value. Revenues are recognized when the work is performed, goods are delivered or services are rendered and the ultimate collection is reasonably assured;
- (ii) the cost of sales, if applicable, by type (production and services) and/or business line;
- (iii) the amounts of major operating expenses by specific type of expense, or, direct costs followed by overhead expenses, both in descending order of dollar value.
- (iv) the amount representing the provision for employee termination benefits;
- (v) the amount charged for amortization of capital assets, including amortization of leasehold improvements and amortization of assets under capital leases;
- (vi) revenues or expenses incurred through normal operations, for example:
  - the amount of gain or loss on disposal of capital assets;
  - the amount of inventory obsolescence written off;
- (vii) the amount charged as interest expense, if the revolving fund is not exempt, and interest paid on obligations under capital leases;
- (viii) revenues, expenses, gains or losses resulting from transactions or events that are not expected to occur frequently over several years or do not typify normal business activities of the revolving fund:
  - unanticipated losses and provisions for losses with respect to inventories and receivables;
  - lawsuits;
  - adjustments with respect to contract prices;
  - gains or losses from sale or abandonment of capital assets used in the business.

These items must be included in the Statement of Operations and Net Assets (Liabilities) before “net results before extraordinary items” and must be reported separately and explained by way of a note where appropriate;

- (ix) net results before extraordinary items:

Net results are intended to disclose the results of all operating activities of a revolving fund for a year, and should reflect all gains or losses recognized during the year except prior period adjustments and equity transactions. To permit a reasonable evaluation of the results of the activities of a revolving fund it is also essential to distinguish between items which arise in the normal course of business activities and those which require separate disclosure in the Statement of Operations and Net Assets (liabilities) because they are (a) abnormal in size and result from unusual events and (b) items which result in transactions or events that are not expected to occur frequently over several years, that do not typify the normal business activity of the revolving fund and do not depend primarily on decisions by management. These require separate disclosure in the Statement of Operations and Net Assets (liabilities) and are referred to herein as extraordinary items.

(x) extraordinary items:

Those items which result in transactions or events that are not expected to occur frequently over several years, that do not typify the normal business activity of the revolving fund and do not depend primarily on decisions by management. These require separate disclosure in the Statement of Operations and Net Assets (Liabilities) and are referred to herein as extraordinary items. Examples of occurrences giving rise to extraordinary items, provided they meet the criteria above, would be:

- the discontinuance of, or substantial change in, a business program or policy such as sale or abandonment of a plant or sale of investments not acquired for resale;
- the expropriation of properties;
- the acts of God such as earthquakes or floods.

Extraordinary items are distinct from prior period adjustments and equity transactions, and should be included in the determination of net income for the year. For further disclosure requirements, see Notes to Financial Statements in this section; and

(xi) net results:

This figure is the sum of components (ix) and (x).

(xii) net assets (liabilities), beginning of year

Net financial resources used (provided) and change in the ANCAFA account, during the year.

Net assets (liabilities) end of year.

(f) Statement of Cash Flow (Annex F of this section)

The purpose of this statement is to provide financial information about the operating, investing and financing activities of a revolving fund and the effects of the activities on the accumulated net charge against the Fund's authority (ANCAFA) account by presenting gross provisions and uses of financial resources grouped by activity. The financial position of a revolving fund is represented by the balance in the ANCAFA account. The change in financial position, that is the amount of net financial resources provided or used during the year, is represented by the change in ANCAFA, balance from one year to the next.

The Statement of Cash Flow must clearly disclose the following:

**Operating activities**

- (i) net results before extraordinary items;
- (ii) items not affecting working capital such as provision for employee termination benefits, amortization, gain/loss on disposal of capital assets, etc. See (iv) below for detailed instructions relating to the provision for employee termination benefits;
- (iii) changes in current assets and liabilities such as accounts receivable, inventories, prepaid expenses, accounts payable, deferred revenues, etc.;

- (iv) changes in other assets and liabilities related to operations such as deferred service charges, and increase/decrease in the provision for employee termination benefits, the latter is usually composed of two elements:
- the actual payments (less repayments, if any) made during the year plus or minus the necessary adjustment of the current portion of the provision. These must be presented under "Payments on and change in provision for employee termination benefits"; and
  - the amount required to adjust the provision to the necessary level at March 31. This must also be presented as an item not requiring the use of funds, i.e. an adjustment of net results for the year (refer to (ii) above);

N.B. Supplementary information for the calculation of these figures is in Annex J of this section.

- (v) net financial resources provided (used) by operating activities, subtotal;

#### **Investing activities**

- (vi) changes in other assets and liabilities related to investing activities such as net investment in leases, etc.;
- (vii) acquisition of capital assets through the year, including acquisitions through capital leases, the contributed assets, and the proceeds on disposal etc.;
- (viii) net financial resources provided (used) by investing activities;

#### **Financing activities**

- (ix) write-off in whole or in part of the Fund's deficit, or transfer in whole or in part of the Fund's surplus;
- (x) any other financing activity entry through the ANCAFA;
- (xi) net financial resources provided (used) by financing activities;

Net financial resources provided (used) and change in the accumulated net charge against the Fund's authority account, during the year

- (xii) total (net) of the three activities;

Accumulated net charge against the Fund's authority account, beginning of year;

Accumulated net charge against the Fund's authority account, end of year; both to agree with the Statement of Financial Position. The financial resources provided (used) for the year is the change in ANCAFA.

- (g) Notes to the financial statements (Annex G of this section)

Notes to financial statements and supporting schedules to which financial statements are cross-referenced, are an integral part of such statements. These notes are useful for clarification purposes or further explanation of the items in the financial statements. They have the same significance as if the information or explanations were set forth in the body of the statements themselves. They must not, however, be used as a substitute for proper accounting and reporting treatment.

The contents of these notes and their sequence of presentation are explained in the following paragraphs. Some notes are mandatory and others are only required, if applicable.

To properly tie the notes to the financial statements, the phrase “The accompanying notes are an integral part of the financial statements” should be inserted at the bottom of the Statement of Financial Position.

Note 1. Authority and purpose (Mandatory)

The authority, the purpose and the year of establishment must be disclosed. The disclosure of the authority includes:

- (i) the total amount granted in legislation (specify), including CY change;
- (ii) the amount of any increase in the net book value of assets provided by another vote or assets provided from a source external to the Fund without charge to the Fund during CY and PY;
- (iii) any Parliamentary authority to write-off all or part of the Fund's deficit to ANCAFA during CY;
- (iv) any Treasury Board authority to transfer all or part of the Fund's surplus to ANCAFA during CY and PY;
- (v) any change in the limit of authority approved by Parliament during CY.

Note 2. Significant accounting policies (Mandatory)

Accounting policies are defined as the specific principles and the methods used in their application that are selected by the revolving fund as most appropriate in the circumstances. A clear and concise description of the significant accounting policies of the revolving fund must be included.

As a minimum, disclosure of information on accounting policies must be provided in the following situations:

- (i) when a selection has been made from alternative acceptable accounting principles and methods; and
- (ii) when the accounting principles and methods used are generally peculiar to a field in which a revolving fund operates, even if such principles and methods are predominantly followed in that field.

Any change in the basis of valuation from that used in the PY must be disclosed under Note 3 “Changes in accounting policies”.

Examples of items requiring disclosure of accounting policies include:

- recognition of certain types of revenue, such as revenues from franchising and leasing operations, because assets used for these operations are subject to alternative acceptable accounting principles and methods;
- inventories — if the method of determining cost has resulted in a figure which does not differ materially from recent cost, the simple term “cost” must be used on the Statement of Financial Position and there would be no need of explanation. Otherwise, the method of determining cost must be disclosed and explained;

- capital assets — valuation, method and rates of amortization.

Should the capital assets be accounted for based on their historical cost, the simple term “cost” must be used on the Statement of Financial Position; otherwise, there must be an explanation provided in this note. If any capital assets are valued based on an appraisal, the method of appraisal must be concisely explained and the date of the appraisal stated. In addition, if the appraisal was made within five years preceding the date of the Statement of Financial Position, the authority and the disposition of the appraisal adjustment must be disclosed.

In addition, this note must disclose the methods and rates used in the computation of amortization, segregating amounts related to assets under capital leases from those that the revolving fund owns;

- deferred service charges — method of amortization; and
- other accounting policies that may be peculiar to the revolving fund.

Note 3. Change in accounting policies (Mandatory, if applicable)

There is a general presumption that the accounting policies followed by revolving funds are consistent throughout the fiscal year and from one year to the next. Generally, a change in accounting policies affects or has a potential effect on the measurement of the authority being used, net results, capital assets, working capital and other items.

Neither of the following items is considered to be a change in an accounting policy:

- (i) the initial adoption of an accounting policy in recognition of events or transactions occurring for the first time; and
- (ii) the alteration of an accounting policy required by events or transactions that are clearly different in substance from those previously occurring.

When there is a choice between two or more appropriate policies and a change is made, the new accounting policy is applied retroactively to figures reported for the previous year; or if applicable, prospectively and no cumulative catch-up adjustment is made.

For each change in an accounting policy in the CY, the following information must be disclosed in this note:

- (i) rationale and description of the change;
- (ii) the effect of the change on the financial statements of the CY. The disclosure of particulars, including dollar amounts, applies to each change in an accounting policy; it is not appropriate to net items when considering materiality; and
- (iii) a statement disclosing the effect on the previous year(s) financial statements. When a change in an accounting policy has not been applied retroactively because the necessary financial data was not reasonably determinable, this fact must be disclosed.

A change in an accounting policy that does not have a material effect in the CY but is likely to have a material effect in future years must be disclosed.

Note 4. Changes in financial statement presentation (Mandatory, if applicable)

The classification of an item in the financial statements of the CY may differ from that of the PY as a result of a change in the allocation or grouping of items within or among relevant categories. Such a change is a matter of presentation rather than a change in an accounting policy. Each significant change must be disclosed as follows:

- (i) a clear and concise description of the change; and
- (ii) the effect of the change on financial statements of the PY.

Note 5 and subsequent notes. Any information required for fair presentation of financial information

As a minimum, disclosure of information on the following items must be provided in the following sequential order:

- Inventories (Mandatory, if applicable)

Disclosure of inventories must include amounts of the major categories making up the total inventory such as finished goods or products, work in process, materials and supplies, and information on write-off due to obsolescence.

- Net investment in leases (lessor) (Mandatory, if applicable)

Finance income from direct financing leases and how the investment in leases has been computed for purposes of recognizing income must be disclosed. Disclosure is also required for the aggregate future minimum lease payments receivable, residual value, if applicable, unearned finance income, lease term and amount of lease payments receivable for each of the five succeeding years.

- Capital assets and accumulated amortization (Mandatory, if applicable)

Disclosure of information on capital assets (including leasehold improvements) and accumulated amortization by major category is made through a table to the notes. Disclosure by major category must be made for acquisitions, disposals, amortization for the year and change in accumulated amortization.

The table must also segregate and disclose the gross value of assets under capital leases with accumulated amortization for each type of asset under capital lease.

- Obligations under capital leases (lessee) (Mandatory, if applicable)

Particulars of obligations under capital leases must be disclosed, including interest rate, lease term, amount of interest charged to operations during the year, future minimum lease payments in aggregate and for each of the five succeeding years, with a separate deduction for the aggregate figure for amounts representing executory costs and imputed interest included in the minimum lease payments.

- Contractual obligations (Mandatory, if applicable)

Particulars of any contractual obligations that are significant in relation to the current financial position or future operations must be disclosed. These include significant obligations of the following types:

- (i) obligations to make expenditures that are abnormal in relation to the financial position or usual business operations, e.g., obligations for substantial capital asset expenditures (where a figure for approved expenditures is more significant, the total appropriation may be stated instead of the obligation); and



- (ii) obligations that will govern the level of a certain type of expenditure for a considerable period into the future.

If applicable, the information to be disclosed must include:

- (i) the nature and term of the obligation;
- (ii) the amount of the fixed and determinable portion of the obligation as of the date of the Statement of Financial Position and for each of the five succeeding years;
- (iii) the nature of any variable component; and
- (iv) the amounts purchased under the obligation during the CY and PY.

- Extraordinary items (Mandatory, if applicable)

Each extraordinary item should be shown separately and its nature described. Items resulting from events and transactions of a similar nature may be shown in the aggregate. Disclosure must be made in such a manner to enable determination of the nature of the occurrences giving rise to the extraordinary items and the extent to which the net income has been affected by such items.

- Prior years' adjustments (Mandatory, if applicable)

Prior years' adjustments to the financial statements are the result of changes in accounting policies or correction of an error.

The financial statements of prior years' presented for comparative purposes are restated as necessary to reflect the retroactive application of the adjustment. The Statement of Operations and Net Assets (Liabilities) of the prior year to which the adjustment relates is restated and the opening balance of accumulated surplus (deficit) in subsequent years, including the current year, is adjusted accordingly. When the adjustment relates to a year prior to the earliest year for which financial statements are presented, the opening balance of accumulated surplus (deficit) for the earliest year is adjusted to reflect the prior period adjustment.

Prior years' adjustments must be excluded from the determination of net results for the CY and applied retroactively to the net results of the years to which they relate.

Prior years' financial statements cannot be adjusted when it would alter the authority reported for that year. The financial statements of all previous years presented for comparative purposes must be restated, as necessary.

When there has been an accounting policy or correction of an error, the following information must be disclosed:

- (i) a description of the change;
- (ii) the effect of the change on the financial statements of the current and prior years'; and
- (iii) the fact that the financial statements of prior years that are presented have been restated.

- Changes in accounting estimates (Mandatory, if applicable)

Changes in estimates used in accounting are the necessary consequences of the periodic preparation of financial statements. Estimating, requires the exercise of judgment and reappraisal as new events occur, as more experience is acquired, or as additional information is obtained. Examples of items for which estimates are necessary include doubtful accounts receivable, inventory obsolescence, the service lives and salvage values of assets subject to amortization, the years expected to derive benefit from a deferred cost and liabilities under warranties.

It is sometimes difficult to distinguish between a change in an accounting policy and a change in an accounting estimate. For example, a revolving fund may change from deferring and amortizing a cost to expensing it as incurred because, as a result of new information, the future benefits of the cost have become doubtful. Changes of this type are often related to the continuing process of obtaining additional information and revising estimates. In cases where it is difficult to draw a clear distinction, it is usual for such a change to be treated as a change in an estimate, not as a change in an accounting policy.

A change in an estimate must not be given retroactive effect since it arises from new information or developments. The effect of a change in an estimate must be allocated to the year of revision and applicable future years if it affects both. The effect of a change in an accounting estimate must be accounted for in:

- (i) the year of change, if the change affects the financial results of that year only; or
- (ii) the year of change and applicable future years, if the change affects the financial results of both current and future years.

Disclosure of the nature and effect on the current year must be done for a change in an accounting estimate that is rare or unusual and that may affect the financial results of both current and future years, such as a change in the estimated service life of a capital asset. Disclosure is not necessary for a change in an estimate made each year while accounting for normal activities, such as allowances for uncollectible accounts.

- Contingent liabilities (Mandatory, if applicable)

A contingent liability is defined, in section 15.3.5 of this chapter, as “a potential liability which may become an actual liability when one or more future events occur or fail to occur”. This definition is subject to the characteristics and other reporting requirements contained in that section. All revolving fund items (individual contingent liabilities) submitted to the Receiver General, must be disclosed in this note. Items related to pending and threatened litigation must be grouped and disclosed under the term “Pending and threatened litigation”.

For each contingent liability related to explicit guarantees other than borrowings, there must be disclosed:

- (i) a clear and concise description of the contingent liability; and
- (ii) the amount of the contingent liability.

The amounts and details must agree with information disclosed on Plates I-11 and I-12 (refer to section 15.3.5).

- Subsequent events (Mandatory, if applicable)

In general, there are two types of subsequent events:

- 
- (i) those which provide further evidence of conditions which existed at the financial statement date; and
  - (ii) those which are indicative of conditions which arose following the financial statement date.

The disclosure in this note for each subsequent event must include:

- (i) a description of the nature of the event; and
- (ii) an estimate of the financial effect, when practicable, or a statement that such an estimate cannot be made.

- Other items (Mandatory, if applicable)

Other items to be covered in these notes may be peculiar to specific revolving funds and may include items which have a significant effect on the financial statements of the CY. For each item, there must be disclosed:

- (i) a clear and concise description of the item; and
- (ii) particulars, including dollar amounts, which have an effect on the financial statements of the CY.

- Segmented information (mandatory, if applicable)

The Government requires information on a RF's activities on a segmented basis to provide better information on how RFs operate and fund their activities and ensure there is no cross-subsidization of activities. This information is required, if applicable, for all RFs regardless if they are common service business units or enterprise business units.

Segmented information should be reported by products and services segment and, where appropriate, by geographic area. Segmented information should be provided by way of a note or a supporting schedule to the financial statements. Refer to Annex G of this section for an example of information provided on a segmented basis.

A product and service segment is considered significant and should be reported if any of the following conditions is present:

- (a) its revenue is 10 percent or more of the total revenue,
- (b) the absolute amount of its reporting net income or loss is 10 percent or more of the greater, in absolute amount of:
  - (i) the total operating net income of all segments that earned an operating net income; and
  - (ii) the total operating loss of all segments that incurred an operating loss.

- (c) its identifiable assets are 10 percent or more of the total identifiable assets of all segments.

Segment revenue must be directly attributable to a segment, derived from external sales to customers and from inter-segment sales or transfers of products and services. Segment revenue excludes interest earned on advances unless the RF's operation is of a financial nature, income from investment accounted for on an equity basis, income earned on an asset that is not included in the segments identifiable assets. Inter-segment billings for the cost of shared facilities or other jointly incurred costs do not represent an inter-segment sale or transfers for purposes of this definition but represent a cost recovery that should form part of segment expenses.

Segment expense is an expense that is directly attributable to a segment or the relevant portion of an expense that can be allocated on a reasonable basis to the segments for whose benefit the expense was incurred.

A general description of the products and services from which each reportable segment derives its revenue should be provided. Segmented information should disclose the following data for each reportable segment:

- (a) segment revenue from customers outside the government;
- (b) segment revenue derived from inter segment sales or transfers;
- (c) segment operating net results;
- (d) the amount of amortization;
- (e) revenue, expenses, gains or losses resulting from transactions or events that are not expected to occur frequently or do not typify normal business activity of the entity;
- (f) total carrying amount of identifiable assets at the end of a fiscal year; and
- (g) the amount of capital acquired for the period.

A reconciliation of the aggregate amounts in (a) to (g) above, to the amounts reported in the financial statements of the revolving fund should be provided.

#### C. Submission procedures requirements

##### Compliance with reporting and disclosure standards and requirements

Revolving funds must submit their statements directly to the Receiver General whether financial statements are audited or not and comply with the standards and requirements described in this section. Revolving Funds using electronic software to prepare the required statements should send a copy of their diskette along with the paper copy of their statements. It should be noted that only the paper copy will be considered as official and that the diskette received will become the Receiver General's property. To standardize the submission process, the following procedures must be adhered to:

- (i) submit a draft hardcopy, by May 20 of all statements detailed above including an unsigned copy of the management report. After review by Receiver General officers, the statements including changes and comments are returned to revolving fund officials; and

- (ii) submit final statements electronically, along with (1) hardcopy and the management report by June 14. If statements are subject to audit, comments of the auditor or other external auditor representatives must be included prior to resubmitting to Receiver General officers. The final financial statements must be signed by management of the revolving fund and both English and French versions must be submitted.

D. Other revolving fund financial reporting requirements

As applicable, revolving funds must also submit information to be included in other parts of the *Public Accounts of Canada*. Requirements for such information are also contained in this chapter. The information requested may be submitted directly or through departmental reporting channels.

E. Submission of manuscripts

As outlined in sub-section C, SUBMISSION PROCEDURES REQUIREMENTS and to obtain functional direction, revolving funds must submit a “draft” of their financial and ministerial statements no later than May 20.

They must submit their “final” financial and ministerial statements no later than June 14 to the address reported in section 15.2.3.

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ANNEX A

(Page 1 of 2)

**ABC Revolving Fund**

## MANAGEMENT REPORT

(Illustration only)

We have prepared the accompanying financial statements of the ABC Revolving Fund as required by and in accordance with the policy of Treasury Board on revolving funds and the reporting requirements and standards of the Receiver General for Canada. These financial statements were prepared by the management of the Fund in accordance with the significant accounting policies set out in Note 2 of the statements, on a basis consistent with that of the preceding year. Some previous year's figures have been reclassified to conform to the current year's presentation.

Responsibility for the integrity and objectivity of these financial statements rests with the management of the Fund. To assure maximum objectivity and freedom from bias, the financial data contained in these financial statements has been examined by the audit and review committee of the Department. The information included in these financial statements is based on management's best estimates and judgement with due consideration given to materiality. To fulfil its accounting and reporting responsibilities, the Fund maintains a set of accounts which provides a centralized record of the Fund's financial transactions. Financial information contained in the ministerial statements and elsewhere in the *Public Accounts of Canada* is consistent with that in these financial statements, unless indicated otherwise.

The Fund's directorate of financial services develops and disseminates financial management and accounting policies and issues specific directives which maintain standards of accounting and financial management. The Fund maintains systems of financial management and internal control which gives due consideration to costs, benefits and risks. They are designed to provide reasonable assurance that transactions are properly authorized by Parliament, are executed in accordance with prescribed regulations, and are properly recorded to maintain accountability of Government funds and safeguard the assets under the Fund's administration. Financial management and internal control systems are augmented by the maintenance of internal audit programs. The Fund also seeks to assure the objectivity and integrity of data in its financial statements by the careful selection, training and development of qualified staff, by organizational arrangements that provide appropriate divisions of responsibility and by communication programs aimed at ensuring that its regulations, policies, standards and managerial authorities are understood throughout the organization.

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ANNEX A

(Page 2 of 2)

**ABC Revolving Fund**

MANAGEMENT REPORT — Concluded  
(Illustration only)

Management has presented the financial statements to the Auditor General, who audited them and has provided an independent opinion which has been appended to these financial statements.

The accounting system and financial statements of the Fund have evolved over the years to meet changing conditions and, more recently, to implement a departmental recommendation to improve the cost accounting system. This improvement now permits more accurate and equitable billings for Government departments and other customers. There is also a study in progress of fee structures and rates of which the results should be implemented in the next fiscal year.

Approved by:

Signature  
Typed name  
(Senior Full-time Financial Officer)

Signature  
Typed name  
(Senior Financial Officer)

Date

ANNEX B**ABC Revolving Fund**

STATEMENT OF AUTHORITY (USED) PROVIDED  
 FOR THE YEAR ENDED MARCH 31  
 (in thousands of dollars)

	CY		PY	
	Estimates	Actual	Estimates	Actual
Net results	(2,500)	(3,100)	500	228
Add: items not requiring use of funds	300	167	250	123
Operating source (use) of funds	(2,200)	(2,933)	750	351
Less: items requiring use of funds				
Net capital acquisitions	150	210	...	5
Net other assets and liabilities	1,850	2,618 <sup>(1)</sup>	(650)	500
Authority provided (used)	(4,200)	(5,761) <sup>(2)</sup>	1,400	(154) <sup>(2)</sup>

<sup>(1)</sup> Refer to Annex H of this section for more information.

<sup>(2)</sup> These amounts are also on Predrafted Form "A" (refer to section 15.4.2).



ANNEX C**ABC Revolving Fund**

RECONCILIATION OF UNUSED AUTHORITY  
MARCH 31  
(in thousands of dollars)

		CY	PY
Credit (debit) balance in the accumulated net charge against the Fund's authority		1,205	(2,537)
Add: authority to write off a portion of the deficit	1,000		...
net assets assumed	(10)		...
	990		...
Add: PAYE charges against the appropriate account after March 31	654	1,644	6,000
		2,849	3,463
Less: amounts credited to the appropriation account after March 31		861	2,000
transfer from TB — contingencies		5	...
Net authority used (provided), end of year		1,983	1,463
Less: authority to write off a portion of the deficit	1,000		...
net assets assumed	(10)	990	...
		993	1,463
Authority limit		8,000	3,000
Unused authority carried forward		7,007	1,537

ANNEX D**ABC Revolving Fund**

## STATEMENT OF FINANCIAL POSITION

AS AT MARCH 31

(in thousands of dollars)

ASSETS	CY	PY	LIABILITIES	CY	PY
Current			Current		
Accounts receivable			Accounts payable and accrued liabilities		
Government of Canada	1,367	16	Government of Canada	326	509
Outside parties	20	24	Outside parties		
Progress payments to suppliers	8	6	Accounts payable	535	596
Current portion of net investment in lease(s) (Note 6)	140	...	Vacation pay <sup>(1)</sup>	4	4
Inventories (Notes 3 and 5)	150	321	Current portion of obligation(s) under capital lease(s) (Note 8)	5	...
Prepaid expenses	...	33	Current portion of the provision for employee termination benefits	16	16
	1,685	400	Deferred revenues	775	467
Long-term receivables				1,661	1,592
Net investment in lease(s) (Note 6)	408	...	Long-term liabilities		
Capital (Note 7)			Provision for employee termination benefits	285	251
At cost	1,051	881	Obligation(s) under capital lease(s) (Note 8)	40	...
Less accumulated amortization	540	477		325	251
	511	404	NET ASSETS/LIABILITIES	663	(980)
Other					
Deferred service charges	45	59			
Total	2,649	863	Total	2,649	863

The accompanying notes are an integral part of the financial statements.

<sup>(1)</sup> Refer to Annex I of this section for more information.

ANNEX E

**ABC Revolving Fund**  
**STATEMENT OF OPERATIONS AND NET ASSETS (LIABILITIES)**  
**FOR THE YEAR ENDED MARCH 31**  
(in thousands of dollars)

	CY	PY
Revenues		
Production	6,400	6,225
Services	3,255	2,564
Other	245	365
	<u>9,900</u>	<u>9,154</u>
Cost of sales		
Production	5,500	3,004
Services	4,666	2,100
Other	20	...
	<u>10,186</u>	<u>5,104</u>
Gross profit (loss) on sales	(286)	4,050
Miscellaneous revenues	...	9
Gross profit (loss)	<u>(286)</u>	<u>4,059</u>
Operating expenses		
Salaries and employee benefits	950	1,589
Provision for employee termination benefits	50	37
Accommodation	905	1,600
Postal services and postage	674	187
Telecommunications	104	160
Amortization	103	84
Printing, stationery and supplies	52	84
Travel and removal	23	40
Interest	20	17
Freight, express and cartage	19	29
Inventory obsolescence written off and other losses	12	...
Information	2	2
Loss on disposal of capital assets	...	2
	<u>2,914</u>	<u>3,831</u>
Net results before extraordinary items	(3,200)	228
Extraordinary items (Note 10)	100	...
Net results	(3,100)	228
Net assets (liabilities), beginning of year	(980)	(852)
Net financial resources used (provided) and change in the ANCAFA account during the year	4,749	(356)
Net assets (liabilities) end of year	<u>663</u>	<u>(980)</u>

ANNEX F**ABC Revolving Fund**

## STATEMENT OF CASH FLOW

FOR THE YEAR ENDED MARCH 31

(in thousands of dollars)

	CY	PY
Operating activities:		
Net results before extraordinary items	(3,100)	228
Add: Provision for termination benefits	50	37
Amortization	103	84
Loss on disposal of capital assets	...	2
Amortization of deferred service charges	14	...
	<u>(2,933)</u>	<u>351</u>
Changes in current assets and liabilities	(1,215)	77
Changes in other assets and liabilities:		
Deferred service charges	...	(59)
Payments on and change in provision for employee termination benefits	(17)	(18)
	<u>(17)</u>	<u>(77)</u>
Net financial resources provided (used) by operating activities	<u>(4,165)</u>	<u>351</u>
Investing activities:		
Changes in other assets and liabilities:		
Net investment in leases	(408)	...
Capital assets:		
Proceeds from disposals	...	5
Purchased	(150)	...
Assets assumed	(10)	...
Acquisition under capital lease	(50)	...
Net financial resources provided (used) by investing activities	<u>(618)</u>	<u>5</u>
Financing activities:		
Write-off of deficit to the accumulated net charge against the Fund's authority account	1,000	...
Obligations under capital lease	50	...
Payments on and change in obligations under capital lease	(10)	...
Net financial resources provided by financing activities	<u>1,040</u>	<u>...</u>
Net financial resources provided (used) and change in the accumulated net charge against the Fund's authority account, during the year	(3,743)	356
Accumulated net charge against the Fund's authority account, beginning of year	2,537	2,181
Accumulated net charge against the Fund's authority account, end of year	<u>(1,206)</u>	<u>2,537</u>

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ANNEX G

(Page 1 of 8)

**ABC Revolving Fund**

## NOTES TO THE FINANCIAL STATEMENTS

## 1. Authority and purpose (Mandatory)

The ABC Revolving Fund was established under *Appropriation Act No. 1, 1989* which authorized the operation of the Fund in the current and subsequent fiscal years in accordance with terms and conditions prescribed by Treasury Board for the purpose of financing the operation and development of certain airports. The Fund has a continuing non-lapsing authority from Parliament to make payments out of the Consolidated Revenue Fund for working capital, capital acquisitions and temporary financing of accumulated operating deficits, the total of which is not to exceed \$8,000,000 at any time. During the year, the authority was increased from \$3,000,000 to \$8,000,000 by *Appropriation Act No. 4, CY*. In accordance with Vote 112a, *Appropriation Act No. 2, CY*, an amount of \$1,000,000 of the accumulated deficit has been written off.

## 2. Significant accounting policies (Mandatory)

## (a) Revenue recognition

Revenues are usually recognized when goods are sold or services rendered. For multi-year consulting or services contracts, the percentage of completion method of accounting is used. Degree of completion is determined by comparing direct costs incurred to date to the total direct costs anticipated for the entire contract. The effect of changes to the total estimated income for each contract is recognized in the period in which the determination is made and losses, if any, are recognized fully when anticipated.

## (b) Accounts receivable

Accounts receivable includes the estimated amount of revenue earned for services rendered but not billed at the year-end.

## (c) Progress payments to suppliers

Payments to suppliers for supplies requisitioned, which are in progress and located on the supplier's premises, are recorded as progress payments to suppliers. Under the terms of the contracts, the suppliers are liable to the Fund until delivery takes place.

## (d) Inventory

Inventory is valued at the lower of cost and net realizable value.

## (e) Net investment in leases

Finance income related to direct financing leases is recognized in a manner that produces a constant rate of return on the investment in leases. This investment, for purpose of income recognition, is composed of net minimum lease payments and unearned finance income.

ANNEX G

(Page 2 of 8)

**ABC Revolving Fund**

## NOTES TO THE FINANCIAL STATEMENTS—Continued

## (f) Assets under capital leases

Leases which transfer substantially all of the benefits and risks incident to ownership of property are accounted for as acquisitions of assets and assumptions of obligations. The asset is amortized and the obligation, including interest thereon, is liquidated over the lease term.

## (g) Capital assets

Leasehold improvements and equipment under capital lease are amortized on the straight line basis over the term of the lease. Other capital assets are amortized from the year of acquisition on the straight line basis over their estimated useful lives as follows:

Leasehold improvements	10 years
Furniture and equipment	15 years
Electronic data processing (EDP) equipment	10 years
Automotive	10 years
Equipment under capital lease	12 years

## (h) Deferred service charges

Advance payments are made to suppliers for future activity. Services are recorded as deferred charges and are amortized on a straight-line basis in accordance with the terms of the contract.

## (i) Pension plan

The *Public Service Superannuation Act* and the *Supplementary Retirement Benefits Act* cover employees of the Department whose salaries and other benefits are paid by the Fund. The Government's portion of the pension cost is included in the employee benefits assessed against the Fund. The actual payment of the pension is made from the Public Service Superannuation and Supplementary Retirement Benefits Accounts.

## (j) Employee termination benefits

Employees of the ABC Revolving Fund are entitled to specified termination benefits, calculated based on salary levels in effect at the time of termination as provided for under collective agreements and conditions of employment. Employee termination benefits earned prior to April 1, 1990, establishment of the ABC Revolving Fund are a liability of Treasury Board and accordingly have not been recorded in the accounts. The liability for benefits earned after April 1, 1990, is recorded in the accounts as the benefits accrue to employees.

ANNEX G

(Page 3 of 8)

**ABC Revolving Fund**

## NOTES TO THE FINANCIAL STATEMENTS—Continued

## 3. Change in accounting policies (Mandatory, if applicable)

## Inventories

In CY, the basis of valuation of inventories has been changed from a “cost” basis to a “lower of cost and net realizable value” basis. The effect on the results of operations and net assets (liabilities) for the year was to increase the net loss by \$12,000. The new accounting policy was not applied retroactively because the necessary data was not reasonably determinable.

## 4. Changes in financial statements presentation (Mandatory, if applicable)

The allocation of revenues and cost of sales between production and services groupings has been revised to more closely reflect the nature of activities of the ABC Revolving Fund. The net result is an increase in services revenue and a corresponding decrease in production revenue in the amount of \$20,000 for the PY.

5. Inventories (Mandatory, if applicable)  
(in thousands of dollars)

	<u>CY</u>	<u>PY</u>
Materials and supplies	110	257
Work in process	<u>40</u>	<u>64</u>
	<u>150</u>	<u>321</u>

ANNEX G

(Page 4 of 8)

**ABC Revolving Fund**

## NOTES TO THE FINANCIAL STATEMENTS—Continued

## 6. Net investment in leases (lessor) (Mandatory, if applicable)

On March 2, CY, Treasury Board authorized the ABC Revolving Fund to purchase designated EDP equipment approved by Treasury Board for client-departments. The capital, interest and any other related costs are recoverable from departments over a four year period under direct financing leasing agreements. An amount of \$1,000 representing executory costs was charged to operations during the year but was offset by a corresponding portion of the unearned finance income. The net investment in leases is segregated between current and long-term portions on the Statement of financial position and includes the following:

Lease payments receivable	(in thousands of dollars)
SY1:	181
SY2:	181
SY3:	181
SY4:	<u>166</u>
	<u>709</u>
Less: unearned finance income	
SY1:	41
subsequent years:	<u>120</u>
	161
Current portion	548
SY: subsequent year	<u>140</u>
	<u>408</u>



ANNEX G

(Page 5 of 8)

**ABC Revolving Fund**

## NOTES TO THE FINANCIAL STATEMENTS—Continued

7. Capital assets and accumulated amortization (Mandatory, if applicable)  
(in thousands of dollars)

Capital assets	Balance at beginning <u>of year</u>	<u>Acquisitions</u>	<u>Disposals</u>	Balance at end <u>of year</u>
Leasehold improvements	150			150
Furniture and equipment	200	50	250	
EDP equipment	150	50		200
Automotive	381	60	40	401
Equipment under capital lease	<u>—</u>	<u>50</u>	<u>—</u>	<u>50</u>
	<u>881</u>	<u>210</u>	<u>40</u>	<u>1,051</u>
Accumulated amortization	Balance at beginning <u>of year</u>	<u>Amortization</u>	<u>Decrease</u>	Balance at end <u>of year</u>
Leasehold improvements	30	15		45
Furniture and equipment	100	16	116	
EDP equipment	80	20		100
Automotive	267	48	40	275
Equipment under capital lease	<u>—</u>	<u>4</u>	<u>—</u>	<u>4</u>
	<u>477</u>	<u>103</u>	<u>40</u>	<u>540</u>
	<u>404</u>			<u>511</u>

ANNEX G

(Page 6 of 8)

**ABC Revolving Fund**

## NOTES TO THE FINANCIAL STATEMENTS—Continued

## 8. Obligations under capital leases (lessee) (Mandatory, if applicable)

On April 2, CY, ABC Revolving Fund entered into an agreement with Company XYZ to rent special equipment under a capital lease. The asset was capitalized at \$50,000 using an implicit interest rate of 10 percent. The related obligation is liquidated over the lease term of 10 years and is segregated between current and long-term portions on the Statement of financial position. Minimum lease payments during the CY totalled \$8,800, including interest of \$3,800 charged to operations.

The obligation under capital lease includes the following:

Future lease payments	(in thousands of dollars)
SY1:	8
SY2:	8
SY3:	8
SY4:	7
SY5:	7
subsequent years:	<u>23</u>
	61
Less: interest	16
executory costs	<u>*</u>
	45
Current portion	<u>5</u>
	<u><u>40</u></u>

\* Less than \$1,000

SY: Subsequent years.

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ANNEX G

(Page 7 of 8)

**ABC Revolving Fund**

## NOTES TO THE FINANCIAL STATEMENTS—Continued

## 9. Contractual obligations (Mandatory, if applicable)

The Fund has commenced a capital expenditure program aggregating \$550,000 (\$200,000 in SY1, \$300,000 in SY2) and has entered into contracts for the modernization of its EDP equipment. To March 31, CY the Fund has spent \$50,000 on this program.

## 10. Extraordinary items (Mandatory, if applicable)

During the CY, the Fund has recovered proceeds from disposal of certain furniture and equipment amounting to \$100,000. Those fixed assets were sold in prior years and payment received except for \$100,000 which was withheld due to litigation.

## 11. Changes in accounting estimates (Mandatory, if applicable)

As part of a new review program, the Fund has decided to revise the estimated useful economic lives of certain fixed assets. As a consequence of these revisions, the amortization charged to operations for the CY and the net loss are approximately \$2,000 higher than they would have been had the original estimates been continued.

## 12. Contingent liabilities (Mandatory, if applicable)

In connection with its operations, the Fund is a defendant in certain litigation for alleged breach of contract. It is estimated that pending and threatened litigation amount to \$10 million. Settlement, if any, that may be made with respect to these actions, is expected to be accounted for as a charge against income of the applicable years.

## 13. Correction of an error in PY financial statements (Mandatory, if applicable)

In the PY, the accumulated amortization on EDP equipment disposed of had been incorrectly calculated. This resulted in an increase of the loss on disposal of capital assets, a decrease in the amortization of the PY and finally a decrease of the accumulated surplus of \$214,407 in the CY. The financial statements of the PY have been restated to correct the situation.

## 14. Subsequent event (Mandatory, if applicable)

Effective October 15, NY, the Department established two distinct organizations, the Safety, Regulatory and Air Navigational Services Group, and the Airports Authority Group, to emphasize its focus on air safety and to streamline the management structure of airports, including those in the Fund.

ANNEX G

(Page 8 of 8)

**ABC Revolving Fund**

## NOTES TO THE FINANCIAL STATEMENTS—Concluded

## 15. Statement of Information by Industrial Segment and Geographic Area

**ABC Revolving Fund****Segment information for the year ended March 31**

(in thousands of dollars)

	Production		Services		Corporate and unallocated		Elimination		Total	
	CY	PY	CY	PY	CY	PY	CY	PY	CY	PY
<b>Revenues</b>										
Government departments	3,500	3,400	2,300	1,360	150	250	...	...	5,950	5,010
External customers	2,900	2,825	950	1,200	100	119	...	...	3,950	4,144
Inter-segment	...	...	5	4	...	...	-5	-4	...	...
<b>Total revenues</b>	<b>6,400</b>	<b>6,225</b>	<b>3,255</b>	<b>2,564</b>	<b>250</b>	<b>369</b>	<b>-5</b>	<b>-4</b>	<b>9,900</b>	<b>9,154</b>
<b>Operating expenses</b>	5,505	3,257	4,666	1,800	20	42	-5	-4	10,186	5,095
<b>Operating income (loss)</b>	<b>895</b>	<b>2,968</b>	<b>-1,411</b>	<b>764</b>	<b>230</b>	<b>327</b>	<b>...</b>	<b>...</b>	<b>-286</b>	<b>4,059</b>
Corporate expenses	1,905	1,900	639	1,724	250	190	...	...	2,794	3,814
Interest expenses	12	9	8	8	...	...	...	...	20	17
	<b>1,917</b>	<b>1,909</b>	<b>647</b>	<b>1,732</b>	<b>250</b>	<b>190</b>	<b>...</b>	<b>...</b>	<b>2,814</b>	<b>3,831</b>
<b>Net results</b>	<b>-1,022</b>	<b>1,059</b>	<b>-2,058</b>	<b>-968</b>	<b>-20</b>	<b>137</b>	<b>...</b>	<b>...</b>	<b>-3,100</b>	<b>228</b>
<b>Identifiable assets (includes financial assets, capital assets and other assets)</b>										
Financial assets	1,531	280	542	100	20	20	...	...	2,093	400
Capital assets	310	200	100	110	101	95	...	...	511	405
Capital expenditures	40	55	3	2	2	2	...	...	45	59
Amortization	82	62	14	15	7	7	...	...	103	84

SUPPLEMENTARY REVOLVING FUND INFORMATION  
 STATEMENT OF AUTHORITY (USED) PROVIDED  
 FOR THE YEAR ENDED MARCH 31  
 (NOT FOR PUBLICATION)

**ABC Revolving Fund**

## NET OTHER ASSETS AND LIABILITIES

(in thousands of dollars)

	CY	PY			
	\$	\$			
Working capital change	(1,215)	77			
Payments on the long-term portion and transfer from the long-term to current portion of the provision for employee termination benefits	(16)	(17)			
Increase in net investment in leases	(408)	...			
Contributed assets	10	...			
Increase in deferred service charges	...	(60)			
Increase in obligation under capital lease	50	...			
Payments on the long-term portion and transfer from the long-term to the current portion of obligation under capital lease	(10)	...			
	<u>(1,589)</u>	<u>...</u>			
Difference between					
	PAYE charges against the appropriation account after March 31	Amounts credited to the appropriation account after March 31			
	\$	\$			
CY	654	CY	861	207	...
PY	6,000	PY	2,000	4,000	(4,000)
Prior to PY	7,000	Prior to PY	3,500	...	3,500
				<u>4,207</u>	<u>(500)</u>
Net other assets and liabilities				<u>2,618</u>	<u>(500)</u>

SUPPLEMENTARY REVOLVING FUND INFORMATION

## VACATION PAY CALCULATIONS

FOR THE YEAR ENDED MARCH 31

**(NOT FOR PUBLICATION)****ABC Revolving Fund**

	CY		PY	
	Liability	Expenditure	Liability	Expenditure
	\$	\$	\$	\$
Provision at end of previous year	<u>3,560</u>	...	<u>3,100</u>	...
Provision at beginning of year (reverse journal entry)	...	(3,560)	...	(3,100)
Payments made during the year	...	3,000	...	2,040
Reimbursements received during the year	...	...	...	...
Provision at end of year	<u>4,233</u>	4,233	<u>3,560</u>	3,560
Net expense for the year	...	<u>3,673</u>	...	<u>2,500</u>

SUPPLEMENTARY REVOLVING FUND INFORMATION  
 PROVISION FOR EMPLOYEE TERMINATION BENEFITS CALCULATIONS  
 FOR THE YEAR ENDED MARCH 31  
 (NOT FOR PUBLICATION)

**ABC Revolving Fund**

	CY		PY	
	\$	\$	\$	\$
Provision at beginning of year				
Current portion	15,800		10,300	
Long-term portion	250,600		230,100	
		266,400		240,400
Less: payments made during the year				
Current portion		14,500		10,300
Long-term portion		...		900
Add reimbursements received during the year		...		...
Balance in the account before the year-end adjustment		251,900		229,200
Less: provision at end of year				
Current portion	17,200	...	15,800	...
Long-term portion	284,500	...	250,600	...
		301,700		266,400
Year-end adjustment (to be recorded as expense in the Statement of Operations and Net Assets (Liabilities))		49,800		37,200

## Presentation on the Statement of Cash Flow:

	CY	PY
	\$	\$
Items not requiring use of funds	49,800	37,200
Payments on and change in provision for employee termination benefits	(15,900)	(16,700)
Change in the long-term portion	33,900	20,500

ANNEX K

(in alphabetical order)

REVOLVING FUNDS

Canadian Grain Commission  
Canadian Intellectual Property Office  
Canadian Pari-Mutuel Agency  
Consulting and Audit Canada  
CORCAN  
Defence Production  
Geomatics Canada  
Telecommunications and Informatics Common Services  
National Film Board  
Optional Services  
Passport Office  
Real Property Disposition  
Real Property Services  
Staff Development and Training  
Translation Bureau



### 15.5.3 Departmental corporations

#### 01. Introduction

Departmental corporation financial statements are published in Volume III of the *Public Accounts of Canada*.

#### 02. Purpose and Scope

The purpose of this section is to advise departmental corporations and certain other similar government bodies, hereinafter referred to as “departmental corporations”, (see Annex A of this section), of reporting requirements to be met when submitting their financial statements for inclusion in Volume III of the *Public Accounts of Canada*.

#### 03. Authority

The authority for this section is contained in sections 63, 64 and 65 of the *Financial Administration Act* which sets out the statutory responsibilities of the Receiver General for keeping the accounts of Canada, and preparing the *Public Accounts of Canada*. This authority also requires appropriate Ministers to provide the Receiver General with information for those purposes.

#### 04. Application

Departmental corporations listed in Annex A must produce annually the financial statements in accordance to Treasury Board Accounting Standard 1.2 - Departmental and Agency Financial Statements which is available at the following URL address: [http://www.tbs-sct.gc.ca/Pubs\\_pol/dcgpubs/accstd/tbasdafs\\_e.asp](http://www.tbs-sct.gc.ca/Pubs_pol/dcgpubs/accstd/tbasdafs_e.asp).

Departments responsible for departmental corporations that are inactive must submit a letter annually to confirm their inactive status.

#### 05. Manuscript preparation

##### A. Ministerial statements (Volume II)

Departmental corporations must submit the ministerial statements described below along with their financial statements. Instructions for the preparation of those ministerial statements are presented in section 15.4 of this chapter, as indicated. The ministerial statements submitted by departmental corporations should reflect the final trial balance submitted to CFMRS.

- (a) Summary of source and disposition of authorities. This statement shows the net transactions of the departmental corporation, in the accounts of Canada, as well as the authorities. The total amount for each departmental corporation, under the column “used in the CY”, must agree with the “total use of appropriations” figure in the appropriate note which is part of the financial statements. Reference should be made to section 15.4.2 of this chapter for reporting instructions.
- (b) Programs by business line. This statement presents the total authorities available for use and the authorities used in the current year for each activity under each program, classified by type of expenditure. Reference should be made to section 15.4.3 of this chapter for reporting instructions.
- (c) Transfer payments. This statement applies only to a few departmental corporations that report “Grants and contributions” as expenditures. Reference should be made to section 15.4.4 of this chapter for reporting instructions.

Totals of amounts for grants and contributions in this statement must agree with total of grants and contributions in the Statement of Operations and Net Assets (liabilities) of each departmental corporation.

B. Departmental corporation financial statements  
General standards and requirements of presentation

- Round amounts to the thousand dollars

(a) Departmental corporations financial statements are required to include all relevant revenues and expenses of the Corporations. They must follow the standards set out in the Treasury Board Accounting Standard 1.2 - Departmental and Agency Financial Statements. Departmental corporations must submit a:

- Management Responsibility for Financial Statements;

- The Auditor's Report (if applicable);

- Statement of Financial Position;

- Statement of Operations and Net Assets (Liabilities);

- Statement of Cash Flow; and

- the Notes and supporting Schedules to the financial statements.

This set of financial statements will be published in Volume III of the *Public Accounts of Canada*.

(b) Departmental corporations should tailor their financial statements to ensure that any information required for fair presentation of the operations is presented in the financial statements, in the notes to those statements and in the supporting schedules.

(c) Items must be classified so that significant information is readily understandable. Items not significant in themselves should be grouped with such other items as most closely approximate their nature; therefore, "other" or "miscellaneous" categories should be avoided as much as possible.

(d) Where possible, the financial statements must be prepared on a comparative basis showing the corresponding figures for the preceding year.

(e) A supporting schedule to break down expenses must be used where such expense breakdown would be too long to be included in the Statement of Operations and Net Assets (Liabilities).

(f) Where the basis of valuation of assets is not self-evident the basis must be explained in the applicable note.

(g) Where the accounting treatment of financial statement items and note presentation does not follow the standards of this section, the practice used must be explained in the notes to the financial statements with an indication of the reason the standard concerned was not applied.

---

## 06. Specific Standards of Presentation

### (a) Management Responsibility for Financial Statements report

The purpose of this report, which is to be signed by the Deputy Head and the Senior Financial Officer, is to acknowledge management's responsibility for the financial statements and for the processes that produce such statements and information. This assertion acknowledges, as a minimum, management's responsibility for:

- (i) the preparation and presentation of financial statements, including responsibility for significant accounting judgements and estimates;
- (ii) the preparation and presentation of the notes and schedules and their consistency with the body of the financial statements;
- (iii) the development of internal controls over the financial reporting process designed to provide reasonable assurance that relevant and reliable information is produced; and
- (iv) the preparation and presentation of an optional statement that some figures for the previous year have been reclassified to conform to the current year's presentation.

### (b) The Auditor's report

#### (c) Statement of Financial Position

This statement presents the departmental corporation's financial position in terms of its assets, liabilities, and net assets or net liabilities at the end of an accounting period and assists users in evaluating the position of the entity at a specific date.

#### (d) Statement of Operations and Net Assets (Liabilities)

The purpose of this statement is to present the financial results of activities of the accounting entity for the fiscal year by disclosing revenues, expenses, and operating results using the expense basis of accounting.

#### (e) Statement of Cash Flow

The purpose of this statement is to present information about the operating and investing activities of an entity and the effect of those activities on the use of cash. The departmental corporation should be aware that the Net Cash Provided by Government reflected on this statement and in the Net Assets/Liabilities of the Statement of Financial Position must balance with the total of the Receiver General Cash Reconciliation Control Accounts.

#### (f) Notes and supporting schedules to the Financial Statements

- (i) Notes and supporting schedules to the financial statements provide more detailed disclosure than is possible or desirable in the face of the main statement. They are regarded as an integral part of the financial statements and are subject to the same audit requirements as the financial statements themselves. They are useful for clarification or further explanation of the items in the financial statements and have the same significance as if the information or explanations were set forth in the body of the statement itself. They must not, however, be used as a substitute for proper accounting and reporting treatment.

- (ii) The notes to the financial statements also include statements of accounting policies. It is fundamental to the understanding and interpretation of general-purpose financial statements that those who use them are aware of the accounting policies on which they are based. Accounting policies typically contain a description of the accounting entity, any legislative requirements under which the financial statements are prepared, the basis of accounting, the measurement base and the detailed accounting policies used.
- (iii) The purpose of the schedules is to provide a further breakdown of the items contained in the body of the financial statements to suit the needs of the users of the financial statements. They are included with the financial statements for material components of the financial statements or for transactions that are materially important. Notes and schedules disclosure should be used only for significant additional information.

#### 07. Submission procedures requirements

##### Compliance with reporting and disclosure standards and requirements

Departmental corporations must submit their statements directly to the Receiver General whether financial statements are audited or not and comply with the standards and requirements described in this section. Departmental corporations using electronic software to prepare the required statements should send a copy of their diskette along with the paper copy of their statements. To standardize the submission process, the following procedures must be adhered to:

- (i) submit a draft hardcopy by May 20 of all statements including an unsigned copy of the management report. After review by Receiver General officers, the statements including changes and comments are returned to departmental corporations' officials; and
- (ii) submit final statements electronically, along with 1 hardcopy and the management report by June 14. If statements are subject to audit, comments of the auditor must be included prior to resubmitting to Receiver General officers. The final financial statements must be signed by management of the departmental corporations and both English and French versions must be submitted.

#### 08. Other departmental corporations financial reporting requirements

As applicable, departmental corporations must also submit information to be included in other parts of the *Public Accounts of Canada*. Requirements for such information are also contained in this chapter. The information requested may be submitted directly or through departmental reporting channels.

#### 09. Submission of manuscripts

As outlined in sub-section 7 above, SUBMISSION PROCEDURES REQUIREMENTS and to obtain functional direction, departmental corporations must submit a "draft" of their financial and ministerial statements no later than May 20.

They must submit their "final" financial and ministerial statements no later than June 14 to the address reported in section 15.2.3.

ANNEX A

(in alphabetical order)

DEPARTMENTAL CORPORATIONS

as per Schedule II of the FA Act

| Canada Border Services Agency  
Canada Customs and Revenue Agency  
Canada Employment Insurance Commission  
| Canada School of Public Service  
Canadian Centre for Occupational Health and Safety  
Canadian Food Inspection Agency  
Canadian Institutes of Health Research  
Canadian Nuclear Safety Commission  
Canadian Polar Commission  
Canadian Transportation Accident Investigation and Safety Board  
Law Commission of Canada  
National Battlefields Commission  
National Research Council of Canada  
National Round Table on the Environment and the Economy  
Natural Sciences and Engineering Research Council  
Parks Canada Agency  
Social Sciences and Humanities Research Council

## 15.5.4 Remissions of taxes, fees, penalties and other debts

### 01. Introduction

Information on all remissions awarded (excluding temporary entry remissions except where the product is ultimately permanently imported) during a fiscal year pursuant to any remission order authority previously granted by the Governor in Council is published in Volume III of the *Public Accounts of Canada*.

### 02. Authority

Section 24(2) of the *Financial Administration Act* states:

“Remissions granted under this or any other Act of Parliament during a fiscal year shall be reported in the Public Accounts for that year in such form as the Treasury Board may direct.”

Information on all remissions awarded during a fiscal year must be reported in the *Public Accounts of Canada* whether approved pursuant to the *Financial Administration Act* or any other Act of Parliament such as the *Customs Tariff*.

### 03. Definitions

Administering department or agency — entity responsible for the collection of any tax, fee, penalty or other debt. Most taxes, fees, penalties and other debts are collected by Canada Customs and Revenue Agency and Canada Border Services Agency.

Remission order — an Order in Council that, pursuant to sections 23(2) and 23(2.1) of the *Financial Administration Act* (FAA), sections 76, 79, 115 and 133 of the *Customs Tariff*, or any other relevant Act of Parliament, grants the remission, i.e. forgiveness of a tax, fee, penalty or other debt otherwise payable to the Government of Canada pursuant to an Act of Parliament. The forgiveness of a debt pursuant to section 24.1 (2) of the FAA which would result in a charge to an appropriation is not a remission. Exemptions, i.e. legislative provisions which exempt one from being liable for the payment of a tax, fee, penalty or other debt, are not remissions and must therefore not be reported. A remission occurs when a tax, fee, penalty or other debt otherwise due and payable, is forgiven. Therefore, a remission can occur only when legislation exists that establishes a liability. In the case of exemptions, legislation exists that exempts one from being liable. A remission is not required to forgive an amount that is not due.

### 04. Manuscript preparation

Administering departments and agencies must:

- use Plate III-1 for reporting. A sample plate is included as Annex A of this section.
- indicate nil return on the plate (if applicable).
- round amounts to the nearest dollar.
- provide the following bilingual information for all remissions awarded in the CY pursuant to any remission order previously authorized by the Governor in Council:
  - description of the order. This includes:
    - order registration number (e.g. Order in Council number);
    - date order approved by Governor in Council;

- description of the order. Where an order affects a specific individual or company, please provide the name;
- type(s) of remission(s) granted (i.e. income taxes, customs duties, excise taxes, goods and services taxes, etc.); and
- period of the order (commencement and termination dates), if applicable.

N.B. Remission orders must be reported in numerical order (e.g. Order in Council number).

- total amount of remissions (excluding temporary entry remissions, except where the product is ultimately permanently imported) awarded in the CY pursuant to the order. Under certain circumstances, estimated amounts must be reported whenever actual amounts cannot be determined. In those cases, departments and agencies must develop and report estimated amounts based on relevant and recognized statistical methodology.

N.B. Temporary entry remission orders are not true remissions and are therefore not reported unless the product is ultimately permanently imported, in which case the order is reported and valued at the difference between the fraction of the duties and taxes assessed and the amount that would have been payable if the full duties and taxes were assessed.

N.B. Remission orders must be reported under the applicable legislation (i.e. name and section number of the Act of Parliament pursuant to which the order has been granted by the Governor in Council). The legislation may be the *Financial Administration Act*, the *Customs Tariff*, or any other relevant Act of Parliament.

— provide a total for all remissions under each applicable legislation.

- NOTES:
- . Orders having the same description must be listed in numerical order under such description. The listing must include for each order, its registration number, the date it was approved by the Governor in Council and/or the Minister as well as the total amount of all remissions awarded in the CY under each such order.
  - . All remissions awarded must be reported annually until the order expires. Remissions of goods and services taxes are reported by Canada Customs and Revenue Agency and Canada Services Border Agency only.
  - . Remissions of debts reported on Plate III-1 must also be reported on Plate III-2 (refer to section 15.5.5 in this chapter). Debts include any amount due to Her Majesty other than a tax or a penalty as defined in section 23(1) of the FAA.
  - . Details of annual remissions by beneficiary are no longer required for reporting in the *Public Accounts of Canada*. Administering departments and agencies must therefore continue to maintain records of such remissions.

ANNEX A

DEPARTMENT OR AGENCY: XYZ

Plate III-1

Remissions of taxes, fees, penalties and other debts

PAGE 1 OF 1

Description of the Order	Description du décret	Total CY remissions
		\$
<u>PURSUANT TO SECTION 23 OF THE FAA</u>	<u>EN VERTU DE L'ARTICLE 23 DE LA LGFP</u>	
PC 1987-2179, October 22, 1987, continues the remission of customs duties on perfluorinated ion-exchange membranes for the production of chlorine or sodium hydroxide, imported during the period July 1, 1987 to June 30, 1990.....	CP 1987-2179 du 22 octobre 1987, maintien de la remise des droits de douane sur les membranes d'échange d'ions perfluorés utilisées dans la fabrication du chlore et de l'hydroxide de sodium, importées entre le 1 <sup>er</sup> juillet 1987 et le 30 juin 1990.....	106,128
PC 1987-2674, December 22, 1987, remission of customs duty on tires imported by Uniroyal Goodrich Canada Inc. for each of the four twelve month periods commencing on October 1, 1988.....	CP 1987-2674 du 22 décembre 1987, remise des droits de douane sur les pneus importés par la Société canadienne de pneus Uniroyal Goodrich Inc., au cours de chacune des quatre périodes de douze mois, à compter du 1 <sup>er</sup> octobre 1988.....	506,231
PC 1992-658, April 2, 1992, remission of income tax refunds payable to certain taxpayers in respect of taxation years 1981 to 1985.....	CP 1992-658 du 2 avril 1992, remise des remboursements de l'impôt sur le revenu, payables à certains contribuables pour les années d'imposition 1981 à 1985.....	3,554
Total.....	Total.....	615,913
<u>PURSUANT TO SECTION 115 OF THE CUSTOMS TARIFF</u>	<u>EN VERTU DE L'ARTICLE 115 DU TARIF DES DOUANES</u>	
PC 1988-1247, June 23, 1988, remission of customs duties on greige outerwear fabrics, imported by eligible converting mills during the period January 1, 1989 to December 31, 1998.....	CP 1988-1247 du 23 juin 1988, remise des droits de douane sur les tissus écrus pour vêtements de dessus importés par des entreprises de transformation admissibles au cours de la période du 1 <sup>er</sup> janvier 1989 au 31 décembre 1998.....	2,500,000
Total.....	Total.....	2,500,000



### 15.5.5 Debts, Obligations and Claims written off or forgiven

#### 01. Introduction

A summary of the debts and obligations due to Her Majesty, and of the claims by Her Majesty, that have been written off or forgiven pursuant to the *Financial Administration Act* or any other Act of Parliament is published in Volume III of the *Public Accounts of Canada*.

#### 02. Authority

There are three types of approval/authority for the write-off or forgiveness (including waivers and remissions) of debts, obligations and claims:

- (i) Ministerial approval represents authority given to Ministers under the *Financial Administration Act* (FAA) or other Acts of Parliament as described in (i)(a), (b) and (c) —
  - (a) Section 25(1) of the FAA gives Ministers, through Treasury Board regulations, general authority to approve the write-off of any debt, obligation or claim other than accountable advances or overpayments of salaries, wages, or employment-related allowances that would not result in a charge to an appropriation.
  - (b) Section 155.1(4) of the FAA gives Ministers, through Treasury Board regulations, authority to waive interest on overdue amounts owing to Her Majesty and to waive administrative charges for dishonoured instruments (e.g. NSF cheques) imposed under section 155.1 of the FAA.
  - (c) Other Acts of Parliament (e.g. *Bankruptcy and Insolvency Act*) give Ministers general authority to approve the write-off or forgiveness of specific debts, obligations or claims.
- (ii) Treasury Board approval — Section 25(1) of the FAA, through Treasury Board regulations, allows a Minister, with specific Treasury Board approval, to write-off any debt, obligation or claim arising from accountable advances or overpayments of salaries, wages, or employment-related allowances that would not result in a charge to an appropriation.
- (iii) Governor in Council and Parliamentary authority —
  - (a) Section 23(2.1) of the FAA states that the Governor in Council may, on the recommendation of the Treasury Board, remit any other debt, including any interest paid or payable thereon, where the Governor in Council considers that the collection of the other debt is unreasonable or unjust or that it is otherwise in the public interest to remit the other debt.
  - (b) Section 24.1 of the FAA requires that where a debt or obligation included in the Statement of Financial Position is to be forgiven, and which would result in a charge to an appropriation, the amount to be forgiven must be authorized pursuant to an Act of Parliament, including an *Appropriation Act*.
  - (c) Section 25(2) of the FAA requires that where a debt, obligation or claim included in the Statement of Financial Position is to be written off, and which would result in a charge to an appropriation, the amount to be written off must be authorized by Parliament as a budgetary expenditure in an *Appropriation Act* or some other Act.

### 03. Definitions

Forgiveness — cancels a debt and waives the right of Her Majesty to resurrect a debt. It may apply to either a collectible or an uncollectible debt. In addition to Parliamentary authority required by section 24.1 of the FAA which provides for the forgiveness of a debt or obligation of a Crown corporation, or a debt or obligation included in the Statement of Financial Position of the Government of Canada. Ministers may have general authority to approve forgiveness of a specific debt, obligation or claim under other Acts of Parliament. Ministers may also be given specific approval to forgive a debt or obligation as provided by Parliament in a specific Act.

Waiver — is a form of forgiveness. Waivers made under section 155.1(4) of the FAA, are to be reported in this section of the *Public Accounts of Canada*.

Remission — is a form of forgiveness. Remissions made under section 23 (2.1) of the FAA, are to be reported in this section of the *Public Accounts of Canada*.

Write-off — applies primarily to an uncollectible debt and does not forgive the debtor or release the debtor from the obligation to repay. Section 25(1) of the FAA gives Ministers and Treasury Board authority to approve the write-off of uncollectible debts. Other acts may also give Ministers specific authority to approve the write-off of certain debts.

Code — identifies the categories of information reported in this section of the *Public Accounts of Canada*:

- A Write-off
- B Forgiveness
- C Remission
- D Waivers

### 04. Reference

Reference must be made to the *Treasury Board Site* located at the following URL address :

[http://www.tbs-sct.gc.ca/fin/common/c\\_regs\\_e.asp](http://www.tbs-sct.gc.ca/fin/common/c_regs_e.asp); specifically the Debt Write-off Regulations, 1994 at <http://laws.justice.gc.ca/en/F-11/SOR-94-602/index.html> and the Interest and Administrative Charges Regulations at <http://laws.justice.gc.ca/en/F-11/SOR-96-188/index.html>.

### 05. Inclusions

All debts, obligations and claims written off or forgiven must be included on Plate III-2, regardless of the authority pursuant to which the debt, obligation or claim was written off or forgiven and of whether the debt, obligation or claim was recorded in the accounts of Canada or not at all.

| A write-off or forgiveness made during or applicable to a fiscal year should be net of any recoveries received.

Remissions of debts reported on Plate III-1 (refer to section 15.5.4 in this chapter) must also be reported on Plate III-2. Debts include any amount owing to Her Majesty, other than a tax or penalty or an amount as defined in section 23(1) of the FAA.

### 06. Manuscript preparation

Departments and agencies must:

- use Plate III-2 for reporting. A sample plate is included in this section as Annex A.
- indicate nil return on the plate (if applicable).

- round amounts to the nearest dollar.
- provide (under the appropriate headings and columns) the following information for write-offs, forgiveness, waivers and remissions of debts, obligations or claims recorded in the accounts of Canada, where applicable:
  - total number and amount as approved by appropriate Minister. List the names of other acts, previously reported in a footnote on the plate (e.g. Appropriation Acts...), in the text column under the pertaining category, when applicable;
  - total number and amount as approved by Treasury Board;
  - total number and amount as authorized by Parliament. The budgetary vote number or the name and section of the Act must also be provided; and
  - for each of the above and in total, total number of accounts written off or forgiven and corresponding total dollar amount.

N.B. The approval of Parliament is required to write-off and forgive any amount recorded as a debt, obligation or claim in the accounts of Canada and reported as such on the Statement of Financial Position. The authority code description of each asset account is to be provided whenever write-offs and forgiveness pertain to such accounts.

ANNEX A

DEPARTMENT OR AGENCY: XYZ

Sections 23, 24.1, 25 and 155.1(4) of the *Financial Administration Act* (FAA) and other Acts of Parliament

Plate III-2

Debts, obligations and claims written off or forgiven

PAGE 1 OF 1

	Code	Ministerial approval		Treasury Board approval		Governor in Council and Parliamentary authority			Total	
		Number	Amount	Number	Amount	CY Vote number or Act	Number	Amount	Number	Amount
Remissions (section 23(2.1) of the FAA).....	C		\$		\$	*	12	9,900	12	9,900
Forgiveness (section 24.1 of the FAA)—										
(a) Authority code name:										
Indian Housing Assistance Fund.....	B	3	18,000						3	18,000
Act or authority:										
Vote L23b, <i>Appropriation Act No. 7, 1964</i>										
Write-offs (section 25(1) of the FAA).....	A	2	5,500	1	6,500				3	12,000
Write-offs (section 25(2) of the FAA)—										
(a) Authority code name:										
Indian Economic Development Fund.....	A					Vote 6a	2	7,500	2	7,500
(b) Authority code name:										
Indian Housing Assistance Fund.....	A			8	23,500	Vote 6b	15	120,000	23	143,500
Waivers (section 155.1(4) of the FAA).....	D	5	500						5	500
Write-offs (Acts of Parliament—Other than FAA)—	A	1	1,300						1	1,300
Forgiveness (Acts of Parliament—Other than FAA)—										
<i>Bankand Insolvency Act</i> .....	B	3	30,000						3	30,000
Revolving Fund—										
Canadian Grain Commission Revolving Fund:										
Write-offs—										
<i>Financial Administration Act</i> .....	A	20	25,000						20	25,000
Forgiveness—										
<i>Canada Grain Act</i> .....	B	5	8,500						5	8,500
Waivers (Section 155.1(4) of the FAA).....	D	4	2,100						4	2,100
<b>Total Debts, Obligations and Claims.....</b>		<b>43</b>	<b>90,900</b>	<b>9</b>	<b>30,000</b>		<b>29</b>	<b>137,400</b>	<b>81</b>	<b>258,300</b>

\* Governor in Council remissions of other debts as defined in section 23(1) of the FAA.

### 15.5.6 Accountable advances

#### 01. Introduction

Accountable advances at year end are published in Volume III of the *Public Accounts of Canada*.

#### 02. Authority

Section 38(3) of the *Financial Administration Act* states:

“Every accountable advance that is not repaid, accounted for or recovered by the end of the fiscal year in which it was made shall be reported in the Public Accounts for that year.”

Effective with the 1995-96 fiscal year, the Government decided not to publish the details of the accountable advances outstanding as at April 30 (i.e. accountable advances outstanding as at March 31 that were not settled in April by being repaid, accounted for, or recovered). However, departments and agencies must continue to maintain records of all accountable advances outstanding to comply with requests for information from either Members of Parliament or from the public pursuant to the *Access to Information Act*.

#### 03. Characteristics of accountable advances

Accountable advances are made under appropriations of Parliament to authorized persons (as defined by the Accountable Advances Regulations) for special purposes such as travel expenses, expenses of field parties, etc.

The advances fall into two main categories:

- (i) Standing advances provide moneys in an established maximum amount to a person to incur expenditures on a continuing basis.
  - Standing advances are charged to a special asset account (miscellaneous accountable imp rest and standing advances account) at the time the advance is made.
  - When disbursements are made, the person produces invoices or receipts, and obtains reimbursement, thus maintaining the established limit of the advance.
  - The reimbursement is recorded as a charge to the relevant appropriation.
  - At each year end, an accounting for expenditures is required. Also required is a certification from the holder of the standing advance to the effect that he is in fact in possession of the moneys advanced.
- (ii) Other accountable advances provide moneys for a specific purpose. At the time the advances are made, these are recorded as expenditures and charged to budgetary appropriations. At each year end, outstanding advances must be accounted for by:
  - vouchers covering the expenditures made and a refund of the unexpended balance; or
  - (if the purpose has not been fulfilled) a statement of expenditures of the old year and a certification that the unexpended balance will be used in the following year. The unexpended balance is credited to the appropriation to which it has been charged and is debited to a special asset account (miscellaneous accountable advances account). In the new year, the entry is reversed, allocating the expenditures to the proper fiscal year (consult Chapter 14 of the Receiver General Manual entitled “Year End Timetable and Procedures” which is available at the following URL address: <http://publiservice.pwgsc.gc.ca/rg/text/recgen-e.html>).

#### 04. Reference

Reference must be made to the Accountable Advances Regulations, located at the following URL address: <http://laws.justice.gc.ca/en/F-11/SOR-86-438/index.html>.

#### 05. Inclusions

All outstanding accountable advances including those drawn from the “Miscellaneous accountable imprest and standing advances” account are to be reported.

Accountable advances reported in previous years' *Public Accounts of Canada*, must also be reported in the current year, if they are still outstanding.

#### 06. Exclusions

Advance payments under a contract or a contribution arrangement, emergency salary and vacation pay advances, and training advances are not accountable advances and must not be reported.

Goods and services taxes (GST) paid on purchases and charged to a “GST Refundable Advance Account” must not be reported.

#### 07. Manuscript preparation

Departments and agencies must:

- use Plate III-3 for reporting. A sample plate is included as Annex A of this section.
- indicate nil return on the plate (if applicable).
- round amounts to the nearest dollar.
- do not erase formulas under the “Advances outstanding as per April 30” column.
- report the following information on Plate III-3:
  - (a) total number and amount of the advances outstanding as at March 31;
  - (b) total number and amount of the advances outstanding as at March 31 that were settled (by being repaid, accounted for, or recovered) in April; and
  - (c) total number and amount of the advances outstanding as at April 30 (i.e. advances outstanding as at March 31 that were not settled in April by being repaid, accounted for, or recovered — see NOTE below). Number and amount reported represent the difference between (a) and (b) above.

NOTE: The following advances must be reported as outstanding as at March 31, but not as at April 30:

- travel advances that are to be brought forward to the next fiscal year because the trip in respect of which the advance was issued either begins in the next fiscal year or spans the two fiscal years and extends after April 30th;
- standing advances still in the hands of the holder or custodian, but for which the holder or custodian thereof has by April 30 submitted a final accounting for the period ending March 31 and the certification required by section 6(4) of the Accountable Advances Regulations; and
- trip advances for which claims have been submitted on or before April 30, but which have not been audited/verified by departments and agencies as of April 30.

ANNEX A

DEPARTMENT OR AGENCY: XYZ

Section 38(3) of the *Financial Administration Act*—

Plate III-3

Accountable advances

PAGE 1 OF 1

Financial Reporting Account	Advances outstanding as at March 31		Advances settled in April		Advances outstanding as at April 30 <sup>(1)</sup>	
	Number	Amount	Number	Amount	Number	Amount
		\$		\$		\$
1331X	47	19,400	32	12,600	15	6,800

<sup>(1)</sup> The outstanding amount as at April 30, will not necessarily agree with the trial balance submitted in extended periods.

## 15.5.7 Losses of Public Money and Property

### 01. Introduction

Information regarding losses of public money and property is published in Volume III of the *Public Accounts of Canada*.

### 02. Authority

The Policy on Losses of Money and Offences and Other Illegal Acts against the Crown prescribes the reporting of losses to be presented in the *Public Accounts of Canada*.

### 03. Definitions

Original loss — means the total amount of a loss regardless of any subsequent recovery made against that loss.

Public money — means all money belonging to Canada received or collected by the Receiver General or any other public officer in his official capacity or any person authorized to receive or collect such money, and includes:

- (a) duties and revenues of Canada;
- (b) money borrowed by Canada or received through the issue or sale of securities;
- (c) money received or collected for or on behalf of Canada; and
- (d) all money that is paid to or received or collected by a public officer under or pursuant to any Act, trust, treaty, undertaking or contract, and is to be disbursed for a purpose specified in or pursuant to that Act, trust, treaty, undertaking or contract.

Public property — means all property (including data), other than public money, belonging to Her Majesty in Right of Canada.

### 04. Reference

The Policy on Losses of Money and Offences and other Illegal Acts against the Crown, Chapter 4-7 located on the *Treasury Board Site* is available at the following URL address:

[http://www.tbs-sct.gc.ca/Pubs\\_pol/dcgpubs/TBM\\_142/siglist\\_e.asp](http://www.tbs-sct.gc.ca/Pubs_pol/dcgpubs/TBM_142/siglist_e.asp).

### 05. Inclusions

Every loss of public money or property, whether through an offence, illegal act or accident, shall be reported in the *Public Accounts of Canada* in the year in which the loss occurred. When a loss is discovered in a year subsequent to that of its occurrence, it must be reported in the year of its discovery. Any loss discovered in a previous year but not reported in the *Public Accounts of Canada* in the year of its discovery, must be reported in the current year's *Public Accounts of Canada* as if it had been discovered in the current year.

Every recovery against a loss of public money or property shall be reported in the *Public Accounts of Canada* in the year in which payment is received.

### 06. Exclusions

Losses of public money or property that are recovered in full by the end of the fiscal year in which the loss is discovered and which did not involve negligence, nonfeasance, willful misrepresentation, fraud, defalcation, or any other offence or illegal act, must be excluded.



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## 07. Manuscript preparation

Departments and agencies must:

- provide the bilingual information for all losses of public money or property using the Plates III-4, III-4a, III-4b, III-4c and III-4d for reporting. Sample plates are included as Annexes A to E of this section.
- indicate nil return on the plates (if applicable).
- round amounts to the nearest dollar.
- use, where applicable, standard terms mentioned in Annex F of this section to describe incidents or losses of public money or property.
- number amendments by individual plate.
- in reporting the current year's required information on the various plates, group all losses having a similar description and indicate in brackets the number of incidents (e.g. theft of boats (3 cases)).
- report the following bilingual information on Plate III-4 for losses of revenues due to fraud or willful misrepresentation discovered or detected in CY:
  - . brief description of the nature of the incident;
  - . total number of incidents;
  - . actual or estimated amount of the loss;
  - . amount recovered in the CY;
  - . amount not expected to be recovered; and
  - . amount expected to be recovered in subsequent years. Any amount recovered in subsequent years will have to be reported in the *Public Accounts of Canada* of the year in which recovery is received by using Plate III-4d.

N.B. The above information is required for incidents such as fraud or willful misrepresentation when filing income tax returns, goods and services tax returns, custom's declarations, etc. Losses of public money due to theft must be reported on Plate III-4a and not on Plate III-4.

- report the following bilingual information on Plate III-4a for losses of public money due to an offence, illegal act or accident that occurred or were discovered in the CY:
  - . brief description of the loss. For Public Accounts purposes, names of individuals are not required. For losses due to cashier shortages not involving any offence or illegal act, report the net shortages including total gross shortages and total gross overages. Petty cash shortages are not considered to be cashier shortages and should not be reported. Cashier shortages apply to shortages of revenue only;
  - . CY vote number against which the charge was made, if any;
  - . actual or estimated amount of the loss;
  - . amount recovered in the CY;
  - . amount not expected to be recovered; and
  - . amount expected to be recovered in subsequent years. Any amount recovered in subsequent years will have to be reported in the *Public Accounts of Canada* of the year in which recovery is received by using Plate III-4d.

N.B. The above information is required for losses of public money such as:

- false or fraudulent claims for payment by a supplier or contractor;
- false or fraudulent claims for a grant, contribution, or other program payment (e.g. employment insurance benefits, old age security payments, Canada Pension Plan benefits, veterans' benefits, etc.);
- forged and fraudulent endorsements of payment instruments. Forged and fraudulent endorsements of payment instruments must only be reported by Public Works and Government Services — Receiver General (Cheque Redemption Control Directorate);
- theft of petty cash.

- 
- report the following bilingual information on Plate III-4b for losses of public property due to an offence or other illegal act (losses of public property due to accidental destruction or damage must be reported on Plate III-4c) that occurred or were discovered in the CY:
    - . brief description of the loss;
    - . actual or estimated amount of the loss;
    - . amount recovered in the CY;
    - . amount not expected to be recovered; and
    - . amount expected to be recovered in subsequent years. Any amount recovered in subsequent years will have to be reported in the *Public Accounts of Canada* of the year in which recovery is received by using Plate III-4d.
  
  - report the following bilingual information on Plate III-4c for losses of public property due to accidental destruction or damage (losses of public property due to an offence or other illegal act must be reported on Plate III-4b) that occurred or were discovered in the CY:
    - . brief description of the loss;
    - . actual or estimated amount of the loss;
    - . amount recovered in the CY;
    - . amount not expected to be recovered; and
    - . amount expected to be recovered in subsequent years. Any amount recovered in subsequent years will have to be reported in the *Public Accounts of Canada* of the year in which recovery is received by using Plate III-4d.

N.B.- Normal wear and tear should not be considered as a loss for the purpose of Plate III-4c.

- Be sure to include all fire losses that have been reported to the Fire Commissioner for inclusion in his/her annual report on fire losses.

- use the bilingual information on Plate III-4d to provide an update to cases for losses of revenues, public money and public property reported in previous years' *Public Accounts of Canada*, but still outstanding at the beginning of the current year. This plate will include for each case previously reported:
  - . brief description of the loss;
  - . year the loss was reported in the *Public Accounts of Canada*;
  - . amount of the original loss (actual or estimated amount);
  - . amount recovered in previous years (including the amount recovered in the previous year). This amount must have been reported in previous years' *Public Accounts of Canada*;
  - . amount recovered in the CY;
  - . amount not expected to be recovered; and
  - . amount expected to be recovered in subsequent years. Any amount recovered in subsequent years will have to be reported in the *Public Accounts of Canada* of the year in which recovery is received by using this plate.

N.B.- Data such as brief description of the loss, amount of the original loss, etc, reported in previous years' *Public Accounts of Canada* must be the same as previously reported.

- The status of each outstanding case must continue to be reported on Plate III-4d until the amount has either been recovered in full or is determined to be uncollectible.
- If an amount has been listed in the column “not expected to be recovered” on Plate III-4 to Plate III-4c in previous year(s), and an amount was recovered, the amount should be reported on Plate III-4d with the footnote “Amends previous year’s *Public Accounts of Canada*”.

All outstanding items reported in the previous year's Plates III-4 to III-4c were added to the supplied Plate III-4d. However, any item previously reported but omitted from the supplied plate should be inserted.

ANNEX A

DEPARTMENT OR AGENCY: XYZ

Plate III-4

Losses of revenues due to fraud or willful misrepresentation — Discovered or detected in CY

PAGE 1 OF 1

Brief description of incident	Brève description de l'incident	Number of incidents	Amount of loss	Amount recovered in CY	Amount not expected to be recovered	Amount expected to be recovered in subsequent years
			\$	\$	\$	\$
Theft of revenues by an employee.....	Vol de revenus par un employé.....	1	12,500	6,200	6,300	
Issuance of fraudulent tax refund by an employee.....	Émission frauduleuse de remboursement d'impôt frauduleux par un employé.....	1	1,500			1,500

DEPARTMENT OR AGENCY: XYZ

Plate III-4a

Losses of public money due to an offence, illegal act or accident — Occurrence or discovery in CY

PAGE 1 OF 1

Brief description of loss	Brève description de la perte	Charged to CY Vote	Amount of loss	Amount recovered in CY	Amount not expected to be recovered	Amount expected to be recovered in subsequent years
			\$	\$	\$	\$
Theft of receipts.....	Vol des recettes.....	1	1,400	1,300		100
Theft of petty cash at St John's Taxation Centre.....	Vol de la petite caisse au Centre de l'impôt de St John's.....	1	300		300	
Loss of petty cash.....	Perte de la petite caisse.....	1	550	150	400	
Theft of receipts at the Quebec Regional Office.....	Vol des recettes au Bureau régional de Québec.....	1	1,000		1,000	
Net cashier shortages (gross shortages \$850; gross coverages \$550).....	Déficits nets de la caisse (déficits bruts 850 \$; surplus bruts 550 \$).....	1	300		300	
Fraudulent travel claims.....	Réclamations de déplacement frauduleuses.....	1	1,200			1,200
Personal use of taxi vouchers.....	Usage personnel de billets de taxi.....	1	50	50		
Fraudulent claims for payment (invoices).....	Réclamations frauduleuses pour paiement (factures).....	1	1,250	1,250		

ANNEX C

DEPARTMENT OR AGENCY: XYZ

Plate III-4b

Losses of public property due to an offence or other illegal act — Occurrence or discovery in CY

PAGE 1 OF 1

Brief description of loss	Brève description de la perte	Amount of loss	Amount recovered in CY	Amount not expected to be recovered	Amount expected to be recovered in subsequent years
		\$	\$	\$	\$
Theft of microcomputers.....	Vol de micro-ordinateurs.....	6,735	1,500		5,235
Theft of a boat and outboard motors.....	Vol d'un bateau et de moteurs amovibles.....	22,000		22,000	
Theft of tools.....	Vol d'outils .....	16,000	1,000	10,000	5,000
Theft of technical equipment.....	Vol d'équipements techniques.....	32,000		32,000	

ANNEX D

DEPARTMENT OR AGENCY: XYZ

Plate III-4c

Losses of public property due to accidental destruction or damage—Occurrence or discovery in CY

PAGE 1 OF 1

Brief description of loss	Brève description de la perte	Amount of loss	Amount recovered in CY	Amount not expected to be recovered	Amount expected to be recovered in subsequent years
		\$	\$	\$	\$
Loss of technical equipment due to fire at 240 Sparks Street, Ottawa, Ont.....	Perte d'équipement technique suite à un incendie au 240 rue Sparks, Ottawa, Ont.....	1,000,000		1,000,000	
Damage to office supplies due to flooding at Place du Portage, Gatineau, Que.....	Dommmage à des fournitures de bureau suite à une inondation à la Place du Portage, Gatineau, Qué.....	200,000		200,000	
Damage to Government vehicle in an accident (2 cases).....	Dommmage à un véhicule de l'État lors d'un accident (2 cas).....	1,500	500		1,000
Loss of microcomputers due to fire.....	Perte de micro-ordinateurs suite à un incendie.....	3,000		3,000	

ANNEX E

DEPARTMENT OR AGENCY: XYZ

Plate III-4d

Losses of revenues, public money and public property—  
Update to cases reported in previous years' *Public Accounts of Canada*

PAGE 1 OF 1

Brief description of loss	Brève description de la perte	Year loss reported in <i>Public Accounts of Canada</i>	Amount of original loss	Amount recovered in previous years	Amount recovered in CY	Amount not expected to be recovered	Amount expected to be recovered in subsequent years
			\$	\$	\$	\$	\$
Theft of receipts from cash drawer by an employee.....	Vol des recettes du tiroir-caisse par un employé.....	1991-92	325	125	200		
Misappropriation of receipts by an employee through alteration of deposit slips.....	Détournement des recettes par un employé suite à la falsification de bordereaux de dépôt....	1993-94	1,600	1,200	200		200
Theft of petty cash by an employee. Employee is deceased.....	Vol de la petite caisse par un employé. L'employé est décédé.....	1997-98	500	200	100 <sup>(1)</sup>	200 <sup>(1)</sup>	

<sup>(1)</sup> Amends previous year's *Public Accounts of Canada*.

<sup>(1)</sup> Modifie les *Comptes publics du Canada* de l'exercice précédent.

ANNEX FSTANDARD DESCRIPTIONS FOR LOSSES OF PUBLIC MONEY OR PROPERTY

False or fraudulent claims for benefits (specify type of benefits concerned)

False or fraudulent claims for grants and contributions

Fraudulent claims for payment by suppliers and contractors

False or fraudulent travel, removal or overtime claims

Forged endorsement of payment instruments

Fraudulent endorsement of payment instruments (e.g. cheques cashed after death of payee)

Alteration of payment instruments

Cashier shortages (shortages of revenues only)

Loss or theft (specify which) of petty cash

Loss or theft (specify which) of receipts

Misappropriation of petty cash

Misappropriation of receipts

Personal use of taxi vouchers

Unauthorized or fraudulent use (specify which) of telephone calling cards or Government Telecommunications and Informatics Services (GTIS) access codes

Unauthorized or fraudulent use (specify which) of credit cards

Theft of laptop computers (5 cases)

Damage to Government vehicle

Vandalism to buildings

Loss of equipment

Damage to building as a result of break-in



## 15.5.8 Professional and Special Services

### 01. Introduction

Detailed information on professional and special services is not published in Volume III of the *Public Accounts of Canada* but is provided on request only.

Please note: The *Public Accounts of Canada* for the current fiscal year (published and unpublished information) is available on the web in a PDF (Acrobat) format at the following URL address:

<http://publiservice.pwgsc.gc.ca/rg/text/pubacc-e.html>.

### 02. Background Information and Authority

The 9<sup>th</sup> Report of the Standing Committee on *Public Accounts of Canada*, tabled in the House of Commons on March 15, 1965, recommended the publication, in the *Public Accounts of Canada*, of a listing, in summary form, of professional fees by type of services, together with detailed listings of payments of \$2,000 and over. The Government subsequently implemented this recommendation and the requested information has been collected since then. The information has been published in the *Public Accounts of Canada* up until 1991-92. From 1992-1993 to 2002-2003, the information was provided on request only. As of 2003-2004, the information is available only on the web at the above mentioned address.

Effective with the 1988-89 fiscal year, the Government increased the reporting limit to \$100,000 and over. Departments and agencies must continue to maintain records of all payments to comply with requests for information from either Members of Parliament or from the public pursuant to the *Access to Information Act*.

The list of reporting objects included in standard object 04 may be found in the 2004-2005 *Chart of Accounts* issued by the Receiver General and available at the following URL address:

<http://www.pwgsc.gc.ca/recgen/gw-coa/0405/toc-e.html>.

### 03. Definitions

Amount paid — see payments below.

Amount spent — represents internal and external charges to appropriations for professional and special services (standard object 04).

Payee — indicates the recipient of payments. Whenever a Crown debt has been assigned or payment for services was made through the use of a government acquisition card, the payee is the individual or organization that provided the services.

Payments/Accrued charges — represent amounts actually paid, and other charges to appropriations resulting from Payables at Year End (PAYE) for departments and agencies.

### 04. Manuscript Preparation

Departments and agencies must:

- use Plate III-6 for reporting. A sample plate is included as Annex B of this section.
- indicate nil return on the plate (if applicable).

- 
- round amounts to the nearest dollar. Do not insert cents even though the spreadsheet has been formatted with two decimals.
  - textual bilingual information must be left aligned. No indentation is required.
  - textual bilingual information must NOT be typed in capital letters (except for the first letter of proper nouns).
  - when submitting an amended plate, indicate changes clearly by underlining the amended data or by using a bold or italic character to identify changes.
  - use the standard types of services referred to in Annex A of this section in reporting information for this statement. These standard types of services correspond to the reporting objects specified in Chapter 7 of the *Chart of Accounts* issued by the Receiver General located at the following URL address: <http://www.pwgsc.gc.ca/recgen/gw-coa/0405/toc-e.html>. Note that the figures to be reported should correspond to Standard Object 04 with Authority codes A and B of the departmental final trial balance submitted to CFMRS.
  - provide for each program:
    - the total amount spent in the CY under column (1) adjacent to the name of the program; and,
    - the following details, in both official languages, for each type of services:
      - . the total amount spent in the CY, if any, under column (1) adjacent to each type of services. The types of services must be reported in the same order as shown in Annex A of this section; and,
      - . a detailed listing, where applicable, of the payments (i.e. cash payments, government acquisition card payments and accrued charges) aggregating to \$100,000 or over to one individual or organization.
      - . payments for services made through the government acquisition cards must be reflected under the individual or organization that provided the services. Payments made to financial institutions clearing the balances of all charges on these acquisition cards must not be reported.
      - . the detailed listing of such payments must be in tabular form, showing the names of the payees in alphabetical order (for names of individuals, please provide the surname followed by the initials), the city or town and the abbreviated name of the province (refer to section 15.5.1), state (if in the US) or city and country (if outside Canada) of the payee, and the amount paid. The amount paid must be reported under column (2) adjacent to the name of the payee. For organizations having more than one place of business, the city or town of its Head Office must be used for reporting.
      - . amounts paid do not have to add up to the total amount spent reported for the type of services as there may be amounts below \$100,000 which are not required to be listed. However, the total of payments aggregating to \$100,000 or more must not exceed the total amount spent by services in the CY.
  - agree the total amount spent as reported for each type of services at the program, department and agency level, to the corresponding reporting objects in the information contained in the final trial balance submitted by departments and agencies, as adjusted where necessary pursuant to Chapter 14 of the Receiver General Manual entitled “Year End Timetable and Procedures” which is available at the following URL address: <http://publiservice.pwgsc.gc.ca/rg/text/recgen-e.html>.
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- 
- agree the sum of the total amount spent for each type of services under each program, to the total amount spent reported for such program.
  - predrafted Form “A” (Summary of Source and Disposition of Authorities), section 15.4.2 provides the total expenditures, while Table 3 of Volume II of the *Public Accounts of Canada* gives the breakdown of expenditures by standard object. The total of standard object 04 must agree with the total of all your reporting objects shown on Plate III-6. In the list of objects specified in Chapter 7 of the *Chart of Accounts* issued by the Receiver general, the reporting objects are represented by the 3 digit code sub-category. Refer to Annex A of this section.
- | — plate III-6 is also used by the Receiver General to prepare the table in section 4 of volume III.

ANNEX ASTANDARD TYPES OF SERVICES TO BE USED FOR REPORTING

The standard types of services to be used in the reporting of professional and special services should be presented in the following order:

## Reporting

## Object

- 040 Accounting services
- 042 Engineering and architectural services (including research)
- 045 Health and welfare services
- 047 Informatics services
- 041 Legal services
- 081 Non-professional contracted services
- 046 Protection services
- 043 Scientific services
- 082 Special fees and services
- 044 Training and educational services
- 085 Other business services
- 049 Other professional services
- 089 Other services

ANNEX B

DEPARTMENT OR AGENCY: XYZ

Plate III-6

Professional and Special Services

PAGE 1 OF 1

				Total amount spent in CY (1)	Payments aggregating to \$100,000 or over (2)
				\$	\$
TOTAL DEPARTMENT OR AGENCY — STANDARD OBJECT 04 (total of all programs for CY expenditures) DEF PROGRAM		TOTAL DU MINISTÈRE OU DE L'ORGANISME — ARTICLE COURANT 04 (total de tous les programmes pour les dépenses de l'EC) PROGRAMME DEF		<b>16,832,336</b>	
				<b>14,999,709</b>	
Reporting Object					
040	Accounting services A E Amy & Sons Ottawa Ont Touche Ross and Partners Ottawa Ont	Services de comptabilité A E Amy & Sons Ottawa Ont Touche, Ross et Associés Ottawa Ont		9,387,270	808,705 6,293,037
042	Engineering and architectural services	Services techniques et d'architecture		20,000	
045	Health and welfare services Bonnyville Indian Metis Rehabilitation Centre Bonnyville Alta Bosco Home Regina Sask Canadian Red Cross Ottawa Ont	Services de santé et de bien-être Bonnyville Indian Metis Rehabilitation Centre Bonnyville Alb Bosco Home Régina Sask Croix-Rouge canadienne Ottawa Ont		5,592,439	646,014 737,245 659,768
	GHI AGENCY	ORGANISME GHI		<b>1,832,627</b>	
089	Other services Ab-Intra Service Louisbourg NS Advocacy Communications Analysts Inc Ottawa Ont Alphatext Systems Ltd Ottawa Ont	Autres services Ab-Intra Service Louisbourg N-É Advocacy Communications Analysts Inc Ottawa Ont Alphatext Systems Ltd Ottawa Ont		1,832,627	127,013 194,162 178,283

### 15.5.9 Acquisition of Land, Buildings and Works

#### 01. Introduction

Detailed information on the acquisition of land, buildings and works is not published in Volume III of the *Public Accounts of Canada*.

Please note: The *Public Accounts of Canada* for the current fiscal year (published and unpublished information) is available on the web in a PDF (Acrobat) format at the following URL address:

<http://publisservice.pwgsc.gc.ca/rg/text/home-e.html>.

#### 02. Background Information and Authority

The 9<sup>th</sup> Report of the Standing Committee on Public Accounts, tabled in the House of Commons on March 15, 1965, recommended the publication in the *Public Accounts of Canada* of a listing of contracts for construction or acquisition of land, buildings and works, when the amount was \$100,000 or over (\$10,000 or over for cost plus contracts). The Government subsequently implemented this recommendation and the requested information has been collected since then. The information has been published in the *Public Accounts of Canada* up until 1991-92. From 1992-93 to 2002-2003, the information was provided on request only. As of 2003-2004, the information is available only on the web at the above mentioned provided address.

Effective with the 1980-81 fiscal year, the Government increased the reporting limit to \$250,000 (\$25,000 for cost plus contracts).

Standard Object 08 is only used when the concerned assets (land, buildings and works) are acquired in their entirety, including progress payments until the completion of contracts. The list of reporting objects included in standard object 08 may be found in 2004-2005 *Chart of Accounts* issued by the Receiver General and available at the following URL address: <http://www.pwgsc.gc.ca/recgen/gw-coa/0405/toc-e.html>.

Amounts for Own Account Construction, where these assets are being constructed by a department using its own labour, materials, hired professional services etc. should be charged to the pertinent economic object in sub-categories 01 to 12 which describes the pertinent type of service or good purchased as part of constructing these assets.

#### 03. Definitions

Amount spent — represents internal and external charges to appropriations for the acquisition of land, buildings and works (standard object 08).

Cost plus contract — a contract that sets the total amount payable as being the costs reasonably and properly incurred as determined by audit plus an agreed upon fixed fee (or a percentage of cost) by way of profit.

Expenditure — see the definition of amount spent above.

#### 04. Inclusions

Information must be supplied for all contracts of \$250,000 or over. Information must also be supplied for cost plus contracts of \$25,000 or over. Only contracts that are related to Standard Object 08 are to appear on plate III-7a.

#### 05. Manuscript preparation

Plate III-7a must be completed. Refer to Annex A of this section.

Predrafted Form “A” (Summary of Source and Disposition of Authorities) section 15.4.2 provides the total expenditures, while Table 3 of Volume II of the *Public Accounts of Canada* gives the breakdown of expenditures by standard object 01 to 12. The total of standard object 08 (Acquisition of Land, Buildings and Works) must agree with the total of the 3 digit reporting objects to which they relate. The list of objects is available in Chapter 7 of the *Chart of Accounts* issued by the Receiver General.

The information by reporting object is published in Section 5 of Volume III of the *Public Accounts of Canada* entitled “Acquisition of Land, Buildings and Works”.

The above information must be reflected on your trial balance submitted to CFMRS.

Departments and agencies must:

- use a Plate III-7a for reporting. A sample plate is included as Annex A of this section.

N.B. A predrafted Plate III-7a listing all uncompleted contracts reported in the PY *Public Accounts of Canada* will be sent for completion in April. Please update the supplied Plate III-7a (English or French version, not both). Please ensure that required details regarding new contracts are provided in both official languages.

- indicate nil return on the plate (if applicable).
- round amounts to the nearest dollar. Do not insert cents even though the spreadsheet has been formatted with two decimals.
- textual bilingual information must be left-aligned. Indentation is required for the description of the project.
- textual bilingual information must NOT be typed in capital letters (except for the first letter of proper nouns). Names of contractors should therefore not be abbreviated using capital letters.
- when submitting an amended plate, indicate changes clearly by underlining the amended data or by using a bold or italic character to identify changes.
- provide on Plate III-7a:
  - the total amount spent in the CY adjacent to each program;
  - the total amount spent in the CY by each department and agency. This represents the sum of the amounts spent under each program by a respective department or agency. Note that the figures to be reported should correspond to Standard Object 08 with Authority codes A and B of the departmental final trial balance submitted to CFMRS;
  - the following details, in both official languages, for each contract reported:
    - the name of the contractor. Names of contractors must be in alphabetical order (not in capital letters) together with their related locations (the city or town and the abbreviated name of the province (refer to section 15.5.1, state (if in the US) and city and country (if outside Canada));
    - N.B. When contracts are awarded through Public Works and Government Services (PWGSC), it is the responsibility of the department who ultimately charges its budget to report the contract on plate III-7a. Two asterisks (\*\*) must be inserted adjacent to the name and location of the contractor to indicate contracts awarded through Public Works and Government Services. These asterisks refer to the footnote “Awarded through Public Works and Government Services”.

- . During the month of May, the Financial Operations Directorate of PWGSC will be providing departments with an update on each contract to assist in the preparation of their Public Accounts plate III-7a. Departments are expected to balance CY payments to PWGSC related to standard object 08 with the information included in the update report to determine if contracts should be included in the plate or not. The contact person in PWGSC is Guy Rochon at (819) 956-4325.
  - . a brief description and the abbreviated name of the province (refer to section 15.5.1) of project (i.e. wharf acquisition NL);
  - . the amount contracted (the estimated total cost of the contract as of March 31, CY);
    - N.B. Three asterisks (\*\*\*) must be inserted adjacent to the amount contracted to indicate cost plus contracts. These asterisks refer to the footnote “Cost plus contract”.
  - . the CY expenditures (i.e. cash payments and accrued charges for Authority codes A and B only); and,
  - . the expenditures to date. This amount is generally obtained by adding the CY expenditures to the “Expenditures to date” amount reported in the PY *Public Accounts of Canada*. For contracts awarded in previous year(s) and for which the amount contracted was subsequently increased to the reporting limit of \$250,000 or over, the expenditures to date amount is obtained by adding the CY expenditures to the total amount spent in previous year(s).
    - N.B. - One asterisk (\*) must be inserted adjacent to amounts reported in the “Expenditures to date” column when PY “Expenditures to date” amounts have been amended. This asterisk refers to the footnote “Amends previous year's *Public Accounts of Canada*”. For instance, if a contract has never been reported before and the “Expenditures to date” do not equal the CY expenditures, an asterisk (\*) must be inserted to indicate that an amount should have been presented in PY *Public Accounts of Canada*.
      - . DO NOT insert an asterisk (\*) for any other reason, i.e.:
        - (a) the “Amount contracted” reported on the CY plate has been modified from the amount reported in the PY *Public Accounts of Canada* with respect to the same contract; or,
        - (b) as a result of rounding, a difference exists between the total obtained when adding the “CY Expenditures” to the “Expenditures to date” amount reported in the PY *Public Accounts of Canada* with respect to the same contract and the “Expenditures to date” amount reported on the CY plate.
    - An (f) must be inserted adjacent to the amount in the “Expenditures to date” column for contracts completed in the CY.
  - N.B. - Contracts awarded in the CY must be reported even if no expenditure was incurred.
  - Contracts must continue to be reported until completed even if there is no expenditure in a given year.
- agree the total amount spent, as reported for each type of acquisition at the program, department and agency level, to the corresponding reporting objects in the object information contained in the final trial balance submitted by departments and agencies, as adjusted where necessary pursuant to Chapter 14 of the Receiver General Manual entitled “Year End Timetable and Procedures” which is available at the following URL address: <http://publiservice.pwgsc.gc.ca/rg/text/recgen-e.html>.



## ANNEX A

DEPARTMENT OR AGENCY: XYZ

Plate III-7a

## Acquisition of Land, Buildings and Works

PAGE 1 OF 1

Name and location of contractor with brief description and province of project	Nom et lieu de l'entrepreneur ainsi qu'une brève description et province du projet	Amount contracted \$	CY Expenditure \$	Expenditures to date \$
<b>TOTAL DEPARTMENT OR AGENCY— STANDARD OBJECT 08 (total of all programs for CY expenditures) \$43,037,473 ABC PROGRAM \$1,800,000</b>	<b>TOTAL DU MINISTÈRE OU DE L'ORGANISME — ARTICLE COURANT 08 (total de tous les programmes pour les dépenses de l'EC) 43 037 473 \$ PROGRAMME ABC 1 800 000 \$</b>			
Atco Structures Ltd Coppermine and Tuktoyaktuk NWT** Acquisition of federal warehouse NWT	Atco Structures Ltd Coppermine et Tuktoyaktuk TN-O** Acquisition d'un entrepôt fédéral TN-O	615,987	378,787	378,787
Faith Construction Ltd Minto NB** Addition to federal building NB <b>DEF PROGRAM \$39,688,536</b>	Faith Construction Ltd Minto N-B** Ajout à un édifice fédéral N-B <b>PROGRAMME DEF 39 688 536 \$</b>	645,273	285,400	439,995*
Argus Installations Ltd Vancouver BC Acquisition of sewage treatment plant Alta	Argus Installations Ltd Vancouver C-B Acquisition d'une usine pour traitement des égouts Alb	4,079,487	212,242	4,079,487
Construction Maurice Desrosiers Inc Rimouski Que Acquisition of a welcome and interpretation Centre Que	Construction Maurice Desrosiers Inc Rimouski Qc Acquisition d'un Centre d'interprétation et d'accueil Qc	5,619,806	5,331,241	5,619,806*
Everall Construction Edmonton Alta** Yellowhead highway paving Alta	Everall Construction Edmonton Alb** Pavage de l'autoroute Yellowhead Alb	4,279,490	4,279,490	4,279,490 (f)
Newklas Construction Canada Ltd Calgary Alta** Acquisition of washroom facilities and parking lot Alta	Newklas Construction Canada Ltd Calgary Alb** Acquisition des installations de cabinets de toilette et terrain de stationnement Alb	4,347,977	2,987,967	4,347,976*(f)
Nor Lake Construction Calgary Alta** Lake Louise development Alta	Nor Lake Construction Calgary Alb** Aménagement du Lac Louise Alb	298,700	102,523	102,523
Webb and Trace Victoria BC** Reconstruction and asphalt surfacing of highway BC	Webb and Trace Victoria C-B** Reconstruire et asphalter la surface de l'autoroute C-B	3,190,867	3,190,867	3,190,867
Webb and Trace Victoria BC** Paving highway BC	Webb and Trace Victoria C-B** Pavage de l'autoroute C-B	250,000		
Western Construction Ltd Stephenville Crossing NL** Paving highway NL	Western Construction Ltd Stephenville Crossing T-N-L** Pavage de l'autoroute T-N-L	2,123,612	2,123,612	2,123,612 (f)
Zutphen Brothers Construction Ltd Port Hood NS Restoration and repair of wharf NS	Zutphen Brothers Construction Ltd Port Hood N-É Restauration et réparation d'un quai N-É	2,720,750	1,970,899	1,970,899
<b>GHI AGENCY \$1,548,937</b>	<b>ORGANISME GHI 1 548 937 \$</b>			
Alexander Enterprises Ltd Port Saunders NL** Wharf acquisition NL	Alexander Enterprises Ltd Port Saunders T-N-L** Acquisition d'un quai T-N-L	515,472	471,952	505,472*
Blazers Mechanical (1978) Ltd Regina Sask Renovation to federal building Man	Blazers Mechanical (1978) Ltd Regina Sask Amélioration à un édifice fédéral Man	185,000***	163,033	163,033
Fern Bate Ltd Port McNeill BC** Acquisition of houses BC	Fern Bate Ltd Port McNeill C-B** Acquisition de maisons C-B	540,539	347,083	525,338 (f)
The Foundation of Canada Co Halifax NS** Airport development NS	The Foundation of Canada Co Halifax N-É** Développement d'un aéroport N-É	2,171,574		2,171,574 (f)

\* Amends previous year's *Public Accounts of Canada*.

\*\* Awarded through Public Works and Government Services.

\*\*\* Cost plus contract.

(f) Contract completed.

### 15.5.10 Transfer Payments

#### 01. Introduction

Detailed information on transfer payments is not published in Volume III of the *Public Accounts of Canada*.

Please note: The *Public Accounts of Canada* for the current fiscal year (published and unpublished information) is available on the web in a PDF (Acrobat) format at the following URL address:

<http://publiservice.pwgsc.gc.ca/rg/text/pubacc-e.html>).

#### 02. Background Information and Authority

The 3<sup>rd</sup> Report of the Standing Committee on Public Accounts, tabled in the House of Commons on June 29, 1978, recommended that all grants and contributions over a minimum amount (\$10,000) be shown separately in the *Public Accounts of Canada*. The Government subsequently implemented this recommendation and the requested information has been collected since then. The information has been published in the *Public Accounts of Canada* up until 1991-92. From 1992-93 to 2002-2003, the information was provided on request only. As of 2003-2004, the information is available only on the web at the above mentioned address.

Effective with the 1988-89 fiscal year, the Government increased the reporting limit to \$100,000 and over. Departments and agencies must continue to maintain records of all payments to comply with requests for information from either Members of Parliament or from the public pursuant to the *Access to Information Act*.

The list of reporting objects included in standard object 10 may be found in the 2004-2005 *Chart of Accounts* issued by the Receiver General and available at the following URL address:

<http://www.pwgsc.gc.ca/recgen/gw-coa/0405/toc-e.html>.

#### 03. Definitions

Amount paid — see payments below.

Amount spent — represents internal and external charges to appropriations for transfer payments (standard object 10).

Contribution — a conditional transfer payment made for a specified purpose which is subject to being accounted for and audited pursuant to a contribution agreement.

Grant — an unconditional transfer payment which is not subject to being accounted for or audited but for which eligibility and entitlement may be verified.

Payments/Accrued charges — represent amounts actually paid, and other charges to appropriations resulting from Payables at Year End (PAYE) for departments and agencies.

Recipient — represents the individual or organization to whom the payment was made (i.e. to whom the cheque was made payable by the Government). Where the Government makes a payment to an organization on behalf of one or several individuals, the organization is considered the recipient of such payment.

Transfer payment — a grant, contribution or other payment for which no goods or services are received.

#### 04. Preference

Reference must be made to the Policy on Transfer Payments on the *Treasury Board Site* located at the following URL address: [http://www.tbs-sct.gc.ca/Pubs\\_pol/dcgpubs/TBM\\_142/ptp\\_e.asp](http://www.tbs-sct.gc.ca/Pubs_pol/dcgpubs/TBM_142/ptp_e.asp).

#### 05. Manuscript preparation

Plate III-9a must be completed. Refer to Annex A of this section.

Predrafted Form “A” (Summary of Source and Disposition of Authorities) section 15.4.2 provides the total expenditures, while Table 3 of Volume II of the *Public Accounts of Canada* gives the breakdown of expenditures by standard object 01 to 12. The total of standard object 10 must agree with the total of the 3 digit reporting objects to which they relate. The list of objects is available in Chapter 7 of the *Chart of Accounts* issued by the Receiver General.

The information by reporting object is published in Section 7 of Volume III of the *Public Accounts of Canada* entitled “Transfer Payments”.

The above information must be reflected on your final trial balance submitted to CFMRS, as it replaces the information which was previously required in Plate III-9.

Departments and agencies must:

- use Plate III-9a for reporting. A sample plate is included as Annex A of this section.
- indicate nil returns on the plate (if applicable).
- round amounts to the nearest dollar. Do not insert cents even though the spreadsheet has been formatted with two decimals.
- textual bilingual information must be left-aligned. No indentation is required.
- textual bilingual information must NOT be typed in capital letters (except for the first letter of proper nouns).
- when submitting an amended plate, indicate changes clearly by underlining the amended data or by using a bold or italic character to identify changes.
- provide on Plate III-9a:
  - the total amount spent in the CY by each department and agency. This represents the sum of the amounts spent under each program by a respective department or agency. Note that the figures to be reported should correspond to Standard Object 10 with Authority codes A and B of the departmental final trial balance submitted to CFMRS;
  - the total amount spent in the CY under column (1) adjacent to the name of each program; and,
  - the following details, in both official languages, for each transfer payment as listed in the Estimates or as approved by Treasury Board:
    - . the total amount spent in the CY under column (1) adjacent to each recipient or class of recipients; and,

- a detailed listing under each class of recipients, where applicable, of the payments (i.e. cash payments and accrued charges) aggregating to \$100,000 or over to a recipient (one individual or organization).

The detailed listing of such payments must be in tabular form, showing the names of the recipients in alphabetical order (for names of individuals, please provide the surname followed by the initials), the city or town and the abbreviated name of the province (refer to section 15.5.1), state (if in the US) or city and country (if outside Canada) of the recipient, and the amount paid. The amount paid must be reported under column (2) adjacent to the name of the recipient. For recipients having more than one place of business, the city or town of its Head Office must be used for reporting.

Amounts paid do not have to add up to the total amount spent reported for the class of recipients as there may be amounts below \$100,000 which are not required to be listed. However, the total of payments aggregating to \$100,000 or more must NOT exceed the total amount spent by transfer payment in the CY.

N.B. The same description as listed in the Estimates or as approved by Treasury Board must be quoted in full when reporting each transfer payment. This description should be the same as the one reported in Predrafted form "C". (Refer to section 15.4.4).

- agree the total amount spent for each type of transfer payment under each program, to the total amount spent reported for such program.
- agree the total amount spent, as reported for each type of transfer payment at the program, department and agency level, to the corresponding reporting objects in the object information reported in the departmental final trial balance, as adjusted where necessary pursuant to Chapter 14 of the Receiver General Manual entitled "Year End Timetable and Procedures" which is available at the following URL address:  
<http://publiservice.pwgsc.gc.ca/rg/text/recgen-e.html>.

		ANNEX A	
DEPARTMENT OR AGENCY: XYZ		Plate III-9a	
Transfer Payments		PAGE 1 OF 1	
		Total amount spent in CY (1)	Payments aggregating to \$100,000 or over (2)
		\$	\$
TOTAL DEPARTMENT OR AGENCY —	TOTAL DU MINISTÈRE OU DE L'ORGANISME —		
STANDARD OBJECT 10 (total of all programs for CY expenditures)	ARTICLE COURANT 10 (total de tous les programmes pour les dépenses de l'EC)	<b>20,428,000</b>	
DEF PROGRAM	PROGRAMME DEF	<b>19,228,000</b>	
Grant to Canadian Defence Industry for defence export sales	Subvention à l'Industrie canadienne de la défense dans le but de vendre à l'étranger du matériel de défense	7,899,000	
Allis Chalmers Rumely Ltd Guelph Ont	Allis Chalmers Rumely Ltd Guelph Ont		131,189
Aviation Electric Ltd Montreal Que	Aviation Electric Ltd Montréal Qc		570,042
CAE Electronics Ltd Montreal Que	CAE Electronics Ltd Montréal Qc		1,148,035
Canadair Ltd Montreal Que	Canadair Ltd Montréal Qc		1,445,619
C R Snelgrove Co Ltd Don Mills Ont	CR Snelgrove Co Ltd Don Mills Ont		277,224
Grant to the Canadian Labour Market and Productivity Centre Ottawa Ont	Subvention au Centre canadien du marché du travail et de la productivité Ottawa Ont	5,000,000	
Contributions to the Canadian Labour Congress labour education programs	Contributions aux programmes d'éducation syndicale du Congrès du travail du Canada	5,238,852	
Canadian Labour Congress Ottawa Ont	Congrès du travail du Canada Ottawa Ont		5,238,852
Contributions to labour organizations not affiliated with the Canadian Labour Congress to promote and upgrade labour education programs	Contributions aux organisations de travailleurs non affiliées au Congrès du travail du Canada en vue de promouvoir et d'améliorer les programmes d'éducation syndicale	1,090,148	
Canadian Conference of Teamsters Ottawa Ont	Canadian Conference of Teamsters Ottawa Ont		140,992
Canadian Federation of Labour Ottawa Ont	Fédération canadienne du Travail Ottawa Ont		361,332
Centrale de l'enseignement du Québec Ste-Foy Que	Centrale de l'enseignement du Québec Ste-Foy Qc		145,778
Centrale des syndicats démocratiques Montreal Que	Centrale des syndicats démocratiques Montréal Qc		442,046
GHI AGENCY	ORGANISME GHI	<b>1,200,000</b>	
Grants, scholarships, bursaries and awards to promote industrial design	Subventions, bourses d'études, bourses d'entretien et prix en vue de favoriser le design industriel	8,000	
Grants to health organizations	Subventions à des organismes de santé	1,173,922	
Contributions to Canadian industries	Contributions aux industries canadiennes	15,078	
Contribution to Furniture West Inc	Contribution à la Furniture West Inc	3,000	

### 15.5.11 Payments of Claims against the Crown

#### 01. Introduction

A statement showing, by program in both official languages, details of all payments of claims against the Crown of \$1,000 or over, is published in Volume III of the *Public Accounts of Canada*.

#### 02. Background Information

Information on damage claims was disclosed in the various ministerial sections of the *Public Accounts of Canada* prior to 1971. In 1971, separate summary statements disclosing details of damage claims and nugatory payments were introduced. In 1993, these two statements were combined into one statement called "Payments of Claims against the Crown".

#### 03. Reference

Reference must be made to the Policy on Claims and Ex gratia Payments on the *Treasury Board Site* located at the following URL address: [http://www.tbs-sct.gc.ca/pubs\\_pol/dcgpubs/tbm\\_142/claiexgratpaym\\_e.asp](http://www.tbs-sct.gc.ca/pubs_pol/dcgpubs/tbm_142/claiexgratpaym_e.asp).

#### 04. Inclusions

This statement must include, where applicable, information such as:

- "out-of-court" settlements of claims against the Crown, including employment-related claims such as harassment, wrongful dismissal, etc.;
- payments under the *Canadian Human Rights Act*;
- settlements and arbitral awards for breach or termination of contracts adjudicated by the Contracts Settlement Board or pursuant to the *Commercial Arbitration Act*; and
- compensations paid to employees and servants, pursuant to a risk management policy, for losses or damages suffered by the employee or servant (EXCEPT where it is an ex gratia payment).

#### 05. Exclusions

Any claim paid as an ex gratia payment or a Court award must not be reported here but must be reported in the applicable statement (refer to sections 15.5.12 and 15.5.13 of this chapter).

#### 06. Authority for Payment

The Policy on Claims and Ex gratia Payments (see REFERENCE above) delegated full authority to departments and agencies to settle claims and make ex gratia payments.

#### 07. Manuscript preparation

Departments and agencies must:

- use Plate III-10 for reporting. A sample plate is included as Annex A of this section.
- indicate nil return on the plate (if applicable).
- round amounts to the nearest dollar.
- textual bilingual information must be left-aligned.

- provide bilingual information on the following details for each payment of claims against the Crown of \$1,000 or over (except claims paid as ex gratia payments or Court awards):
  - . brief description of payment. For claims approved by Treasury Board or the Governor in Council (if any), please provide the applicable TB minute number or PC number;
  - . names of payees in alphabetical order (surname followed by initials); and
    - N.B. For payments made to payees through third parties (e.g. insurance company or law firm), both names must be provided (see sample plate).
  - . amount of payment.
  
- report all payments under \$1,000 as one amount at the end of each program in line with the notation “Claims under \$1,000”. The total number of these payments must also be reported in brackets adjacent to such notation.
  
- provide a total for each program.

ANNEX A

DEPARTMENT OR AGENCY: XYZ

Plate III-10

Payments of Claims against the Crown

PAGE 1 OF 1

Particulars and payee	Énoncé et bénéficiaire	Amount
		\$
<b>ABC PROGRAM</b>	<b>PROGRAMME ABC</b>	
Accident involving a Crown vehicle—	Accident impliquant un véhicule de l'État—	
Lemmon B.....	Lemmon B.....	3,404
Saskatchewan Government Insurance.....	Saskatchewan Government Insurance.....	\$ 1,130
Patterson S.....	Patterson S.....	59
		<u>1,189</u>
Claims under \$1,000 (2).....	Réclamations inférieures à 1 000 \$ (2).....	256
		<u>4,849</u>
<b>DEF PROGRAM</b>	<b>PROGRAMME DEF</b>	
Damages to personal property during a military exercise (TB 941822)—	Dommages causés à des biens personnels lors d'un exercice militaire (CT 941822)—	
Pelletier G.....	Pelletier G.....	1,200
Claims under \$1,000 (3).....	Réclamations inférieures à 1 000 \$ (3).....	405
		<u>1,605</u>



## 15.5.12 Ex Gratia Payments

### 01. Introduction

A statement showing, by program in both official languages, details of all ex gratia payments of \$100 or over, is published in Volume III of the *Public Accounts of Canada*.

### 02. Background Information

Information on ex gratia payments was disclosed in the various ministerial sections of the *Public Accounts of Canada* prior to 1971. In 1971, a separate summary statement disclosing details of ex gratia payments was introduced.

### 03. Definition

Ex gratia payment — a discretionary payment, made as an act of benevolence in the public interest, free of any legal obligation, whether or not any value or service has been received.

### 04. Reference

Reference must be made to the Policy on Claims and Ex gratia Payments on the *Treasury Board Site* located at the following URL address: [http://www.tbs-sct.gc.ca/pubs\\_pol/dcgpubs/tbm\\_142/claixgratpaym\\_e.asp](http://www.tbs-sct.gc.ca/pubs_pol/dcgpubs/tbm_142/claixgratpaym_e.asp).

### 05. Authority for payment

The Policy on Claims and Ex gratia Payments (see REFERENCE above) delegated full authority to departments and agencies to settle claims and make ex gratia payments.

### 06. Manuscript preparation

Departments and agencies must:

- use Plate III-11 for reporting. A sample plate is included as Annex A of this section.
- indicate nil return on the plate (if applicable).
- round amounts to the nearest dollar.
- textual bilingual information must be left-aligned.
- provide bilingual information on the following details for each ex gratia payment of \$100 or over (including ex gratia payments for damage claims):
  - . brief description of payment. For payments approved by Treasury Board or the Governor in Council (if any), please provide the applicable TB minute number or PC number;
  - . names of payees in alphabetical order (surname followed by initials); and
    - N.B. For payments made to payees through third parties, both names must be provided (see sample plate).
  - . amount.
- report all payments under \$100 as one amount at the end of each program in line with the notation “Payments under \$100”. The total number of these payments must also be reported in brackets adjacent to such notation.
- provide a total for each program.

- in the rare circumstance where a department wishes to withhold publication of the details (i.e. names and/or reasons), a written request must be submitted to the Senior Director Government Accounting Policy Division at Treasury Board Secretariat (TBS). The TBS must then seek the support of the Public Accounts Committee. Departments are encouraged to submit their requests during the year with a deadline for all submissions of March 31. Exemptions must be renewed each year.

ANNEX A

DEPARTMENT OR AGENCY: XYZ

Plate III-11
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Ex Gratia Payments

PAGE 1 OF 1

Particulars and payee	Énoncé et bénéficiaire	Amount
		\$
<b>ABC PROGRAM</b>	<b>PROGRAMME ABC</b>	
Compensation for hospital expenses incurred by children (TB 941836)—	Indemnisation de frais d'hospitalisation encourus par des enfants (CT 941836)—	
Dancose M J.....	Dancose M J.....	8,000
Gagnon R L.....	Gagnon R L.....	6,000
Payments under \$100 (2).....	Paiements inférieurs à 100 \$ (2).....	150
		14,150
<b>DEF PROGRAM</b>	<b>PROGRAMME DEF</b>	
Compensation for damage to a vehicle—	Indemnisation pour dommage à un véhicule—	
D J Murphy in trust for Lewis E.....	D J Murphy en fiducie pour Lewis E.....	180

### 15.5.13 Court Awards

#### 01. Introduction

A statement showing, by program in both official languages, details of all Court awards, is published in Volume III of the *Public Accounts of Canada*.

#### 02. Background Information

Information on Court awards was disclosed in the various ministerial sections of the *Public Accounts of Canada* prior to 1971. In 1971, a separate summary statement disclosing details of Court awards was introduced.

#### 03. Inclusions

All payments by the Crown as a result of any Court judgment (federal, provincial or other) against the Crown must be reported in this statement. Most Court awards are granted pursuant to either the *Crown Liability and Proceedings Act* (section 30(1)), the *Supreme Court Act* (section 98) or the *Tax Court of Canada Act*.

#### 04. Exclusions

Not all decisions by a judge represent a “Court award”. In some cases, judges (federal, provincial or other) are appointed as commissioners of inquiries, arbitrators in labour disputes, or assessors or adjudicators outside of the legal process. In these cases (for example, a decision pursuant to section 57 of the *Health of Animals Act* or section 41 of the *Plant Protection Act*), the judges are not acting in their normal judicial capacity and their decisions are not Court awards and thus must not be included.

#### 05. Manuscript preparation

Departments and agencies must:

- use Plate III-12 for reporting. A sample plate is included as Annex A of this section.
- indicate nil return on the plate (if applicable).
- round amounts to the nearest dollar.
- textual bilingual information must be left-aligned.
- provide bilingual information on the following details for each award:
  - . authority for payment (e.g. Court name and judgement number);
  - . brief description of award;
  - . names of payees (litigants in whose favour judgements were made) in alphabetical order (surname followed by initials); and
  - . N.B. For payments made to payees through third parties, both names must be provided (see sample plate).
  - . amount.

— provide a total for each program.

N.B. Court awards granted pursuant to either the *Crown Liability and Proceedings Act*, the *Supreme Court Act* or the *Tax Court of Canada Act* should be charged to a statutory authority (vote). The total amount spent reported for each program must therefore agree or exceed the corresponding amount reported as Court awards (statutory vote) in the “Summary of Source and Disposition of Authorities” statement (Predrafted Form “A” - column (6), section 15.4.2). If certain awards were charged to an operating vote, the total amount spent reported on Plate III-12 will then exceed the amount reported under column (6) of Predrafted Form “A”.

ANNEX A

DEPARTMENT OR AGENCY: XYZ

Plate  
III-12

Court Awards

PAGE 1 OF 1

Particulars and payee	Énoncé et bénéficiaire	Amount
		\$
<b>ABC PROGRAM</b>	<b>PROGRAMME ABC</b>	
Authority — Federal Court Award T-589-82	Autorisation—Arrêt de la cour fédérale T-589-82	
Payments of damages due to harassment complaint — Bennett Jones Verchere in trust for Éthier P.....	Paiements pour des dommages suite à une plainte d’harcèlement— Bennett Jones Verchère en fiducie pour Éthier P.....	<u>8,000</u>
<b>DEF PROGRAM</b>	<b>PROGRAMME DEF</b>	
Authority — Federal Court Award T-569-82	Autorisation—Arrêt de la cour fédérale T-569-82	
Compensation for expropriation of land— Cole G F.....	Indemnisation suite à l’expropriation de terrain— Cole G F.....	3,000
Davies H L.....	Davies H L.....	2,000
Authority — Supreme Court of BC C896358	Autorisation — Arrêt de la cour suprême de C-B C896358	
Settlement of a claim as a result of an accident— Smith J.....	Règlement d’une réclamation résultant d’un accident— Smith J.....	27,733
		<u>32,733</u>

### 15.5.14 Federal-Provincial shared-cost programs

#### 01. Introduction

A comparative statement of expenditures by province and territory, for each federal-provincial shared-cost program, is published in Volume III of the *Public Accounts of Canada*.

#### 02. Background information and authority

The 5<sup>th</sup> Report of the Standing Committee on *Public Accounts of Canada*, tabled in the House of Commons on March 10, 1971, recommended that a detailed summary of federal-provincial shared-cost programs be provided in the *Public Accounts of Canada* showing the federal share of the cost of each program on an annual and cumulative basis with comparative figures for the previous year, and that the information on the federal share of each program be provided by province and territory. The Government subsequently implemented this recommendation and since, then, the requested information has been published in the *Public Accounts of Canada*.

#### 03. Definition

Federal-Provincial Shared Cost Program — Program or activity, where both federal and provincial levels of government share the cost or certain costs.

#### 04. Manuscript preparation

Departments and agencies must:

— use Plate III-14 for reporting. A sample plate is included as Annex A of this section.

N.B. A Plate III-14 listing all uncompleted federal-provincial shared-cost programs reported in PY *Public Accounts of Canada* will be sent for completion sometime in April. This plate will include such detail as PY expenditures by province and territory for each uncompleted program. The English and French names of all new federal-provincial shared-cost programs must be added at the bottom of the supplied plate. Please update and complete the supplied Plate III-14.

— indicate nil return on the plate (if applicable).

— round amounts to the nearest thousand dollars.

— for each federal-provincial shared-cost program, provide the following information by province and territory and in total:

- official program names in both english and french;
- CY expenditures (1<sup>st</sup> row);
- PY expenditures (2<sup>nd</sup> row);
- expenditures from inception (including CY expenditures) (3<sup>rd</sup> row);
- amounts shown should only be the federal share of the expenses of each program;
- amounts shown should be netted from reimbursements received by the Federal Government in accordance with the program; and
- amounts shown should include in-kind contributions if they can be determined or estimated with reasonable effort, considering materiality.

Ex: The Federal Government contributes to a provincial project by providing personnel to manage the program. The salary expenses may be calculated easily if those persons commit their time only to the program. However, the amount can be difficult to determine if these people work on multiple projects at the same time. In this case, a pro rata should be calculated only if the possible amount could be considered material.

- agree amounts reported as PY expenditures, for each federal-provincial shared-cost program and for each province and territory, to amounts reported in PY *Public Accounts of Canada*.
- add CY expenditures to amounts reported as “Expenditures from inception” in PY *Public Accounts of Canada* to obtain CY amounts reported as “Expenditures from inception” (3<sup>rd</sup> row).
- continue to report details by province and territory until completion of the federal-provincial shared-cost program, even if there is no expenditure in a given year for a given province or territory.
- for federal-provincial shared-cost programs for which PY amounts have been amended, insert an (a) under the “Footnote” column adjacent to the total amount reported as “Expenditures from inception” (3<sup>rd</sup> row).
- for federal-provincial shared-cost programs completed in CY, insert an (f) under the “Footnote” column adjacent to the total amount reported as “Expenditures from inception” (3<sup>rd</sup> row).



**ANNEX A**

DEPARTMENT OR AGENCY: XYZ

Federal-Provincial Shared-Cost Programs

Plate III-14

(in thousands of dollars)

PAGE 1 OF 1

Name of federal-provincial shared-cost program	Newfoundland & Labrador	Prince Edward Island	Nova Scotia	New Brunswick	Quebec	Ontario	Manitoba	Saskatchewan	Alberta	British Columbia	Total provinces	Northwest Territories	Nunavut	Yukon Territory	Total	Footnote
Fire-arms	222	74	464	446	802	2,074	356	249	698	495	5,880	129	95	101	6,205	
	<b>613</b>	<b>218</b>	<b>990</b>	<b>915</b>	<b>2,467</b>	<b>5,979</b>	<b>1,073</b>	<b>809</b>	<b>2,045</b>	<b>1,528</b>	<b>16,637</b>	<b>419</b>	...	<b>324</b>	<b>17,380</b>	
	<i>835</i>	<i>292</i>	<i>1,454</i>	<i>1,361</i>	<i>3,269</i>	<i>8,053</i>	<i>1,429</i>	<i>1,058</i>	<i>2,743</i>	<i>2,023</i>	<i>22,517</i>	<i>548</i>	<i>95</i>	<i>425</i>	<i>23,585</i>	(a)
Legal aid	1,730	229	3,209	1,209	16,646	41,420	3,452	2,585	6,586	9,159	86,225	1,658	420	427	88,730	
	<b>1,730</b>	<b>215</b>	<b>3,209</b>	<b>1,209</b>	<b>16,646</b>	<b>41,420</b>	<b>3,452</b>	<b>2,585</b>	<b>6,586</b>	<b>9,159</b>	<b>86,211</b>	<b>3,101</b>	...	<b>803</b>	<b>90,115</b>	
	<i>21,680</i>	<i>3,213</i>	<i>41,270</i>	<i>19,608</i>	<i>240,388</i>	<i>482,931</i>	<i>46,562</i>	<i>37,002</i>	<i>91,600</i>	<i>116,405</i>	<i>1,100,659</i>	<i>19,461</i>	<i>420</i>	<i>6,324</i>	<i>1,126,864</i>	
Young offenders assistance juvenile justice	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	
	<b>4,899</b>	<b>1,934</b>	<b>5,905</b>	<b>4,616</b>	<b>28,523</b>	<b>61,030</b>	<b>5,677</b>	<b>7,098</b>	<b>13,660</b>	<b>17,178</b>	<b>150,520</b>	<b>3,945</b>	...	<b>1,055</b>	<b>155,520</b>	
	<i>44,359</i>	<i>17,464</i>	<i>52,674</i>	<i>41,651</i>	<i>328,283</i>	<i>574,397</i>	<i>52,334</i>	<i>64,195</i>	<i>127,233</i>	<i>58,130</i>	<i>1,360,720</i>	<i>45,230</i>	<i>326</i>	<i>13,461</i>	<i>1,419,737</i>	(f)
INSERT NEW PROGRAMS HERE:																
Native courtworker	86	...	92	...	456	907	315	500	931	927	4,214	379	92	139	4,824	
Conseiller parajuridique autochtone	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	
	<b>86</b>	...	<b>92</b>	...	<b>456</b>	<b>907</b>	<b>315</b>	<b>500</b>	<b>931</b>	<b>927</b>	<b>4,214</b>	<b>379</b>	<b>92</b>	<b>139</b>	<b>4,824</b>	
Insert name of program here	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	

(a) Amends previous year's *Public Accounts of Canada*.

(f) Program completed.

For each federal-provincial shared-cost program:

First row represents CY Expenditures (in roman)

Second row represents PY Expenditures (in bold face)

Third row represents Expenditures from inception (including CY expenditures) (in italics)

### 15.5.15 Budgetary details by allotment

#### 01. Introduction

A statement showing, for each vote under each program, details of each allotment as approved by Treasury Board, together with the related CY expenditures, is published in Volume III of the *Public Accounts of Canada*.

In accordance with section 31 of the *Financial Administration Act*, departments and agencies shall:

- prepare a division of each appropriation included in Appropriation Acts, into allotments;
- submit allotments for Treasury Board approval;
- not vary or amend allotments without Treasury Board approval; and
- take whatever action is deemed necessary to ensure that allotments are not exceeded.

#### 02. Background information

Details of budgetary expenditures by allotment first appeared in the *Public Accounts of Canada* in 1971.

#### 03. Manuscript preparation

Departments and agencies are not required to submit a special plate to CPARD.

The Estimates Division of Treasury Board Secretariat will provide the required *Public Accounts of Canada* information based on data collected from all departments and agencies. Specific reporting instructions to collect such data will be issued by the Estimates Division. Upon receipt of the required *Public Accounts of Canada* information from the Estimates Division, CPARD will verify the total CY allotment and expenditure amounts of each vote to the “Summary of Source and Disposition of Authorities” statement (Predrafted Form “A”, section 15.4.2) and the total authorities available and used to the “Details of Respendable Amounts” statement (Predrafted Form “D”, section 15.4.5). The Estimates Division will contact departments and agencies to resolve any discrepancies.

### 15.5.16 Commissions

#### 01. Introduction

For each commission, a statement showing general information and details of the travel and living expenses of each member is published in Volume III of the *Public Accounts of Canada*.

#### 02. Background information

Information on commissions first appeared in the *Public Accounts of Canada* in 1950.

#### 03. Definitions

Commission — any commission involved in a public inquiry or investigation and appointed pursuant to the *Inquiries Act* or any other Act of Parliament providing for a similar type of investigation or inquiry. Commissions are usually appointed by the Governor in Council and are established for a short period of time (5 years or less). Most commissions are funded through the operating vote of the Privy Council Office.

Member— any person appointed as a commissioner or member of a commission to conduct an inquiry or an investigation. These persons are generally not public servants. Officers and employees of commissions are not considered members.

#### 04. Manuscript preparation

Departments and agencies must:

- use Plates III-16 and III-16a for reporting. Sample plates are included as Annexes A and B of this section.
- indicate nil return on the plates (if applicable).
- round amounts to the nearest dollar.
- provide, for each commission, the following bilingual information on Plate III-16:
  - . narrative description outlining how it was established, its objective(s) and its term;
  - . total expenditures incurred in the CY, detailed as follows:
    - salaries of members;
    - travel and living expenses of members;
    - other salaries; and
    - other expenditures.
- provide, for each commission, the following information on Plate III-16a whenever travel and living expenses have been incurred in the CY:
  - . names of members listed in alphabetical order (surnames followed by initials);
  - . travel and living expenses incurred by each member; and
  - . total travel and living expenses.
- agree, for each commission, total travel and living expenses as reported on Plate III-16a to corresponding amount reported on Plate III-16.

DEPARTMENT OR AGENCY: XYZ

Plate III-16

Commissions—General information by commission

PAGE 1 OF 1

		Members				
		Salaries	Travel and living expenses	Other salaries	Other expenditures	Total
		\$	\$	\$	\$	\$
Commission of Inquiry on the Blood System in Canada.....	Commission d'enquête sur l'approvisionnement en sang au Canada.....	160,000	1,602	369,405	1,739,323	2,270,330
<p>This Commission was established by Order in Council (PC 1993-1879 dated October 4, 1993) pursuant to the <i>Inquiries Act</i>. The Commission's mandate is to review and report on the mandate, organization, management, operations, financing and regulation of all activities of the blood system in Canada, including the events surrounding the contamination of the blood system in Canada in the early 1980s. Term is indeterminate.</p>		<b>Plate II-16a</b>				
<p>This Commission a été instituée par décret (CP 1993-1879, daté du 4 octobre 1993) en vertu de la <i>Loi sur les enquêtes</i>. La Commission a pour mandat de réviser et faire un rapport sur le mandat, l'organisation, la gestion, les opérations, le financement, et la réglementation de toutes les activités de l'approvisionnement en sang du Canada, incluant les événements entourant la contamination de l'approvisionnement en sang du Canada au début des années 1980. Durée du mandat est indéterminée.</p>						
Commission of Inquiry into the Deployment of Canadian Forces to Somalia.....	Commission d'enquête sur le déplacement des Forces canadiennes en Somalie.....	32,000	2,800	1,200	3,600	39,600
<p>This Commission was established by Order in Council (PC 1995-442 dated March 20, 1995) pursuant to Part I of the <i>Inquiries Act</i>. The Commission's mandate is to inquire into and report on the chain of command system, leadership within the chain of command, discipline, operations, actions and decisions of the Canadian Forces and the actions and decisions of the Department of National Defence in respect of the Canadian Forces deployment to Somalia and, without restricting the generality of the foregoing, matters related to the pre-deployment, in-theatre and post-deployment phases of the Somalia deployment.</p>		<b>Plate II-16a</b>				
<p>Cette Commission a été instituée par décret (CP 1995-442, daté du 20 mars 1995) en vertu de la partie I de la <i>Loi sur les enquêtes</i>. Le mandat de la Commission est de faire enquête et de faire rapport sur le fonctionnement de la chaîne de commandement, le leadership au sein de la chaîne de commandement, la discipline, les opérations, les mesures et les décisions des Forces canadiennes, ainsi que les mesures et les décisions du ministère de la Défense nationale, en ce qui a trait au déploiement des Forces canadiennes en Somalie et, notamment, sur les questions liées à la période antérieure au déploiement, aux opérations sur le théâtre et à la période qui a suivi le déploiement en Somalie.</p>						

**ANNEX B**

DEPARTMENT OR AGENCY: XYZ

Plate III-16a
---------------

Commissions—Details of travel and living expenses

PAGE 1 OF 1

Names of members	CY Expenditures
	\$
Commission of Inquiry on the Blood System in Canada	
Cadieux R.....	802
Fairweather G.....	800
	1,602
	<b>Plate III-16</b>
Commission of Inquiry into the Deployment of Canadian Forces to Somalia	
Fortin J.....	900
Lemelin L.....	700
Linden A M.....	1,200
	2,800
	<b>Plate III-16</b>

### 15.5.17 Education costs

#### 01. Introduction

A summary of education costs is published in Volume III of the *Public Accounts of Canada*.

#### 02. Background Information

The 9<sup>th</sup> Report of the Standing Committee on *Public Accounts of Canada*, tabled in the House of Commons on March 15, 1965, recommended that information on education costs be included in the *Public Accounts of Canada*. The Government subsequently implemented this recommendation and, since then, the requested information has been published in the *Public Accounts of Canada*.

#### 03. Definitions

Education cost — for the purpose of reporting in the *Public Accounts of Canada*, an education cost represents the cost of any long-term education activity.

Long-term education activity — a training or development activity conducted at an educational institution outside of the Public Service that amounted or will amount to a total of 65 working days or more over a maximum period of three (3) years, or that involved or will involve total expenditures in excess of \$25,000 (including salary) per employee.

#### 04. Inclusions

Only training and development activities given to Government employees (including members of the Royal Canadian Mounted Police and the Canadian Forces) must be reported.

#### 05. Exclusions

The following training and development activities must not be reported:

- official languages training; and
- training and development under the following programs:
  - Career Assignment Program;
  - Interchange Programs;
  - Executive Development Leave Plan; and
  - Fellowship Programs of the Canadian Centre for Management Development.

#### 06. Manuscript preparation

Departments and agencies must:

- use Plate III-17 for reporting. A sample plate is included as Annex A of this section.
- indicate nil return on the plate (if applicable).
- round amounts to the nearest dollar.

- indicate the total amount spent in the current fiscal year for all long-term education activities that have been started and/or that were completed during the year (please refer to subsection 03. previous page for a definition of a long-term education activity).
- indicate the total number of employees that participated in long-term education activities during the current fiscal year.

ANNEX A

DEPARTMENT OR AGENCY: XYZ

Plate III-17

Education Costs

PAGE 1 OF 1

Number of employees	Salaries <sup>(1)</sup>	Travel and living expenses	Tuition fees <sup>(2)</sup>	Other expenses	Total
	\$	\$	\$	\$	\$
8	65,000	5,000	6,000	1,200	77,200

<sup>(1)</sup> Includes allowances in lieu of pay.<sup>(2)</sup> Includes book allowances.



### 15.5.18 Return on investments

#### 01. Introduction

A detailed analysis of return on investments by major category of assets is published in Volume III of the *Public Accounts of Canada*. Details are presented as follows:

- interest;
- transfer of profits and surpluses;
- dividends; and
- other.

In addition, a comparative summary statement of return on investments is published in Volume I of the *Public Accounts of Canada*.

#### 02. Background Information

Information on return on investments first appeared in the *Public Accounts of Canada* in 1953.

#### 03. Definition

Major categories of assets — represent the same categories of assets used on the Statement of Financial Position (Section 2 in Volume I of the *Public Accounts of Canada*).

#### 04. Manuscript preparation

Departments and agencies must:

- use Plate III-20 for reporting. A sample plate is included as Annex A of this section.
- indicate nil return on the plate (if applicable).
- round amounts to the nearest dollar.
- provide the appropriate category and name of the asset account. (For reference, see PY *Public Accounts of Canada*).
- agree each amount to the amount reported for the return on investments classification of revenues on Predrafted Form “E”, section 15.4.6.

ANNEX A

DEPARTMENT OR AGENCY: XYZ

Plate III-20

Return on Investments

PAGE 1 OF 1

	Amount realized in CY				
	Interest	Transfer of profits and surpluses	Dividends	Other	Total
	\$	\$	\$	\$	\$
<b>LOANS, INVESTMENTS AND ADVANCES</b>					
Enterprise Crown corporations—					
Business Development Bank of Canada.....	5,987		351		6,338
Other—					
Assisted passage scheme.....	5,100				5,100
Burgeon Leasing Limited.....				6,268	6,268
<b>Total loans, investments and advances.....</b>	<b>11,087</b>		<b>351</b>	<b>6,268</b>	<b>17,706</b>
<b>FOREIGN EXCHANGE ACCOUNTS—</b>					
International Monetary Fund—					
Subscriptions.....		11,111			11,111
<b>Total foreign exchange accounts.....</b>		<b>11,111</b>			<b>11,111</b>
<b>TOTAL RETURN ON INVESTMENTS.....</b>	<b>11,087</b>	<b>11,111</b>	<b>351</b>	<b>6,268</b>	<b>28,817</b>

Note: Each individual figure must agree with Predrafted Form "E", section 15.4.6.

## 15.5.19 Travel expenses of ministers and parliamentary secretaries

### 01. Introduction

A statement showing the travel expenses of ministers and parliamentary secretaries while on official departmental business is published in Volume III of the *Public Accounts of Canada*.

To enhance ministerial accountability for travel expenses, the Government decided to make available to Parliament and the public, periodic reports on the travel expenses of ministers and parliamentary secretaries paid from departmental program budgets. A separate Receiver General Directive (RGD 1994-4) entitled “Reporting of Ministerial Travel Expenses”, located at the following URL address: <http://publiservice.pwgsc.gc.ca/rg/text/oldrg-e.html>, covers this reporting requirement.

### 02. Background information

Information on the travel expenses of ministers and parliamentary secretaries first appeared in the *Public Accounts of Canada* in 1943.

### 03. Definitions

Government business travel and travel on official departmental business — synonymous terms used to describe the circumstances under which the expenses may be paid or reimbursed from public funds.

Government department — any department named in Schedule I of the *Financial Administration Act* (FAA); any division or branch of the public service of Canada set out in column 1 of Schedule 1.1 of the FAA; a commission under the *Inquiries Act* designated by the Governor in Council as a department for purposes of the FAA; the staffs of the Senate, the House of Commons and the Library of Parliament; and, any corporation named in Schedule II of the FAA. The report from the Privy Council must show the expenses incurred by the Prime Minister, the Deputy Prime Minister, the President of the Privy Council, the Leader of the Government in the Senate and the Leader of the Government in the House of Commons.

Ministers — include ministers in charge of departments, ministers of state (secretaries of state), ministers without portfolio, the Prime Minister, the Deputy Prime Minister, the President of the Privy Council, the Leader of the Government in the Senate and the Leader of the Government in the House of Commons.

Parliamentary secretaries — include all the members of the House of Commons appointed by the Governor in Council to be parliamentary secretaries to ministers.

Travel expenses — for purposes of this statement, travel expenses include transportation and other expenses left to the discretion of ministers as well as those expenses pertaining to parliamentary secretaries. These expenses are incurred by ministers and parliamentary secretaries in the course of their duties on behalf of a Government department.

Travel status — a situation where a person is absent from his/her home and his/her headquarters area on Government business travel, specifically for a Government department.

### 04. Scope

Amounts of travel expenses of ministers and parliamentary secretaries whether charged to Vote 1 — administration of a department or other votes within a department, must be included in this statement.

---

## 05. Guidelines for reporting

### Ministers

The following travel expenses must be reported:

- transportation expenses:
  - (a) Government Travel Service;
  - (b) commercial carriers;
  - (c) use of Government vehicles, rental or privately owned;
  - (d) rental of Government or privately owned trains and marine transportation;
  - (e) rental of privately owned aircraft; and
  - (f) other expenses related to transportation while in travel status.
  
- other expenses such as:
  - (a) accommodation;
  - (b) meals and incidental expenses;
  - (c) travel insurance;
  - (d) passports and related expenses;
  - (e) telephone calls, telegrams and messenger services;
  - (f) office services while on travel status; and
  - (g) other expenses judged to be related, while on travel status.

### Parliamentary secretaries

The following travel expenses must be reported:

- (a) transportation (including any accommodation included in the transportation fare). See transportation expenses related to ministers for more details;
- (b) lodging and meals;
- (c) taxis, telephones and telegrams; and
- (d) other expenses. See other expenses related to ministers for more details.

## 06. Exclusions

The following items are to be excluded. Items (a), (b) and (c) are also charged to departmental appropriations, but are not reported elsewhere in the *Public Accounts of Canada*.

- (a) Travel expenses of ministers' staff, or of other persons travelling with ministers and parliamentary secretaries.
- (b) Hospitality costs extended on behalf of the Government where it is considered to be essential, as a matter of courtesy, or to facilitate the conduct of Government business.
- (c) Travel expenses of Members of the House of Commons serving on various parliamentary committees.
- (d) Any moving, transportation and travel expenses paid for by the House of Commons on behalf of its Members. These expenses are reported in a separate statement in Volume III of the *Public Accounts of Canada* entitled "House of Commons — Statement of sessional and expense allowances, and of travel expenses paid in CY".
- (e) Any Department of National Defence charges for the use of Government aircraft.

- (f) Any travel expenses incurred by ministers for the particular purpose of Canadian representation at international conferences and meetings. These expenses are included in a separate statement in Volume III of the *Public Accounts of Canada* entitled “Foreign Affairs and International Trade — Travel expenses for Canadian representation at international conferences and meetings”.

07. Manuscript preparation

Departments and agencies must:

- use Plate III-21 for reporting. A sample plate is included as Annex A of this section.
- indicate nil return on the plate (if applicable).
- round amounts to the nearest dollar.
- report the total amount spent as travel expenses by each minister and parliamentary secretary. The total amount spent must exclude the goods and services tax (GST). The vote number to which the charges were made must also be reported.
- if a minister (see 03. DEFINITIONS) is responsible for more than one portfolio, indicate in a footnote, under which department the travel expenses were incurred and charged (see Annex A of this section).
- if a minister is reported under another portfolio, indicate in a footnote, the name of the department responsible for budgeting these travel expenses (see Annex B of this section).

The names and titles of the ministers and parliamentary secretaries must be reported separately and must be listed in tabular form and in alphabetical order (initials followed by the surname). Whenever there is a new Government or a Cabinet shuffle during the year, the name of all the ministers and parliamentary secretaries must be reported (if applicable).

The total amount spent by each minister and parliamentary secretary must agree to the sum of the amounts reported in all periodic reports produced in a given fiscal year as requested pursuant to a separate Receiver General Directive (RGD 1994-4) entitled “Reporting of Ministerial Travel Expenses” located at the following URL address: <http://publiservice.pwgsc.gc.ca/rg/text/oldrg-e.html>. When the total amount on Plate III-21 does not agree to the sum of the amounts reported in the periodic reports, an explanatory note must be provided on the plate reconciling the difference.

ANNEX A

DEPARTMENT OR AGENCY: XYZ

Plate III-21

Travel Expenses of Ministers and Parliamentary Secretaries

PAGE 1 OF 1

	Vote	Amount
		\$
Minister—		
Hon R Kaplan.....	1	20,235
Secretary of State (International Financial Institutions)—		
Hon D Peters.....	1	6,800
Secretary of State (Western Economic Diversification)—		
Hon S Owen.....	20	12,040 <sup>(1)</sup>
Parliamentary Secretaries—		
M Arvisais.....	1	3,658
C Deniger.....	1	4,239

<sup>(1)</sup> Includes expenses incurred on business related to Indian Affairs and Northern Development portfolio.

ANNEX B

DEPARTMENT OR AGENCY: XYZ

Plate III-21

Travel Expenses of Ministers and Parliamentary Secretaries

PAGE 1 OF 1

	Vote	Amount
		\$
Secretary of State (Indian Affairs and Northern Development)—		
Hon S Owen <sup>(1)</sup> .....	1	...

<sup>(1)</sup> Reported by Western Economic Diversification.

**15.5.20 Other Volume III Statements**01. Introduction

Miscellaneous individual departmental statements are published in Volume III of the *Public Accounts of Canada*.

02. Manuscript preparation

Departments and agencies must:

- submit statements in the same format as shown in PY Public Accounts. A letter requesting such statements will be sent to concerned organizations.
- round amounts to the nearest dollar.



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