

Real Property Disposition Revolving Fund

Financial Statements
March 31, 2005

June 10, 2005

Auditors' Report

**To the Director General, Audit and Ethics Branch
Public Works and Government Services Canada**

We have audited the statement of financial position of the **Real Property Disposition Revolving Fund** as at March 31, 2005, the statements of operations, net assets and cash flows for the year then ended. These financial statements are the responsibility of the management of the Real Property Disposition Revolving Fund. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Real Property Disposition Revolving Fund as at March 31, 2005 and the results of its operations and its cash flows for the year then ended in accordance with the basis of accounting as disclosed in note 2 to the financial statements.

PricewaterhouseCoopers LLP

Chartered Accountants

Real Property Disposition Revolving Fund

STATEMENT OF FINANCIAL POSITION

As at March 31

	2005	2004
<i>In thousands of dollars</i>		
Assets		
Current		
Cash in transit	746	-
Accounts receivable		
Government of Canada	-	656
Work in process	2,128	2,513
	<u>2,874</u>	<u>3,169</u>
Liabilities and net assets		
Current		
Accounts payable and accrued liabilities		
Government of Canada	115	-
Deposits on disposals	853	218
	<u>968</u>	<u>218</u>
Net assets (note 3)	<u>1,906</u>	<u>2,951</u>
	<u>2,874</u>	<u>3,169</u>

The accompanying notes are an integral part of the financial statements.

Real Property Disposition Revolving Fund

STATEMENT OF OPERATIONS AND NET ASSETS

For the year ended March 31

	2005	2004
<i>In thousands of dollars</i>		
Revenues	9,302	15,881
Operating expenses		
Fees	1,233	1,253
Disbursements	1,020	1,301
	<u>2,253</u>	<u>2,554</u>
Net results	7,049	13,327
Net assets, beginning of year	2,951	6,147
Transfer of part of the accumulated surplus to the accumulated net charge against the Fund's authority account (note 1)	(7,049)	(13,327)
Net financial resources provided and change in the accumulated net charge against the Fund's authority account, during the year	<u>(1,045)</u>	<u>(3,196)</u>
Net assets, end of year	<u>1,906</u>	<u>2,951</u>

The accompanying notes are an integral part of the financial statements.

Real Property Disposition Revolving Fund

STATEMENT OF CASH FLOWS

For the year ended March 31

	2005	2004
<i>In thousands of dollars</i>		
Operating activities		
Net results	7,049	13,327
Changes in working capital (note 4)	1,045	3,196
Net financial resources provided by operating activities	<u>8,094</u>	<u>16,523</u>
Financing activities		
Transfer of part of the accumulated surplus to the accumulated net charge against the Fund's authority account (note 1)	(7,049)	(13,327)
Net financial resources used by financing activities	<u>(7,049)</u>	<u>(13,327)</u>
Net financial resources provided and change in the accumulated net charge against the Fund's authority account, during the year	1,045	3,196
Accumulated net charge against the Fund's authority, beginning of year	<u>2,049</u>	<u>(1,147)</u>
Accumulated net charge against the Fund's authority, end of year (note 3)	<u><u>3,094</u></u>	<u><u>2,049</u></u>

The accompanying notes are an integral part of the financial statements.

Real Property Disposition Revolving Fund

NOTES TO THE FINANCIAL STATEMENTS

For the year ended March 31, 2005

1. AUTHORITY AND PURPOSE

The Real Property Disposition Revolving Fund was established in 1996 through the *Revolving Funds Act*, Section 5.1, to provide a mechanism within the Services Program to fund the disposal of federal real property. All proceeds of sale are deposited to the Consolidated Revenue Fund net of disposal costs and expenses. Any year-end accumulated surplus in the Real Property Disposition Revolving Fund in excess of \$5,000,000 is deposited to the Consolidated Revenue Fund, and the department submits annual reports to Treasury Board at the time of the preparation of the Main Estimates. This is in accordance with the terms and conditions approved in Treasury Board Decision #822056, dated January 19, 1995.

The Fund has a continuing non-lapsing authority from Parliament to make payments out of the Consolidated Revenue Fund for the necessary working capital, the total of which is not to exceed \$5,000,000 at any time.

2. SIGNIFICANT ACCOUNTING POLICIES

The financial statements have been prepared in accordance with accounting standards issued by the Treasury Board of Canada Secretariat which are consistent with Canadian generally accepted accounting principles for the public sector.

The significant accounting policies are as follows:

a) Use of estimates

The preparation of financial statements in accordance with the reporting requirements for Revolving Funds described by the Receiver General for Canada requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the dates of the financial statements and the reported amounts of revenues and expenses during the reporting periods. Actual results could differ from these estimates.

b) Revenues and expenses

Revenues are recognized in the accounting period in which both the title is transferred to the purchaser and the full payment is received by the Crown. Expenses are recorded on the accrual basis of accounting.

c) Work in process

Work in process includes labour and disbursements incurred for services performed or goods delivered for sales or transfers of properties not finalized at year-end.

d) Deposits on disposals

Deposits on disposals represent receipts on future disposals of properties that are not closed at year end.

Real Property Disposition Revolving Fund

NOTES TO THE FINANCIAL STATEMENTS

For the year ended March 31, 2005

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

e) Insurance

The Fund does not carry insurance on its property. This is consistent with the Government's policy of self-insurance.

3. NET ASSETS

In thousands of dollars

	2005	2004
Accumulated net charge against the Fund's authority	(3,094)	(2,049)
Accumulated surplus, beginning of year	5,000	5,000
Net results	7,049	13,327
Transfer of part of the accumulated surplus to the accumulated net charge against the Fund's authority account (note 1)	(7,049)	(13,327)
Accumulated surplus, end of year	5,000	5,000
	1,906	2,951

4. CHANGES IN WORKING CAPITAL

In thousands of dollars

	2005	2004	Changes
Current assets	2,874	3,169	295
Current liabilities	968	218	750
			1,045

5. FINANCIAL INSTRUMENTS

The Revolving Fund's financial instruments consist of cash in transit and accounts payable. The carrying values of these financial instruments approximate their fair value because of their short terms to maturity. Unless otherwise noted, it is management's opinion that the Revolving Fund is not exposed to significant interest, currency or credit risk arising from these financial instruments.