

**AEC Briefing Note**  
**2003-702 Audit of the Real Property Disposition Revolving Fund**  
**Financial Statements 2002/2003**

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### **Authority for the Project**

The audit of the financial statements of the Real Property Disposition Revolving Fund (RPDRF) was undertaken in accordance with the 2002/2003 Audit and Evaluation Plan as approved by the departmental Audit and Review Committee.

### **Objective**

The objective of the audit was to attest to the fair presentation in the financial statements of the Fund's financial position and the results of its operations and cash flow for the year ended March 31, 2003 for the purpose of reporting to the Deputy Minister and the departmental Senior Financial Officer. The financial statements and Auditor's Report are published in the Public Accounts of Canada.

### **Results**

The audit resulted in the provision of the attached auditor's report (opinion) by the public accounting firm Ernst and Young LLP.

**Real Property Disposition Revolving  
Fund**

**Financial Statements  
March 31, 2003**

June 12, 2003

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**Auditors' Report**

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

We have audited the balance sheet of the **Real Property Disposition Revolving Fund** as at March 31, 2003, the statements of operations, accumulated surplus 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, 2003 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

### BALANCE SHEET

	As at March 31	
	2003	2002
<i>In thousands of dollars</i>		
<b>Assets</b>		
Current		
Cash in transit	159	-
Accounts receivable		
Government of Canada	2,534	-
Outside parties	142	-
Work in process	4,094	5,139
	<u>6,929</u>	<u>5,139</u>
<b>Liabilities</b>		
Current		
Accounts payable and accrued liabilities		
Government of Canada	574	-
Deposits on disposals	208	349
	<u>782</u>	<u>349</u>
<b>Equity of Canada</b>		
Accumulated net charge against the Fund's authority	1,147	(210)
Accumulated surplus	5,000	5,000
	<u>6,929</u>	<u>5,139</u>

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

## Real Property Disposition Revolving Fund

### STATEMENT OF OPERATIONS

	Year ended March 31	
	2003	2002
<i>In thousands of dollars</i>		
<b>Revenues</b>	14,558	15,734
<b>Operating expenses</b>		
Fees	1,377	1,558
Disbursements	1,947	1,624
Other expenses	10	-
	<u>3,334</u>	<u>3,182</u>
<b>Net income</b>	<u>11,224</u>	<u>12,552</u>

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

## Real Property Disposition Revolving Fund

### STATEMENT OF ACCUMULATED SURPLUS

	Year ended March 31	
	2003	2002
<i>In thousands of dollars</i>		
<b>Balance, beginning of year</b>	5,000	5,000
Net income	11,224	12,552
Transfer of part of the accumulated surplus to the accumulated net charge against the Fund's authority account (note 1)	(11,224)	(12,552)
<b>Balance, end of year</b>	<u>5,000</u>	<u>5,000</u>

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

## Real Property Disposition Revolving Fund

### STATEMENT OF CASH FLOWS

	Year ended March 31	
	2003	2002
<i>In thousands of dollars</i>		
<b>Operating activities</b>		
Net income	11,224	12,552
Changes in working capital (note 3)	(1,357)	(1,488)
<b>Net financial resources provided by operating activities</b>	<u>9,867</u>	<u>11,064</u>
<b>Financing activities</b>		
Transfer of part of the accumulated surplus to the accumulated net charge against the Fund's authority account (note 1)	(11,224)	(12,552)
<b>Net financial resources used by financing activities</b>	<u>(11,224)</u>	<u>(12,552)</u>
<b>Net decrease in accumulated net charge against the Fund's authority</b>	(1,357)	(1,488)
<b>Accumulated net charge against the Fund's authority, beginning of year</b>	<u>210</u>	<u>1,698</u>
<b>Accumulated net charge against the Fund's authority, end of year</b>	<u>(1,147)</u>	<u>210</u>

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

## Real Property Disposition Revolving Fund

### NOTES TO THE FINANCIAL STATEMENTS

Year ended March 31, 2003

#### 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 principles generally accepted in Canada to the extent that they are in accordance with Government policies and directives. The significant accounting policies include the following:

**a) 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.

**b) 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.

**c) Deposits on disposals**

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

**d) Insurance**

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



## Real Property Disposition Revolving Fund

### NOTES TO THE FINANCIAL STATEMENTS

Year ended March 31, 2003

#### 3. CHANGES IN WORKING CAPITAL

*In thousands of dollars*

	2003	2002	Changes
Current assets	6,929	5,139	(1,790)
Current liabilities	782	349	433
	6,147	4,790	(1,357)