

Real Property Disposition Revolving Fund

**Financial Statements
March 31, 2004**

June 9, 2004

Auditors' Report

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

PricewaterhouseCoopers LLP
Chartered Accountants
99 Bank Street
Suite 700
Ottawa, Ontario
Canada K1P 1K6
Telephone +1 (613) 237 3702
Facsimile +1 (613) 237 3963

We have audited the statement of financial position of the **Real Property Disposition Revolving Fund** as at March 31, 2004, the statements of operations, accumulated surplus and cash flows for the year then ended. These financial statements have been prepared to comply with Section 4 of the Treasury Board of Canada's Policy on Special Revenue Spending Authorities. 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, 2004 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.

These financial statements, which have not been, and were not intended to be, prepared in accordance with Canadian generally accepted accounting principles, are solely for the information and use of the management of the Real Property Disposition Revolving Fund and the Treasury Board of Canada Secretariat for reporting on the use of the Fund authority. The financial statements are not intended to be and should not be used by anyone other than the specified users or for any other purpose.

PricewaterhouseCoopers LLP

Chartered Accountants

Real Property Disposition Revolving Fund

STATEMENT OF FINANCIAL POSITION

As at March 31

	2004	2003
<i>In thousands of dollars</i>		
Assets		
Current		
Cash in transit		159
Accounts receivable		
Government of Canada	656	2,534
Outside parties		142
Work in process	2,513	4,094
	<u>3,169</u>	<u>6,929</u>
Liabilities		
Current		
Accounts payable and accrued liabilities		
Government of Canada		574
Deposits on disposals	218	208
	<u>218</u>	<u>782</u>
Equity of Canada		
Accumulated net charge against the Fund's authority	(2,049)	1,147
Accumulated surplus	5,000	5,000
	<u>2,951</u>	<u>6,147</u>
	<u>3,169</u>	<u>6,929</u>

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

Real Property Disposition Revolving Fund

STATEMENT OF OPERATIONS

For the year ended March 31

	2004	2003
<hr/>		
<i>In thousands of dollars</i>		
Revenues	15,881	14,558
Operating expenses		
Fees	1,253	1,377
Disbursements	1,301	1,957
	<hr/>	<hr/>
	2,554	3,334
Net income	<hr/>	<hr/>
	13,327	11,224

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

Real Property Disposition Revolving Fund

STATEMENT OF ACCUMULATED SURPLUS

For the year ended March 31

	2004	2003
<i>In thousands of dollars</i>		
Balance, beginning of year	5,000	5,000
Net income	13,327	11,224
Transfer of part of the accumulated surplus to the accumulated net charge against the Fund's authority account (note 1)	<u>(13,327)</u>	<u>(11,224)</u>
Balance, end of year	<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

For the year ended March 31

	2004	2003
<i>In thousands of dollars</i>		
Operating activities		
Net income	13,327	11,224
Changes in working capital (note 3)	3,196	(1,357)
Net financial resources provided by operating activities	<u>16,523</u>	<u>9,867</u>
Financing activities		
Transfer of part of the accumulated surplus to the accumulated net charge against the Fund's authority account (note 1)	(13,327)	(11,224)
Net financial resources used by financing activities	<u>(13,327)</u>	<u>(11,224)</u>
Net increase (decrease) in accumulated net charge against the Fund's authority	3,196	(1,357)
Accumulated net charge against the Fund's authority, beginning of year	<u>(1,147)</u>	210
Accumulated net charge against the Fund's authority, end of year	<u>2,049</u>	<u>(1,147)</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, 2004

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 the reporting requirements for revolving funds described by the Receiver General for Canada. The basis of accounting used in these financial statements differs from Canadian generally accepted accounting principles because:

- The services received without charge from other government departments are not reported as expenses.

The significant accounting policies are as follows:

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.

Real Property Disposition Revolving Fund

NOTES TO THE FINANCIAL STATEMENTS

For the year ended March 31, 2004

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

d) Insurance

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

3. CHANGES IN WORKING CAPITAL

In thousands of dollars

	2004	2003	Changes
Current assets	3,169	6,929	3,760
Current liabilities	218	782	(564)
			3,196

4. COMPARATIVE FIGURES

Certain of the prior years' figures have been reclassified in order to conform to the presentation adopted in the current year.

5. FINANCIAL INSTRUMENTS

The Revolving Fund's financial instruments consist of accounts receivable, accounts payable and accrued liabilities. The carrying values of these financial instruments approximate 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.

6. 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.