

Ministry of Finance

Notification of the impact of a change in accounting policy pursuant to the *Budget Transparency and Accountability Act*, Section 11(2)

Change in accounting policy for recognition of bid revenue receipts from a cash to an accrual basis as of fiscal 2004/05.

In fiscal year 2004/05, the province changed its policy to recognize bid revenue receipts from the cash basis to the accrual basis. Bid revenue is now recognized over the estimated average tenure term. This estimated average will be reviewed periodically.

This policy change has been made in accordance with generally accepted accounting principles (GAAP), which recommends that revenue should be recognized over the term of the agreement rather than when received. This change in accounting policy has the following effect on the province's summary financial statements in the Public Accounts:

Fiscal Year	\$ millions		
	Bid Revenue Adjustment	Revenue deferred to future periods	Effect on Accumulated Deficit
2000-01	-225.010	771.546	546.536
2001-02	-103.257	874.803	771.546
2002-03	-59.427	934.230	874.803
2003-04	-343.652	1,277.882	934.230
2004-05	15.526	1,262.356	1,277.882

All future bonus bid receipts will be recorded on the accrual basis as recommended by GAAP. This change in policy will have the following effect on the province's future fiscal plan:

	2005-06	2006-07	2007-08
Revenue recognized under policy change	311,271	341,612	355,746
Fiscal plan estimates (per 2005/06 Estimates)	300,000	310,000	320,000
Net impact on fiscal plan	11,271	31,612	35,746

This change in accounting policy does not affect the results reported under the *Balanced Budget and Ministerial Accountability Act* (BBMAA) for fiscal 2004/05. The BBMAA requires that ministerial accountability be based on the accounting policies used in the Estimates of the same year.

Respectfully submitted,

(Original signed by:)

Honourable Carole Taylor
Chair of Treasury Board