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CONSOLIDATED FUTURE-ORIENTED STATEMENT OF OPERATIONS

(Unaudited)

For the year ending March 31, 2021



Public Services and Procurement Canada

Consolidated Future-Oriented Statement of Operations

(Unaudited)

For the Year Ending March 31

	Forecast results 2020	Planned results 2021
<i>(in thousands of dollars)</i>		
Expenses		
Purchase of Goods and Services	426,480	469,441
Payments and Accounting	818,718	514,912
Property and Infrastructure	5,046,372	4,769,850
Government-Wide Support	411,745	413,462
Procurement Ombudsman	4,668	4,358
Internal Services	354,096	308,504
Total expenses	7,062,079	6,480,527
Revenues		
Sales of goods and information products	1,821,554	1,734,711
Rentals	706,391	703,934
Services of a non-regulatory nature	529,948	554,722
Other revenues	155,046	140,134
Services of a regulatory nature	152,709	149,290
Revenue from Seized Property Proceeds Account	24,461	24,461
Revenues earned on behalf of Government	(81,874)	(81,874)
Total revenues	3,308,235	3,225,378
Net cost of operations before government funding and transfers	3,753,844	3,255,149

The accompanying notes form an integral part of this Consolidated Future-Oriented Statement of Operations

Public Services and Procurement Canada

Notes to the Consolidated Future-Oriented Statement of Operations

(Unaudited)

For the Year Ending March 31

1. Methodology and significant assumptions

The Consolidated Future-Oriented Statement of Operations has been prepared on the basis of government priorities and departmental plans as described in the Departmental Plan.

The information in the forecast results for fiscal year ending March 31, 2020, is based on actual results as at November 30, 2019, and on forecasts for the remainder of the fiscal year. Forecasts have been made for the planned results for fiscal year ending March 31, 2021.

The main assumptions underlying the forecasts are as follows:

- The department's activities will remain substantially the same as in the previous year.
- Expenses and revenues, including the determination of amounts internal and external to the government, are based on past experience and/or estimated business volume changes. The general historical pattern is expected to continue.
- Allowances are based mainly on historical experience and trends. The general historical pattern is expected to continue.

These assumptions are made as at November 30, 2019.

2. Variations and changes to the forecast financial information

Although every attempt has been made to forecast final results for the remainder of the fiscal year ending March 31, 2020 and for the fiscal year ending March 31, 2021, actual results achieved for both years are likely to differ from the forecast information presented, and this variation could be material.

In preparing this Consolidated Future-Oriented Statement of Operations, Public Services and Procurement Canada (PSPC) has made estimates and assumptions about the future. These estimates and assumptions may differ from the subsequent actual results. Estimates and assumptions are based on past experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances, and are continually evaluated.

Factors that could lead to material differences between the Consolidated Future-Oriented Statement of Operations and the historical statement of operations include:

- timing and amounts of acquisitions and disposals of tangible capital assets, which may affect gains, losses and amortization expense;
- implementation of new collective agreements;
- economic conditions, which may affect both the amount of revenue earned and the collectability of accounts receivable; and
- other changes to the operating budget, such as new initiatives or technical adjustments later in the fiscal year.

After the Departmental Plan is tabled in Parliament, PSPC will not be updating the forecasts for any changes in financial resources made in ensuing supplementary estimates. Variances will be explained in the Departmental Results Report.

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3. Summary of significant accounting policies

The Consolidated Future-Oriented Statement of Operations has been prepared using the Government of Canada accounting policies in effect for fiscal year ending March 31, 2020, and is based on Canadian public sector accounting standards. The presentation and results using the stated accounting policies do not result in any significant differences from Canadian public sector accounting standards.

Significant accounting policies are as follows:

A. Consolidation

This Consolidated Future-Oriented Statement of Operations includes the accounts of four revolving funds listed below, one of them being inactive. The three active revolving funds prepare a complete set of financial statements annually that are audited and published in the Public Accounts of Canada. The accounts of these revolving funds have been consolidated with those of PSPC, and intradepartmental balances and transactions have been eliminated.

The PSPC revolving funds are as follows:

- Defence Production Revolving Fund (*inactive*)
- Optional Services Revolving Fund
- Real Property Services Revolving Fund
- Translation Bureau Revolving Fund

B. Expenses

The department records expenses on an accrual basis.

Expenses are generally recorded when goods are received or services are rendered and include expenses related to personnel, professional and special services, repair and maintenance, utilities, materials and supplies, as well as amortization of tangible capital assets. Provisions to reflect changes in the value of assets or liabilities, such as contingent liabilities and environmental liabilities to the extent that the future event is likely to occur and a reasonable estimate can be made, are also included in expenses.

Services provided without charge for accommodation, employer contributions to health and dental insurance plans, legal services and worker's compensation are recorded as expenses at their estimated cost. Vacation pay and compensatory leave, as well as severance benefits, are accrued, and expenses are recorded as the benefits are earned by employees under their respective terms of employment.

PSPC administers the Payments in Lieu of Taxes Program (PILT) on behalf of all federal departments under the statutory authority of the *Payments in Lieu of Taxes Act*, which is disclosed under Grants in the Main Estimates. The Government of Canada voluntarily pays a fair share of the costs of local government, from which it is exempt, to municipalities and other taxation authorities having jurisdiction to levy and collect real property taxes in locations where federal lands and buildings are situated. The PILT issued by PSPC on behalf of other participating federal departments are recovered from them and recorded as Transfer Payments in the Public Accounts of Canada.

Amortization is recorded monthly commencing on the first day of the month following the month the asset was put into service.

Public Services and Procurement Canada

Notes to the Consolidated Future-Oriented Statement of Operations (Unaudited)

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3. Summary of significant accounting policies (continued)

C. Revenues

The department records revenues on an accrual basis.

Services of a regulatory nature are comprised mainly of cost recovery for services provided to administer the *Public Service Superannuation Act* and for payment services for Receiver General functions. Revenues from regulatory fees are recognized based on the services provided in the fiscal year.

Services of a non-regulatory nature are comprised mainly of special accommodation and real property services, real property project management services, translation services, as well as freight services, material transportation and travel procurement. They are accounted for in the period in which the underlying transaction or event occurred that gave rise to the revenues.

Other revenues are recognized in the period the event giving rise to the revenues occurred.

Revenues earned on behalf of government are non-respendable and are not available to discharge PSPC's liabilities. While the Deputy Minister of PSPC is expected to maintain accounting control, the Deputy Minister has no authority over the disposition of non-respendable revenues. Therefore, those revenues are presented as a reduction of PSPC's gross revenues.

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4. Parliamentary authorities

PSPC is financed by the Government of Canada through parliamentary authorities. Financial reporting of authorities provided to PSPC differs from financial reporting according to generally accepted accounting principles because authorities are based mainly on cash flow requirements. Items recognized in the Consolidated Future-Oriented Statement of Operations in one year may be funded through parliamentary authorities in prior, current, or future years. Accordingly, PSPC has a different net cost of operations for the year on a government funding basis than on an accrual accounting basis. The differences are reconciled in the following tables:

A. Reconciliation of net cost of operations to requested authorities

	Forecast results 2020	Planned results 2021
<i>(in thousands of dollars)</i>		
Net cost of operations before government funding and transfers	3,753,844	3,255,149
Adjustments for items affecting net cost of operations but not affecting authorities:		
Amortization of tangible capital assets	(502,796)	(514,165)
Services provided without charge by other government departments	(95,819)	(79,359)
(Increase) decrease in vacation pay and compensatory leave	(9,137)	8,593
Decrease (increase) in employee future benefits	3,136	(788)
(Increase) in contingent liabilities	(1,500)	-
Decrease in environmental liabilities	21,767	22,013
Net revenue from seized property proceeds account	(363)	(363)
	(584,712)	(564,069)
Adjustments for items not affecting net cost of operations but affecting authorities:		
Acquisitions of tangible capital assets	1,013,791	1,214,258
Payments on lease obligations for tangible capital assets	134,608	142,934
	1,148,399	1,357,192
Requested authorities	4,317,531	4,048,272

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4. Parliamentary authorities (continued)

B. Authorities requested

	Forecast results 2020	Planned results 2021
<i>(in thousands of dollars)</i>		
Vote 1 - Operating expenditures	2,792,150	2,316,072
Vote 5 - Capital expenditures	1,341,595	1,587,144
Statutory amounts	183,786	145,056
Total authorities requested	4,317,531	4,048,272