



**Shared Services Canada**  
**Future-Oriented Statement of Operations**  
For the year ending March 31, 2020



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**Future-Oriented Statement of Operations**  
**For the year ending March 31**  
(in thousands of dollars)

	<b>Forecast Results 2018-19</b>	<b>Planned Results 2019-20</b>
<b>Expenses</b>		
Email and Workplace Technology	151,039	145,902
Data Centres	782,743	776,811
Telecommunications	1,031,069	998,324
Cyber and IT Security	215,966	211,156
Customer Relationships and Service Management	243,121	246,355
Internal Services	206,483	227,064
<b>Total expenses</b>	<b>2,630,421</b>	<b>2,605,612</b>
<b>Revenues</b>		
Sale of goods and services	672,604	677,609
Miscellaneous revenues	540	423
Revenues earned on behalf of Government	(11,554)	(11,555)
<b>Total revenues</b>	<b>661,590</b>	<b>666,477</b>
<b>Net cost of operations before government funding and transfers</b>	<b>1,968,831</b>	<b>1,939,135</b>

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

**Shared Services Canada**  
**Notes to the Future-Oriented Statement of Operations**  
**For the year ending March 31**

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**1. Methodology and Significant Assumptions**

The 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 2018-19 has been calculated on the basis of available departmental authorities, considering this, actual expenditures and revenues are expected to be higher, aligned with actual revenues collected. Forecasts have been made for the planned results for fiscal year 2019-20.

The main assumptions underlying the forecasts are as follows:

- (a) The Department's activities will remain substantially the same as in the previous year.
- (b) Expenses and revenues, including the determination of amounts internal and external to the government, are based on past experience. The general historical pattern is expected to continue.
- (c) Planned results include operations for which there is reasonable assurance that appropriate authorities will be obtained.

These assumptions were adopted as at January 31, 2019.

**2. Variations and Changes to the Forecast Financial Information**

Although every attempt has been made to forecast final results for the remainder of 2018-19 and for 2019-20, actual results achieved for both years are likely to differ from the forecast information presented, and this variation could be material.

In preparing this Future-Oriented Statement of Operations, Shared Services Canada (SSC) 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 Future-Oriented Statement of Operations and the historical statement of operations include:

- (a) The timing and the amount of acquisitions and disposals of tangible capital assets which may affect gains, losses and amortization expense.
- (b) The implementation of new collective agreements.
- (c) Economic conditions, which may affect both the amount of revenue earned and the collectability of receivables.
- (d) 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, SSC 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 Future-Oriented Statement of Operations has been prepared using the Government of Canada's accounting policies in effect for fiscal year 2018-19, 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) Expenses**

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 provision for bad debts, as well as utilization of prepaid expenses, and other are also included in expenses.

**b) Revenues**

Revenues are recognized in the period the event giving rise to the revenues occurs.

Deferred revenue consists of amounts received in advance of the delivery of goods and rendering of services that will be recognized as revenue in a subsequent fiscal year as it is earned.

Revenues that are non-respondable are not available to discharge SSC's liabilities. While the President is expected to maintain accounting control, he has no authority regarding the disposition of non-respondable revenues. As a result, non-respondable revenues are considered to be earned on behalf of the Government of Canada and are therefore presented in reduction of SSC's gross revenues.

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**4. Parliamentary Authorities**

SSC is financed by the Government of Canada through parliamentary authorities. Financial reporting of authorities provided to SSC differs from financial reporting according to generally accepted accounting principles because authorities are based mainly on cash flow requirements. Items recognized in the Future-Oriented Statement of Operations in one year may be funded through parliamentary authorities in prior, current or future years. Accordingly, SSC has 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**

	<b>Forecast Results 2018-19</b>	<b>Planned Results 2019-20</b>
(in thousands of dollars)		
Net cost of operations before government funding and transfers	1,968,831	1,939,135
Adjustments for items affecting net cost of operations but not affecting authorities:		
Amortization of tangible capital assets	(285,484)	(317,939)
Net loss on disposal of tangible capital assets including adjustments	(31)	-
Services provided without charge by other government departments	(113,217)	(114,353)
Decrease (increase) in vacation pay and compensatory leave	(3,686)	4,040
Decrease (increase) in employee future benefits	(2,547)	(2)
Refunds and adjustments to previous years' expenses	17,229	17,137
Respendable revenue	1,274	1,062
Other	535	415
Total items affecting net cost of operations but not affecting authorities	(385,927)	(409,640)
Adjustments for items not affecting net cost of operations but affecting authorities:		
Acquisitions of tangible capital assets	384,572	316,323
Payments on lease obligations for tangible capital assets	52,073	54,496
Payments on obligation under public private partnership	-	4,361
Increase (decrease) in prepaid expenses	11,575	(3,785)
Total items not affecting net cost of operations but affecting authorities	448,220	371,395
<b>Requested authorities</b>	<b>2,031,124</b>	<b>1,900,890</b>

**b) Requested authorities**

	<b>Forecast Results 2018-19</b>	<b>Planned Results 2019-20</b>
(in thousands of dollars)		
Requested authorities:		
Vote 1 – Operating expenditures	1,620,350	1,560,481
Vote 5 – Capital expenditures	318,460	246,323
Statutory amounts	92,314	94,086
<b>Requested authorities</b>	<b>2,031,124</b>	<b>1,900,890</b>