



Shared Services Canada
Future-Oriented Statement of Operations
For the year ending March 31, 2021



Shared Services Canada
Future-Oriented Statement of Operations (unaudited)
For the year ending March 31
(in thousands of dollars)

	Forecast Results 2019-20	Planned Results 2020-21
Expenses		
Email and Workplace Technology	138,449	144,085
Data Centres	805,908	811,620
Telecommunications	1,002,474	994,250
Cyber and IT Security	227,191	209,025
Customer Relationships and Service Management	354,156	328,223
Internal Services	237,223	255,487
Total expenses	2,765,401	2,742,690
Revenues		
Sale of goods and services	677,609	606,547
Miscellaneous revenues	369	277
Revenues earned on behalf of Government	(11,568)	(11,556)
Total revenues	666,410	595,268
Net cost of operations before government funding and transfers	2,098,991	2,147,422

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

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Notes to the Future-Oriented Statement of Operations (unaudited)
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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 2019-20 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 2020-21.

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 23, 2020.

2. Variations and Changes to the Forecast Financial Information

Although every attempt has been made to forecast final results for the remainder of 2019-20 and for 2020-21, 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 2019-20, 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

	Forecast Results 2019-20	Planned Results 2020-21
(in thousands of dollars)		
Net cost of operations before government funding and transfers	2,098,991	2,147,422
Adjustments for items affecting net cost of operations but not affecting authorities:		
Amortization of tangible capital assets	(327,049)	(345,490)
Net loss on disposal of tangible capital assets including adjustments	(21)	-
Services provided without charge by other government departments	(109,120)	(111,235)
Decrease (increase) in vacation pay and compensatory leave	(778)	2,918
Decrease (increase) in employee future benefits	(489)	(548)
Refunds and adjustments to previous years' expenses	13,923	14,390
Respendable revenue	1,062	-
Other	347	267
Total items affecting net cost of operations but not affecting authorities	(422,125)	(439,698)
Adjustments for items not affecting net cost of operations but affecting authorities:		
Acquisitions of tangible capital assets	498,519	286,370
Payments on lease obligations for tangible capital assets	54,496	60,062
Payments on obligation under public private partnership	4,906	4,472
Increase (decrease) in prepaid expenses	8,912	(3,451)
Total items not affecting net cost of operations but affecting authorities	566,833	347,453
Requested authorities forecasted to be used	2,243,699	2,055,177

b) Authorities provided/requested

	Forecast Results 2019-20	Planned Results 2020-21
(in thousands of dollars)		
Authorities provided/requested:		
Vote 1 – Operating expenditures	1,718,904	1,674,998
Vote 5 – Capital expenditures	428,519	286,370
Vote 10- Making Federal Government Workplaces More Accessible	1,620	-
Statutory amounts	94,656	93,809
Requested authorities forecasted to be used	2,243,699	2,055,177