

PRIVY COUNCIL OFFICE

Statement of Management Responsibility

Responsibility for the integrity and objectivity of the accompanying financial statements for the year ended March 31, 2011 and all information contained in these statements rests with the management of the Privy Council Office. These financial statements have been prepared by management in accordance with Treasury Board accounting policies, which are based on Canadian generally accepted accounting principles for the public sector.

Management is responsible for the integrity and objectivity of the information in these financial statements. Some of the information in the financial statements is based on management's best estimates and judgment, and gives due consideration to materiality. To fulfill its accounting and reporting responsibilities, management maintains a set of accounts that provides a centralized record of the department's financial transactions. Financial information submitted in the preparation of the *Public Accounts of Canada*, and included in the department's *Departmental Performance Report*, is consistent with these financial statements.

Management is also responsible for maintaining an effective system of internal control over financial reporting designed to provide reasonable assurance that financial information is reliable, that assets are safeguarded and that transactions are properly authorized and recorded in accordance with the *Financial Administration Act* and other applicable legislation, regulations, authorities and policies.

Management seeks to ensure the objectivity and integrity of data in its financial statements through careful selection, training, and development of qualified staff; through organizational arrangements that provide appropriate divisions of responsibility; through communication programs aimed at ensuring that regulations, policies, standards, and managerial authorities are understood throughout the Privy Council Office.

The Privy Council Office has an independent Audit Committee. The responsibilities of the Audit Committee are to provide the Privy Council Office with objective guidance on risk management, control framework and reporting practices. The Financial Statements were reviewed by the Audit Committee of the Privy Council Office.

The financial statements of the Privy Council Office have not been audited.

Wayne G. Wouters
Clerk of the Privy Council and Secretary to the Cabinet

Marilyn MacPherson
Assistant Deputy Minister Corporate Services

Ottawa, Canada
August 31, 2011

PRIVY COUNCIL OFFICE

Statement of Financial Position (Unaudited)

As at March 31

		Restated (Note 12)
(in thousands of dollars)	2011	2010

Assets

Financial assets

Due from the Consolidated Revenue Fund	16,825	15,744
Accounts receivable and advances (note 4)	1,724	1,577
Total financial assets	18,549	17,321

Non-financial assets

Prepaid expenses	562	752
Tangible capital assets (note 5)	8,882	9,288
Total non-financial assets	9,444	10,040

Total Assets	27,993	27,361
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Liabilities

Accounts payable and accrued liabilities (note 6)	18,541	17,331
Vacation pay and compensatory leave	5,955	5,544
Employee future benefits (note 7)	19,395	17,887
Total liabilities	43,891	40,762

Equity of Canada

(15,898) (13,401)

Total Liabilities and Equity of Canada	27,993	27,361
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Contractual obligations (note 8)

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

Wayne G. Wouters
Clerk of the Privy Council and Secretary to the Cabinet

Marilyn MacPherson
Assistant Deputy Minister Corporate Services

Ottawa, Canada
August 31, 2011

PRIVY COUNCIL OFFICE

Statement of Operations (Unaudited)

For the year ended March 31

(in thousands of dollars)	Planned Results		
	2011	2011	2010
Expenses			
Prime Minister and Portfolio Ministers Support and Advice	74,316	70,531	67,178
Cabinet and Cabinet Committees' Advice and Support	16,989	17,730	16,138
Public Service Leadership and Direction	3,592	4,112	3,134
Commissions of Inquiry	110	12,980	11,303
Internal Services	72,814	77,462	78,680
Total Expenses	167,821	182,815	176,433
Revenues (note 11)			
Prime Minister and Portfolio Ministers Support and Advice	-	-	-
Cabinet and Cabinet Committees' Advice and Support	-	1	-
Public Service Leadership and Direction	-	-	-
Commissions of Inquiry	-	-	-
Internal Services	25	8,561	11
Total Revenues	25	8,562	11
Net cost of operations	167,796	174,253	176,422

Segmented information (note 10)

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

PRIVY COUNCIL OFFICE

Statement of Equity of Canada (Unaudited)

For the year ended March 31

		Restated (Note 12)
(in thousands of dollars)	2011	2010
Equity of Canada, beginning of year	(13,401)	(15,425)
Net cost of operations	(174,253)	(176,422)
Net cash provided by Government	149,574	160,748
Change in due from the Consolidated Revenue Fund	1,081	(2,823)
Capital assets transfer (from) to Other Government Departments	(20)	-
Services provided without charge by other government departments (note 9)	21,121	20,521
Equity of Canada, end of year	(15,898)	(13,401)

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

PRIVY COUNCIL OFFICE

Statement of Cash Flow (Unaudited)

For the year ended March 31

(in thousands of dollars)

2011

2010

Operating activities

Net cost of operations	174,253	176,422
Non-cash items:		
Amortization of tangible capital assets (note 5)	(2,487)	(2,339)
Gain (loss) on disposal of tangible capital assets	35	(33)
Tangible capital asset adjustments (note 5)	(118)	137
Services provided without charge by other government departments (note 9)	(21,121)	(20,521)
Variations in Statement of Financial Position:		
Increase in accounts receivable and advances	147	300
Increase (decrease) in prepaid expenses	(190)	468
Decrease (increase) in accounts payable and accrued liabilities	(1,210)	2,562
Decrease (increase) in vacation pay and compensatory leave	(411)	1,006
Decrease (increase) in employee future benefits	(1,508)	536
Cash used in operating activities	147,390	158,538

Capital investing activities

Acquisitions of tangible capital assets (note 5)	2,226	2,210
Transfer of tangible capital assets with no monetary impact	20	-
Proceeds from disposal of tangible capital assets	(62)	-
Cash used in capital investing activities	2,184	2,210

Net cash provided by Government of Canada	149,574	160,748
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The accompanying notes form an integral part of the financial statements.

PRIVY COUNCIL OFFICE

Notes to the Financial Statements (Unaudited)

For the Year Ended March 31

1. Authority and objectives

The Privy Council Office is a division of the Public Service of Canada as set out in column 1 of Schedule I.1 of the *Financial Administration Act* and reports to Parliament through the Prime Minister.

The Privy Council Office reports directly to the Prime Minister and is headed by the Clerk of the Privy Council Office and Secretary to the Cabinet. The Clerk is also the Head of the Public Service. The mandate of the Privy Council Office is to serve Canada and Canadians by providing the best non-partisan advice and support to the Prime Minister, ministers within the Prime Minister's portfolio and Cabinet. Privy Council Office's work requires close and continuous contact with other federal departments and agencies to support their ability to work effectively and to ensure overall consultation and coordination.

Commissions of Inquiry established under the Inquiries Act are designated as departments under the *Financial Administration Act* and the Prime Minister is designated as the "appropriate Minister" under that same Act. Privy Council Office provides administrative and financial management support to Commissions of Inquiry. In 2010-2011, Privy Council Office provided support to the following Commissions of Inquiry: the Commission of Inquiry into the Investigation of the Bombing of Air India Flight 182, the Commission of Inquiry into the Actions of Canadian Officials in Relation to Abdullah Almalki, Ahmad Abou-Elmaati and Muayyed Nureddin, the Commission of Inquiry into Certain Allegations Respecting Business and Financial Dealings Between Karlheinz Schreiber and the Right Honourable Brian Mulroney and the Commission of Inquiry into the Decline of Sockeye Salmon in the Fraser River.

To achieve its strategic outcome and to deliver results for Canadians, the Privy Council Office articulates its plans and priorities based on core program activities included below.

1.1 Prime Minister and Portfolio Ministers Support and Advice

The Privy Council Office supports the Prime Minister in carrying out his unique responsibilities as Head of Government. Privy Council Office provides professional and non-partisan advice to the Prime Minister on policies, democratic reform, legislation and parliamentary issues facing the Government; appointments; and machinery of government issues. Privy Council Office, as appropriate, consults with stakeholders, conducts research, and performs a challenge function. Privy Council Office also supports Ministers in the Prime Minister's portfolio. The Prime Minister's Office and the offices of the Portfolio Ministers have budgets to carry out their operations.

1.2 Cabinet and Cabinet Committees' Advice and Support

To ensure the smooth functioning of Cabinet decision-making, Privy Council Office provides policy advice and secretariat support to the Cabinet and Cabinet committees by preparing briefing materials and distributing agendas and cabinet documents. It facilitates integration across the federal community in support of the implementation of the Government's agenda by departments and agencies. Privy Council Office engages in consultation with departments and agencies, provides a challenge function during the policy development process and researches issues. Privy Council Office also ensures that proposals take into account issues related to implementation, communications, parliamentary affairs and federal-provincial-territorial relations.

1.3 Public Service Leadership and Direction

Privy Council Office sets strategic direction for the Public Service to foster a high performing and accountable Public Service that has the talent, leadership capacity, and management framework to provide advice on and implement the Government's agenda. It also plays a key role in management development and succession planning for senior leaders in the Public Service.

PRIVY COUNCIL OFFICE

Notes to the Financial Statements (Unaudited)

For the Year Ended March 31

1.4 Commissions of Inquiry

The Commissions of Inquiry have budgets to carry out their operations. Additionally, Privy Council Office provides financial and administrative support as well as a broad range of expertise to assist Commissions of Inquiry in fulfilling their mandates.

1.5 Internal Services

Internal Services are groups of related activities and resources that are administered to support the needs of programs and other corporate obligations of an organization. These groups are: Management and Oversight Services; Legal Services; Human Resources Management Services; Financial Management Services; Information Management Services; Information Technology Services; Real Property Services; Materiel Services; Acquisition Services; and Travel and Other Administrative Services. Internal Services include only those activities and resources that apply across an organization and not to those provided specifically to a program.

2. Summary of significant accounting policies

These financial statements have been prepared in accordance with the Treasury Board accounting policies stated below, which are based on Canadian generally accepted accounting principles for the public sector. The presentation and results using the stated accounting policies do not result in any significant differences from Canadian generally accepted accounting principles.

Significant accounting policies are as follows:

(a) Parliamentary authorities

The Privy Council Office is financed by the Government of Canada through Parliamentary authorities. Financial reporting of authorities provided to the Privy Council Office do not parallel financial reporting according to generally accepted accounting principles since authorities are primarily based on cash flow requirements. Consequently, items recognized in the Statement of Operations and the Statement of Financial Position are not necessarily the same as those provided through authorities from Parliament. Note 3 provides a reconciliation between the bases of reporting. The planned results amounts in the Statement of Operations are the amounts reported in the future-oriented financial statements included in the 2010-11 Report on Plans and Priorities.

(b) Net Cash Provided by Government

The Privy Council Office operates within the Consolidated Revenue Fund (CRF), which is administered by the Receiver General for Canada. All cash received by the Privy Council Office is deposited to the CRF and all cash disbursements made by the Privy Council Office are paid from the CRF. The net cash provided by Government is the difference between all cash receipts and all cash disbursements including transactions between departments of the Government.

PRIVY COUNCIL OFFICE

Notes to the Financial Statements (Unaudited)

For the Year Ended March 31

2. Summary of significant accounting policies (continued)

(c) Due from the CRF

Amounts due from the CRF are the result of timing differences at year-end between when a transaction affects authorities and when it is processed through the CRF. Amounts due from the CRF represent the net amount of cash that the Privy Council Office is entitled to draw from the CRF without further appropriations to discharge its liabilities.

(d) Revenues

Revenues are accounted for in the period in which the underlying transaction or event that gave rise to the revenues takes place.

(e) Expenses

Expenses are recorded on the accrual basis:

- ✓ Contributions are recognized in the year in which the recipient has met the eligibility criteria or fulfilled the terms of a contractual transfer agreement, provided that the transfer is authorized and a reasonable estimate can be made.
- ✓ Vacation pay and compensatory leave are accrued as the benefits are earned by employees under their respective terms of employment.
- ✓ Services provided without charge by other government departments for accommodation, employer contributions to the health and dental insurance plans, legal services and workers' compensation coverage are recorded as operating expenses at their estimated cost.

(f) Employee future benefits

- ✓ Pension benefits: Eligible employees participate in the Public Service Pension Plan, a multi-employer pension plan administered by the Government. The Privy Council Office's contributions to the Plan are charged to expenses in the year incurred and represent the total departmental obligation to the Plan. Current legislation does not require the Privy Council Office to make contributions for any actuarial deficiencies of the Plan.
- ✓ Severance benefits: Employees are entitled to severance benefits under labour contracts or conditions of employment. These benefits are accrued as employees render the services necessary to earn them. The obligation relating to the benefits earned by employees is calculated using information derived from the results of the actuarially determined liability for employee severance benefits for the Government as a whole.

(g) Accounts receivables

Accounts receivables are stated at the lower of cost and net recoverable value; a valuation allowance is recorded for receivables where recovery is considered uncertain.

(h) Contingent liabilities

Contingent liabilities are potential liabilities which may become actual liabilities when one or more future events occur or fail to occur. To the extent that the future event is likely to occur or fail to occur, and a reasonable estimate of the loss can be made, an estimated liability is accrued and an expense recorded. If the likelihood is not determinable or an amount cannot be reasonably estimated, the contingency is disclosed in the notes to the financial statements.

PRIVY COUNCIL OFFICE

Notes to the Financial Statements (Unaudited)

For the Year Ended March 31

2. Summary of significant accounting policies (continued)

(i) Tangible capital assets

Tangible capital assets having an initial cost of \$5,000 or more are recorded at their acquisition cost. The Privy Council Office does not capitalize intangibles assets, works of art and historical treasures that have cultural, aesthetic or historical value. Amortization of tangible capital assets is done on a straight-line basis over the estimated useful life of the asset as follows:

Asset class	Amortization Period
Machinery and equipment	5 to 15 years
Informatics hardware	3 to 5 years
Informatics software	3 to 5 years
Other equipment	10 to 15 years
Motor vehicles	3 to 10 years

Assets under construction are recorded in the applicable capital asset class in the year that they become available for use and are not amortized until they become available for use.

(j) Measurement uncertainty

The preparation of these financial statements requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses reported in the financial statements. At the time of preparation of these statements, management believes the estimates and assumptions to be reasonable. The most significant items where estimates are used are the allowance of doubtful accounts, the liability for employee severance benefits and the useful life of tangible capital assets. Actual results could significantly differ from those estimated. Management's estimates are reviewed periodically and, as adjustments become necessary, they are recorded in the financial statements in the year they become known.

PRIVY COUNCIL OFFICE

Notes to the Financial Statements (Unaudited)

For the Year Ended March 31

3. Parliamentary Authorities

The Privy Council Office receives its funding through annual Parliamentary authorities. Items recognized in the statement of operations and the statement of financial position in one year may be funded through Parliamentary authorities in prior, current or future years. Accordingly, the Privy Council Office has different net results of operations for the year on a government funding basis than on an accrual accounting basis. The differences are reconciled in the following tables:

		Restated (Note 12)
<i>(a) Reconciliation of net cost of operations to current year authorities used</i>		
(in thousands of dollars)	2011	2010
Net cost of operations	174,253	176,422
<i>Adjustments for items affecting net cost of operations but not affecting authorities:</i>		
<i>Add (Less):</i>		
Amortization of tangible capital assets (note 5)	(2,487)	(2,339)
Gain (loss) on disposal of tangible capital assets	35	(33)
Services provided without charge by other government departments (note 9)	(21,121)	(20,521)
Prepaid expenses previously charged to appropriation	(1,204)	(348)
(Increase) decrease in vacation pay and compensatory leave	(411)	1,006
(Increase) decrease in employee future benefits	(1,508)	536
Refund of prior years' expenditures	785	1,181
Revenues not available for spending	8,505	11
Tangible capital asset adjustments (note 5)	(118)	137
Other	24	(477)
	(17,500)	(20,847)
<i>Adjustments for items not affecting net cost of operations but affecting authorities:</i>		
<i>Add (Less):</i>		
Acquisition of tangible capital assets (note 5)	2,226	2,210
Proceeds from disposal of tangible capital assets	(62)	-
Prepaid expenses	1,014	816
	3,178	3,026
Current year authorities used	159,931	158,601

(b) Authorities provided and used

(in thousands of dollars)	2011	2010
Authorities provided:		
Vote - Program expenditures	151,602	153,841
Statutory amounts - Contributions to employee benefits plan	16,624	16,480
Less:		
Appropriations available for future years	(63)	(7)
Lapsed authorities	(8,232)	(11,713)
Current year authorities used	159,931	158,601

PRIVY COUNCIL OFFICE

Notes to the Financial Statements (Unaudited)

For the Year Ended March 31

4. Accounts receivable and advances

The following table presents details of the Privy Council Office accounts receivable and advances balances:

(in thousands of dollars)	2011	2010
Receivables from other government departments and agencies	1,109	637
Receivables from external parties	652	979
Employee advances	27	27
	1,788	1,643
Less: Allowance for doubtful accounts on external receivables	64	66
	1,724	1,577

PRIVY COUNCIL OFFICE

Notes to the Financial Statements (Unaudited)

For the Year Ended March 31

5. Tangible capital assets

(in thousands of dollars) Cost						Accumulated Amortization					Net Book Value	
Cost	Opening Balance	Acquisitions	Adjustments	Disposals and write-offs	Closing Balance	Opening Balance	Amortization	Adjustments	Disposals and write-offs	Closing Balance	2011	2010
(in thousands of dollars)												
Machinery and equipment	63	20	-	(10)	73	35	4	-	(10)	29	44	28
Informatics hardware	11,166	966	(8)	(94)	12,030	9,734	990	-	(95)	10,629	1,401	1,432
Informatics software	6,713	73	311	(72)	7,025	4,410	610	-	(70)	4,950	2,075	2,303
Other equipment	8,978	642	(31)	(114)	9,475	4,564	787	-	(96)	5,255	4,220	4,414
Motor vehicles	498	206	(66)	(146)	492	329	96	(5)	(138)	282	210	169
Work-in-progress - software	417	276	71	-	764	-	-	-	-	-	764	417
Work-in-progress - other	525	43	(400)	-	168	-	-	-	-	-	168	525
	28,360	2,226	(123)	(436)	30,027	19,072	2,487	(5)	(409)	21,145	8,882	9,288

NOTES:

Net adjustments of \$118 thousand is mainly due to the reallocation of expenditures to work in progress and transfer of vehicle to federal departments. Furthermore in 2010 some payable at year end were capitalize or expense and require a reallocation in 2011.

Disposals of work in progress represent assets that were put into use in the year and have been transferred to the other capital asset classes as applicable.

PRIVY COUNCIL OFFICE

Notes to the Financial Statements (Unaudited)

For the Year Ended March 31

6. Accounts payable and accrued liabilities

The following table presents details of the Privy Council Office accounts payable and accrued liabilities:

(in thousands of dollars)	2011	2010
Payables to external parties	13,909	9,823
Payables to other federal government departments and agencies	3,359	6,077
Other liabilities	773	931
Contingent liabilities	500	500
	18,541	17,331

7. Employee future benefits

(a) Pension benefits

The Privy Council Office's employees participate in the Public Service Pension Plan, which is sponsored and administered by the Government. Pension benefits accrue up to a maximum period of 35 years at a rate of 2 percent per year of pensionable service, times the average of the best five consecutive years of earnings. The benefits are integrated with Canada/Québec Pension Plans benefits and they are indexed to inflation.

Both the employees and the Privy Council Office contribute to the cost of the Plan. The 2010-11 expense amounts to \$14,543,811 (\$14,602,525 in 2009-10), which represents approximately 1.9 times (1.9 times in 2009-10) the contributions by employees.

The Privy Council Office's responsibility with regard to the Plan is limited to its contributions. Actuarial surpluses or deficiencies are recognized in the financial statements of the Government of Canada, as the Plan's sponsor.

(b) Severance benefits

The Privy Council Office provides severance benefits to its employees based on eligibility, years of service and final salary. These severance benefits are not pre-funded. Benefits will be paid from future authorities. Information about the severance benefits, measured as at March 31, is as follows:

(in thousands of dollars)	2011	2010
Accrued benefit obligation, beginning of year	17,887	18,423
Expense for the year	3,008	1,283
Benefits paid during the year	(1,500)	(1,819)
Accrued benefit obligation, end of year	19,395	17,887

PRIVY COUNCIL OFFICE

Notes to the Financial Statements (Unaudited)

For the Year Ended March 31

8. Contractual obligations

The nature of the Privy Council Office's activities can result in some large multi-year contracts and obligations whereby the Privy Council Office will be obligated to make future payments when the goods or services are received. These obligations include service contracts and equipment rental. Contractual obligations are summarized as follows:

Privy Council Office (in thousands of dollars)	2012	2013	2014	2015	2016 and thereafter	Total
Transport and telecommunications	696	157	50	-	-	903
Information	162	429	-	-	-	591
Professional and special services	8,001	529	491	368	-	9,389
Rental	695	471	195	66	29	1,456
Purchased repair and maintenance	508	26	26	-	-	560
Utilities, materials and equipment	135	-	-	-	-	135
Acquisition of machinery and equipment	508	-	-	-	-	508
Total	10,705	1,612	762	434	29	13,542

9. Related party transactions

The Privy Council Office is related as a result of common ownership to all Government departments, agencies, and Crown Corporations. The Privy Council Office enters into transactions with these entities in the normal course of business and on normal trade terms. In addition, the Privy Council Office has agreements with the Security and Intelligence Review Committee, the Public Appointments Commission Secretariat related to the provision of finance and administration services. During the year, the Privy Council Office received common services which were obtained without charge from other Government departments as disclosed below:

a) Common services provided without charge by other government departments

During the year the Privy Council Office received services without charge from certain common service organizations, related to accommodation, legal services, the employer's contribution to the health and dental insurance plans and workers' compensation coverage. These services provided without charge have been recorded in the department's Statement of Operations as follows:

(in thousands of dollars)	2011	2010
Accommodation	12,704	12,031
Employer's contribution to the health and dental insurance plans	8,416	8,173
Legal services	-	319
Worker's compensation coverage	1	(2)
	21,121	20,521

PRIVY COUNCIL OFFICE

Notes to the Financial Statements (Unaudited)

For the Year Ended March 31

The Government has centralized some of its administrative activities for efficiency, cost-effectiveness purposes and economic delivery of programs to the public. As a result, the Government uses central agencies and common service organizations so that one department performs services for all other departments and agencies without charge. The costs of these services, such as the payroll and cheque issuance services provided by Public Works and Government Services Canada are not included in the Privy Council Office's Statement of Operations.

b) Other transactions with related parties

(in thousands of dollars)

	2011	2010
Expenses - Other Government departments and agencies	32,138	29,184

PRIVY COUNCIL OFFICE

Notes to the Financial Statements (Unaudited)

For the Year Ended March 31

10. Segmented Information

Presentation by segment is based on the Privy Council Office's program activity architecture. The presentation by segment is based on the same accounting policies as described in the Summary of significant accounting policies in note 2. The following table presents the expenses incurred and revenues generated for the main program activities, by major object of expenses and by major type of revenues. The segment results for the period are as follows:

(in thousands of dollars)	Prime Minister and Portfolio Ministers Support and Advice	Cabinet and Cabinet Committees' Advice and Support	Public Service Leadership and Direction	Commissions of Inquiry	Internal Services	2011	2010
Expenses							
Salaries and employee benefits	61,004	16,070	3,756	1,749	42,882	125,461	118,805
Professional and special services	3,180	822	263	7,645	7,322	19,232	20,815
Accommodation	-	-	-	501	12,704	13,205	12,787
Transportation and telecommunications	3,288	421	54	161	2,558	6,482	7,343
Acquisition of machinery and equipment	204	57	4	118	4,929	5,312	4,660
Purchased repair and maintenance	59	3	-	210	1,797	2,069	3,539
Information	1,490	162	12	582	89	2,335	2,691
Amortization of tangible capital assets	-	-	-	-	2,487	2,487	2,339
Rentals	829	158	19	109	725	1,840	2,056
Utilities, materials and supplies	223	37	4	48	972	1,284	1,576
Transfer payments	-	-	-	1,857	-	1,857	34
Other	254	-	-	-	997	1,251	(212)
Total Expenses	70,531	17,730	4,112	12,980	77,462	182,815	176,433
Revenues							
Miscellaneous	-	1	-	-	61	62	11
Dividends - Canada Lands Company Limited (note 11)	-	-	-	-	8,500	8,500	-
Total Revenues	-	1	-	-	8,561	8,562	11
Net cost of operations	70,531	17,729	4,112	12,980	68,901	174,253	176,422

11. Additional Information on Privy Council Office's Revenues

The nature of the Privy Council Office's activity does not generate any significant revenues and is mainly generated from gain of disposal of assets and fees related to Access to Information.

However on August 6, 2010, the Leader of the Government in the House of Commons was appointed as the appropriate Minister for the Canada Lands Company Limited. The Canada Lands Company Limited is a federal crown corporation partially funded by government authority and pays yearly dividends to the federal government. Since the Leader of the Government in the House of Commons is a Minister within the Prime Minister's Portfolio, the Canada Lands Company Limited dividend payments are submitted to the Privy Council Office even though these dividend revenues are not generated from departmental activities. As a result, the Privy Council Office's revenues include dividend revenues in the amount of \$8.5M for fiscal year 2010-11.

PRIVY COUNCIL OFFICE

Notes to the Financial Statements (Unaudited)

For the Year Ended March 31

12. Adoption of new accounting policies

During the year, the Privy Council Office adopted the revised Treasury Board accounting policy TBAS 1.2: Departmental and Agency Financial Statements which is effective for the Privy Council Office for the 2010-11 fiscal year. The major change in the accounting policies of the Privy Council Office required by the adoption of the revised TBAS 1.2 is the recording of amounts due from the Consolidated Revenue Fund as an asset on the Statement of Financial Position.

The adoption of the new Treasury Board accounting policies have been accounted for retroactively with the following impact on the comparative figures for 2009-10:

(in thousands of dollars)	2010 As previously stated	Effect of the adjustment	2010 Revised amount
Statement of Financial Position			
Assets	11,617	15,744	27,361
Equity of Canada	(29,145)	15,744	(13,401)

13. Comparative information

Comparative figures have been reclassified to conform to the current year's presentation.