



Service | Innovation | Value

SHARED SERVICES CANADA

Future-Oriented Statement of Operations

For the year ending March 31, 2017



Shared Services
Canada

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

	Forecast Results 2015-16	Planned Results 2016-17
Expenses		
IT Infrastructure Services	1,700,140	1,701,304
Internal Services	177,050	177,864
Total expenses	1,877,190	1,879,168
Revenues		
Sale of goods and services	427,003	421,866
Miscellaneous revenues	758	72
Revenues earned on behalf of Government	(11,320)	(11,321)
Total revenues	416,441	410,617
Net cost of operations before government funding and transfers	1,460,749	1,468,551

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

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 Report on Plans and Priorities (RPP).

The information in the forecast results for fiscal year 2015-16 is based on actual results as at October 31, 2015, and on forecasts for the remainder of the fiscal year. Forecasts have been made for the planned results for the 2016-17 fiscal year.

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 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 7, 2016.

2. Variations and Changes to the Forecast Financial Information

While every attempt has been made to forecast final results for the remainder of 2015-16 and for 2016-17, actual results achieved for both years are likely to vary 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 concerning the future. These estimates and assumptions may differ from the subsequent actual results. Estimates and assumptions are continually evaluated and are based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

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 amount of acquisitions and disposals of tangible capital assets may affect gains/losses and amortization expense.
- (b) Implementation of new collective agreements.
- (c) Economic conditions may affect both the amount of revenue earned and the collectability of receivables.
- (d) Further changes to the operating budget through additional new initiatives or technical adjustments later in the year.

Once the RPP is presented, 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 Performance Report.

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3. Summary of Significant Accounting Policies

The Future-Oriented Statement of Operations has been prepared using Government's accounting policies that came into effect for the 2015-16 fiscal year, which are 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 recorded on an accrual basis. Expenses for SSC's operations are recorded when goods are received or services are rendered, including services provided without charge for accommodation, employer contributions to health and dental insurance plans and legal services, which 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 terms of employment.

Expenses include provisions to reflect changes in the value of assets and liabilities, including contingent liabilities to the extent the future event is likely to occur and a reasonable estimate can be made.

Expenses also include amortization of tangible capital assets, which are capitalized at their acquisition cost. Amortization of tangible capital assets is done on a straight-line basis over the estimated useful life of the asset.

b) Revenues

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

Funds that have been received in advance are recorded as deferred revenue, provided SSC has an obligation to other parties for the provision of goods, services or the use of assets in the future.

Revenues that are non-respendable 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-respendable revenues. As a result, non-respendable 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 do not parallel financial reporting according to generally accepted accounting principles since authorities are primarily based 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 2015-16	Planned Results 2016-17
	<i>(in thousands of dollars)</i>	
Net cost of operations before government funding and transfers	1,460,749	1,468,551
Adjustments for items affecting net cost of operations but not affecting authorities:		
Amortization of tangible capital assets	(142,878)	(161,832)
Services provided without charge by other government departments	(84,163)	(81,136)
Decrease (increase) in vacation pay and compensatory leave	647	1,640
Decrease (increase) in employee future benefits	(2,026)	2,190
Refunds and adjustments to previous years' expenses	10,202	10,202
Respendable revenue	4,624	3,468
Other	742	56
Total items affecting net cost of operations but not affecting authorities	(212,852)	(225,412)
Adjustments for items not affecting net cost of operations but affecting authorities:		
Acquisitions of tangible capital assets	231,887	268,625
Payments on lease obligations for tangible capital assets	39,117	43,687
Increase (decrease) in prepaid expenses	(2,310)	(4,196)
Total items not affecting net cost of operations but affecting authorities	268,694	308,116
Requested authorities	1,516,591	1,551,255

b) Authorities requested

	Forecast Results 2015-16	Planned Results 2016-17
	<i>(in thousands of dollars)</i>	
Authorities requested:		
Vote 1 – Operating expenditures	1,195,017	1,193,267
Vote 5 – Capital expenditures	231,887	268,625
Statutory amounts	89,687	89,363
Requested authorities	1,516,591	1,551,255