



CONSOLIDATED DEPARTMENTAL FINANCIAL STATEMENTS *(Unaudited)*

For the year ended March 31, 2024

2023-2024

Public Services and Procurement Canada

Statement of Management Responsibility Including Internal Control over Financial Reporting

Responsibility for the integrity and objectivity of the accompanying consolidated financial statements for the year ended March 31, 2024, and all information contained in these financial statements rests with Public Services and Procurement Canada (PSPC) management. These consolidated financial statements have been prepared by management using the Government of Canada's accounting policies, which are based on Canadian public sector accounting standards.

Management is responsible for the integrity and objectivity of the information in these consolidated financial statements. Some of the information in the consolidated 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 PSPC's financial transactions. Financial information submitted in the preparation of the Public Accounts of Canada and included in PSPC's Departmental Results Report, is consistent with these consolidated financial statements.

Management is also responsible for maintaining an effective system of Internal Control over Financial Reporting (ICFR) 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 PSPC; and through conducting an annual risk-based assessment of the effectiveness of the system of ICFR.

The system of ICFR is designed to mitigate risks to a reasonable level based on an ongoing process to identify key risks, to assess effectiveness of associated key controls, and to make any necessary adjustments. A risk-based assessment of the system of ICFR for the year ended March 31, 2024 was completed in accordance with the Treasury Board Policy on Financial Management, and the results and action plans are summarized in Annex A.

The annex also provides information on the status of the risk-based assessment of the controls over common services provided by the Department that have a bearing on a recipient's departmental financial statements.

Public Services and Procurement Canada

Statement of Management Responsibility Including Internal Control over Financial Reporting

The effectiveness and adequacy of PSPC's system of internal control is reviewed by internal audit staff, who conduct periodic audits of different areas of PSPC's operations, and by the Departmental Audit Committee, which oversees management's responsibilities for maintaining adequate control systems and the quality of financial reporting.

The consolidated financial statements of PSPC have not been audited.

The original version was signed by

Arianne Reza
Deputy Minister

Gatineau, Canada
September 13, 2024

The original version was signed by

Alain Lagacé, CPA
Acting Assistant Deputy Minister and
Chief Financial Officer

Gatineau, Canada
September 6, 2024

Public Services and Procurement Canada

Consolidated Statement of Financial Position (Unaudited)

As at March 31

	2024	2023
<i>(in thousands of dollars)</i>		
Liabilities		
Accounts payable and accrued liabilities (note 4)	1,811,029	1,271,157
Environmental liabilities (note 5a)	173,273	193,150
Asset retirement obligations (note 5b)	385,442	395,520
Vacation pay and compensatory leave	99,336	99,815
Other liabilities (note 6)	44,058	48,289
Seized Property Working Capital Account	15,730	15,241
Lease obligations for tangible capital assets (note 7)	1,709,602	1,791,312
Obligation under Public Private Partnership (note 8)	116,144	119,896
Lease inducements	88,777	95,972
Employee future benefits (note 9)	38,371	38,573
Total net liabilities	4,481,762	4,068,925
Financial assets		
Due from Consolidated Revenue Fund	1,053,476	579,026
Accounts receivable and advances (note 11)	544,580	447,078
	1,598,056	1,026,104
Financial assets held on behalf of Government		
Accounts receivable (note 11)	(17,217)	(16,942)
	(17,217)	(16,942)
Total net financial assets	1,580,839	1,009,162
Departmental net debt	2,900,923	3,059,763
Non-financial assets		
Prepaid expenses	13,026	3,381
Tangible capital assets (note 13)	11,916,422	10,755,074
Total non-financial assets	11,929,448	10,758,455
Departmental net financial position (note 14)	9,028,525	7,698,692

Contingent liabilities (note 10)

Contractual obligations and contractual rights (note 15)

The accompanying notes form an integral part of these consolidated financial statements.

The original version was signed by
 Arianne Reza
 Deputy Minister

Gatineau, Canada
 September 13, 2024

The original version was signed by
 Alain Lagacé, CPA
 Acting Assistant Deputy Minister and
 Chief Financial Officer

Gatineau, Canada
 September 6, 2024

Public Services and Procurement Canada

Consolidated Statement of Operations and Departmental Net Financial Position (Unaudited)

For the year ended March 31

<i>(in thousands of dollars)</i>	2024 <i>Planned results</i>	2024 <i>Actual</i>	2023 <i>Actual</i>
EXPENSES			
Property and Infrastructure	4,810,330	5,204,111	4,732,943
Payments and Accounting	544,294	1,006,375	791,333
Government-Wide Support	452,636	463,220	465,290
Internal Services	334,636	431,109	363,755
Purchase of Goods and Services	314,855	355,610	585,911
Procurement Ombudsman	4,528	4,936	4,893
Total expenses	6,461,279	7,465,361	6,944,125
REVENUES			
Sales of goods and information products	1,689,721	1,904,124	1,614,656
Rentals	762,560	837,479	851,450
Services of a non-regulatory nature	404,760	422,482	656,503
Services of a regulatory nature	185,645	212,917	183,361
Other revenues	129,320	140,792	164,359
Revenues from Seized Property Proceeds Account <i>(note 14)</i>	24,007	27,790	26,393
Revenues earned on behalf of Government	(104,924)	(147,413)	(173,989)
Total revenues	3,091,089	3,398,171	3,322,733
Net cost of operations before government funding and transfers	3,370,190	4,067,190	3,621,392
GOVERNMENT FUNDING AND TRANSFERS			
Net cash provided by Government of Canada		4,804,136	4,305,782
Change in due from Consolidated Revenue Fund		474,450	131,137
Services provided without charge by other government departments <i>(note 16)</i>		126,520	105,540
Transfer of tangible capital assets to other government departments, agencies and Crown corporations <i>(note 16)</i>		(16,591)	(44,660)
Transfer of salary overpayments to other government departments		(343)	(336)
Transfer from Shared Services Canada <i>(note 18)</i>		8,851	-
Net cost of operations after government funding and transfers		(1,329,833)	(876,071)
Departmental net financial position - Beginning of year		7,698,692	6,822,621
Departmental net financial position - End of year <i>(note 14)</i>		9,028,525	7,698,692

Segmented information *(note 17)*

The accompanying notes form an integral part of these consolidated financial statements.

Public Services and Procurement Canada

Consolidated Statement of Change in Departmental Net Debt (Unaudited)

For the year ended March 31

	2024	2023
<i>(in thousands of dollars)</i>		
Net cost of operations after government funding and transfers	(1,329,833)	(876,071)
Change due to tangible capital assets		
Acquisitions of tangible capital assets <i>(note 13)</i>	1,740,985	1,390,153
Acquisitions of leased tangible capital assets <i>(note 13)</i>	63,502	43,619
Amortization of tangible capital assets <i>(note 13)</i>	(541,097)	(543,751)
Proceeds from disposal of tangible capital assets	(10,688)	(36,463)
Net (loss) gain on disposals of tangible capital assets including adjustments	(46,735)	6,337
Accounts payable for work in progress to be paid at a future date	-	32,211
Reclassification of assets under construction including capitalization of previous years	(23,616)	(5,020)
Variation in tangible capital assets due to asset retirement obligations	(4,412)	(25,061)
Transfer of tangible capital assets to other government departments, agencies and Crown corporations <i>(note 16)</i>	(16,591)	(44,660)
Change due to tangible capital assets	1,161,348	817,365
Change due to non-capital assets		
Change due to prepaid expenses	9,645	217
Change due to non-capital assets	9,645	217
Decrease in departmental net debt	(158,840)	(58,489)
Departmental net debt - Beginning of year	3,059,763	3,118,252
Departmental net debt - End of year	2,900,923	3,059,763

The accompanying notes form an integral part of these consolidated financial statements.

Public Services and Procurement Canada

Consolidated Statement of Cash Flows (Unaudited)

For the year ended March 31

	2024	2023
<i>(in thousands of dollars)</i>		
Operating activities		
Net cost of operations before government funding and transfers	4,067,190	3,621,392
Non-cash items:		
Amortization of tangible capital assets <i>(note 13)</i>	(541,097)	(543,751)
Net (loss) gain on disposals of tangible capital assets including adjustments	(46,735)	6,337
Accounts payable for work in progress to be paid at a future date	-	32,211
Reclassification of assets under construction including capitalization of previous years	(23,616)	(5,020)
Variation in tangible capital assets due to asset retirement obligations	(4,412)	(25,061)
Services provided without charge by other government departments <i>(note 16)</i>	(126,520)	(105,540)
Variations in Consolidated Statement of Financial Position:		
(Increase) decrease in accounts payable and accrued liabilities	(539,872)	133,706
Decrease in environmental liabilities	19,877	10,529
Decrease in asset retirement obligations	10,078	34,176
Decrease in vacation pay and compensatory leave	479	9,351
Decrease (increase) in other liabilities	4,231	(3,619)
(Increase) decrease in Seized Property Working Capital Account	(489)	4,518
Decrease (increase) in lease inducements	7,195	(9,569)
Decrease in employee future benefits	202	5,115
Increase (decrease) in accounts receivable and advances	97,227	(350,680)
Increase in prepaid expenses	9,645	217
Transfer of salary overpayments to other government departments	343	336
Transfer from Shared Services Canada <i>(note 18)</i>	(8,851)	-
Cash used in operating activities	2,924,875	2,814,648
Capital investing activities		
Acquisitions of tangible capital assets <i>(note 13)</i>	1,740,985	1,390,153
Acquisitions of assets under construction on leased tangible capital assets <i>(note 13)</i>	215	1,685
Proceeds from disposal of tangible capital assets	(10,688)	(36,463)
Gain on variation of lease obligations for tangible capital assets	-	108
Cash used in capital investing activities	1,730,512	1,355,483
Financing activities		
Payments on lease obligations for tangible capital assets	144,997	132,257
Payments on obligation under Public Private Partnership	3,752	3,394
Cash used in financing activities	148,749	135,651
Net cash provided by Government of Canada	4,804,136	4,305,782

The accompanying notes form an integral part of these consolidated financial statements.

Public Services and Procurement Canada

Notes to the Consolidated Financial Statements (*Unaudited*)

For the year ended March 31

1. AUTHORITIES AND OBJECTIVES

The Department of Public Works and Government Services Canada (PWGSC) was established effective June 20, 1996, under the *Department of Public Works and Government Services Act*. This legislation specifies that PWGSC shall provide common, central and shared services to other government departments and agencies, thereby enabling them to provide programs and services to Canadians. Since November 2015, PWGSC has been operating as Public Services and Procurement Canada (PSPC). PSPC's services are delivered through the following core responsibilities:

- Purchase of Goods and Services: PSPC purchases goods and services on behalf of the Government of Canada;
- Payments and Accounting: PSPC collects revenues and issues payments, maintains the financial accounts of Canada, issues financial reports, and administers payroll and pension services for the Government of Canada;
- Property and Infrastructure: PSPC provides federal employees and Parliamentarians with work space; builds, maintains and manages federal properties and other public works such as bridges and dams; and provides associated services to federal organizations;
- Government-Wide Support: PSPC provides administrative services and tools to federal organizations that help them deliver programs and services to Canadians;
- Procurement Ombudsman: The Office of the Procurement Ombudsman operates at arm's-length from federal organizations. It is legislated to review the procurement practices of federal organizations, review complaints from Canadian suppliers, and provide dispute resolution services; and
- Internal services are those groups of related activities and resources that the Federal Government considers to be services in support of programs and/or required to meet corporate obligations of an organization.

For additional context, these consolidated financial statements should be read in conjunction with PSPC's 2023-2024 Departmental Results Report (DRR), which highlights the department's achievements in delivering on its diverse mandate and serves as the annual report to Parliamentarians and Canadians. This report is available as part of the [Department's transparency webpage](#).

Public Services and Procurement Canada

Notes to the Consolidated Financial Statements (*Unaudited*)

For the year ended March 31

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These consolidated financial statements are prepared using the PSPC accounting policies stated below, 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. PARLIAMENTARY AUTHORITIES

PSPC is financed by the Government of Canada through Parliamentary authorities. Financial reporting of authorities provided to PSPC does not parallel financial reporting according to generally accepted accounting principles since authorities are primarily based on cash flow requirements. Consequently, items recognized in the Consolidated Statement of Operations and Departmental Net Financial Position and in the Consolidated Statement of Financial Position are not necessarily the same as those provided through authorities from Parliament. Note 3 provides a reconciliation between the two bases of reporting. The planned results amounts in the "Expenses" and "Revenues" sections of the Consolidated Statement of Operations and Departmental Net Financial Position are the amounts reported in the Future-Oriented Statement of Operations included in the 2023-24 Departmental Plan. Planned results are not presented in the "Government funding and transfers" section of the Consolidated Statement of Operations and Departmental Net Financial Position and in the Consolidated Statement of Change in Departmental Net Debt because these amounts were not included in the 2023-24 Departmental Plan.

B. CONSOLIDATION

These consolidated financial statements include the accounts of four revolving funds as listed below, one of them being inactive. The three active revolving funds prepare a complete set of financial statements annually that are 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:

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

C. NET CASH PROVIDED BY GOVERNMENT OF CANADA

PSPC operates within the Consolidated Revenue Fund (CRF), which is administered by the Receiver General for Canada. All cash received by PSPC is deposited to the CRF and all cash disbursements made by PSPC are paid from the CRF. The net cash provided by the Government, with the exception of amounts held on behalf of government, is the difference between all cash receipts and all cash disbursements, including transactions between departments of the Government.

D. AMOUNTS DUE FROM THE CONSOLIDATED REVENUE FUND

These 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 PSPC is entitled to draw from the CRF, without further authorities, in order to discharge its liabilities.

Public Services and Procurement Canada

Notes to the Consolidated Financial Statements (*Unaudited*)

For the year ended March 31

E. REVENUES

Revenues are comprised of revenues earned from non-tax sources. They include exchange transactions where goods or services are provided for consideration where a performance obligation exists. A performance obligation consists of an enforceable promise to provide specific goods or services to a specific client. These transactions can be recurring or non-recurring in nature. Recurring transactions are viewed as ongoing, routine activities that form part of the normal course of operations and can be used to indicate if they can be reasonably expected to be earned again in future years. Revenues are recorded on an accrual basis of accounting as performance obligations are satisfied and collection is reasonably certain, as follows:

- Services of a regulatory nature are mainly comprised of cost recovery for services provided to administer the *Public Service Superannuation Act* (PSSA) and for payment services provided by the Receiver General to other government departments. Revenues from regulatory fees are recognized in the accounts based on the services provided in the year.
- Services of a non-regulatory nature are mainly comprised 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.
- All other revenue types are accounted for in the period in which the underlying transaction or event occurred that gave rise to the revenues.
- 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 regarding the disposition of non-respendable revenues. Therefore, those revenues are presented as a reduction of PSPC's gross revenues. PSPC's revenues earned on behalf of government consist of the Employee Benefit Plans (EBP) recovered for services rendered to other government departments, services provided for Esquimalt Graving Dock and gains on the sale of tangible capital assets. These are recognized when earned.

F. EXPENSES

Expenses are recorded on an accrual basis of accounting:

- Expenses for PSPC's operations are recorded when goods are received or services are rendered. This includes services provided without charge by other government departments for employer contributions to health and dental insurance plans, legal services and workers' compensation, 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 respective terms of employment.
- PSPC administers the Payments in Lieu of Taxes (PILT) Program 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 its 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 are recorded as transfer payments in the Public Accounts of Canada.
- Expenses also include provisions to reflect changes in the value of assets, including provisions for bad debts on accounts receivable, advances and liabilities, including contingent liabilities, environmental liabilities and asset retirement obligations to the extent the future event is likely to occur and a reasonable estimate can be made.

Public Services and Procurement Canada

Notes to the Consolidated Financial Statements (*Unaudited*)

For the year ended March 31

G. EMPLOYEE FUTURE BENEFITS

i) Pension benefits: Eligible employees participate in the Public Service Pension Plan, a multiemployer pension plan administered by the Government of Canada. PSPC's contributions to the Plan are charged to expenses in the year incurred and represent the total departmental obligation to the Plan. PSPC'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.

ii) Severance benefits: The accumulation of severance benefits for voluntary departures ceased for applicable employee groups. The remaining obligation for employees who did not withdraw benefits is calculated using information derived from the results of the actuarially determined liability for employee severance benefits for the Government as a whole.

H. FINANCIAL INSTRUMENTS

A contract establishing a financial instrument creates, at its inception, rights and obligations to receive or deliver economic benefits. The financial assets and financial liabilities portray these rights and obligations in the financial statements. PSPC recognizes a financial instrument when it becomes a party to a financial instrument contract.

PSPC's Financial instruments consist of accounts receivable, accounts payable and accrued liabilities, and the obligation under Public Private Partnership. PSPC does not engage in speculative transactions or use derivative financial instruments.

All financial assets and liabilities are recorded at cost or amortized cost.

For financial instruments measured at amortized cost, the effective interest method is used to determine interest revenue or expense.

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

I. LEASE INDUCEMENTS

Lease inducements represent incentives received by PSPC to enter into a lease. Lease inducements include incentives such as: free rent, cash received to be applied to rent, lump sum cash, leasehold improvements and moving costs paid by the lessor. Lease inducements are accounted for as follows:

- Rent-free periods or periods of significantly reduced rent are allocated over the term of the lease on a straight-line basis;
- Cash payments from the lessor to the lessee are accounted by the lessee, as reductions in rental expense over the term of the lease;
- Leasehold improvements are amortized over the remaining life of the lease or the useful life of the improvement, whichever is shorter.

J. CONTINGENT LIABILITIES

Contingent liabilities are potential liabilities which may become actual liabilities when one or more future events occur or fail to occur. If 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. However, if the likelihood is not determinable or an amount cannot be reasonably estimated, the contingency is disclosed in the notes to the consolidated financial statements.

Public Services and Procurement Canada

Notes to the Consolidated Financial Statements (*Unaudited*)

For the year ended March 31

K. CONTINGENT ASSETS

Contingent assets are possible assets which may become actual assets when one or more future events occur or fail to occur. If the future event is likely to occur or fail to occur, the contingent asset is disclosed in the notes to the consolidated financial statements.

L. ENVIRONMENTAL LIABILITIES AND ASSET RETIREMENT OBLIGATIONS

An environmental liability for the remediation of contaminated sites is recognized when all of the following criteria are satisfied: an environmental standard exists, contamination exceeds the environmental standard, the Government is directly responsible or accepts responsibility, it is expected that future economic benefits will be given up and a reasonable estimate of the amount can be made. The liability reflects management's best estimate of the amount required to remediate the sites to the current minimum environmental standard for its use prior to contamination.

An asset retirement obligation is recognized when all of the following criteria are satisfied: there is a legal obligation to incur retirement costs in relation to a tangible capital asset, the past event or transaction giving rise to the retirement liability has occurred, it is expected that future economic benefits will be given up and a reasonable estimate of the amount can be made. The costs to retire an asset are normally capitalized and amortized over the asset's estimated remaining useful life. An asset retirement obligation may arise in connection with a tangible capital asset that is not recognized or no longer in productive use. In this case, the asset retirement cost would be expensed. The measurement of the liability is management's best estimate of the amount required to retire a tangible capital asset.

When the future cash flows required to settle or otherwise extinguish a liability are estimable, predictable, and expected to occur over extended future periods, a present value technique is used. The discount rate used reflects the Government's cost of borrowing, associated with the estimated number of years to complete remediation of contaminated sites or to settle the asset retirement obligations.

The recorded liabilities are adjusted each year, as required, for present value adjustments, inflation, new obligations, changes in management estimates and actual costs incurred.

Public Services and Procurement Canada

Notes to the Consolidated Financial Statements (*Unaudited*)

For the year ended March 31

M. TANGIBLE CAPITAL ASSETS

Tangible capital assets are recorded at their acquisition cost according to the following capitalization threshold:

- Betterments and leasehold improvements carried out on buildings and on works and infrastructure, having an initial cost of \$25,000 or more;
- All other tangible capital assets having an initial cost of \$10,000 or more;
- Asset pooled items are tangible capital assets that have a lower value, per unit, than the capitalization threshold, but are typically purchased or held in large quantities so as to represent significant expenditures overall. These assets are grouped in a given asset class or pool in order to be capitalized as one asset.

Significant parts of a Crown-owned building are accounted for as separate items (components) with each component having its own useful life. All other asset types are recorded on the whole asset approach.

Tangible capital assets do not include works of art or other unrecognized assets to which no acquisition cost is attributable and where no reasonable estimate of the future benefits associated with such property can be made. These items consist primarily of paintings, sculptures, drawings, prints, photographs, monuments, and other non-operational heritage assets such as artifacts found on the Parliament Hill grounds.

Amortization of tangible capital assets is done on a straight-line basis over the estimated useful life of each asset, as described in the table below. Amortization is recorded monthly starting on the first day of the month following the month the asset was put into service. Amortization is recognized at the component level for Crown-owned buildings; the amortization periods noted below incorporate those applicable to components, if any, contained within the overall asset.

Asset class	Amortization Period
Buildings	10 to 125 years *
Works and infrastructure	10 to 80 years
Machinery and equipment	3 to 30 years
Informatics hardware and software	2 to 10 years
Vehicles	2 to 35 years
Leasehold improvements	Lesser of the remaining term of the lease or the useful life of the improvement
Leased tangible capital assets	In accordance with asset class if ownership is likely to transfer to PSPC; otherwise, over the lease term

* Heritage buildings have a maximum amortization period of 125 years.

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

Public Services and Procurement Canada

Notes to the Consolidated Financial Statements (*Unaudited*)

For the year ended March 31

N. SEIZED PROPERTY WORKING CAPITAL ACCOUNT

The Seized Property Working Capital Account was established pursuant to section 12 of the *Seized Property Management Act*. Expenses incurred, and advances made, to maintain and manage any seized or restrained property and other properties subject to a management order or forfeited to His Majesty, are charged to this account. The Seized Property Working Capital Account is credited when expenses and advances to third parties are repaid or recovered and when revenues from these properties or proceeds from their disposal are received and credited with seized cash upon forfeiture.

The total amount authorized to be outstanding at any time is \$50 million.

Any shortfall between the proceeds from the disposition of any property forfeited to His Majesty and the amounts that were charged to this account and that are still outstanding, is charged to a Seized Property Proceeds Account and credited to the Seized Property Working Capital Account.

O. MEASUREMENT UNCERTAINTY

The preparation of these consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues, and expenses reported in the consolidated financial statements and accompanying notes at March 31. The estimates are based on facts and circumstances, historical experience, general economic conditions and reflect the Government's best estimate of the related amount at the end of the reporting period. The most significant items where estimates are used are the allowance for doubtful accounts, contingent liabilities, environmental liabilities and asset retirement obligations, accounts receivable held on behalf of Government, the liability for vacation pay and compensatory leave, the liability for employee future 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 consolidated financial statements in the year they become known.

Environmental liabilities and asset retirement obligations are subject to measurement uncertainty as discussed in Note 5 due to the evolving technologies used in the estimation of the costs for remediation of contaminated sites or for the retirement of tangible capital assets, the use of discounted present value of future estimated costs, inflation, interest rates and the fact that not all contaminated sites have had a complete assessment of the extent and nature of remediation or asset retirement costs. Changes to underlying assumptions, the timing of the expenditures, the technology employed, or the revisions to environmental standards or changes in regulatory requirements could result in significant changes to the environmental liabilities and asset retirement obligations recorded.

P. RELATED PARTY TRANSACTIONS

Related party transactions, other than inter-entity transactions, are recorded at the exchange amount.

Inter-entity transactions are transactions between commonly controlled entities. Inter-entity transactions, other than restructuring transactions, are recorded on a gross basis, and are measured at the carrying amount, except for the following:

- i) Services provided on a recovery basis are recognized as revenues and expenses on a gross basis and measured at the exchange amount.
- ii) Certain services received on a without charge basis are recorded for consolidated departmental financial statement purposes at the carrying amount.

Public Services and Procurement Canada

Notes to the Consolidated Financial Statements (*Unaudited*)

For the year ended March 31

Q. ADOPTION OF NEW PUBLIC SECTOR ACCOUNTING STANDARDS

a) Section PS 3160 – Public Private Partnerships

Effective April 1, 2023, PSPC adopted the new accounting standard PS 3160 *Public Private Partnerships*. This section establishes standards for the recognition, measurement, presentation and disclosure of infrastructure procured through public private partnership arrangements. Typically, the private sector is engaged to design, build, acquire or better new/existing infrastructure; finance the infrastructure for at least a portion of the time in use; and maintain and/or operate the infrastructure. PSPC reviewed the impact of this standard on the accounting of its current public private partnership agreement (RCMP E division building) and other agreements.

The adoption of PS 3160 does not have an impact on PSPC's consolidated financial statements.

b) Section PS 3400 – Revenue

Effective April 1, 2023, PSPC adopted the new accounting standard PS 3400 *Revenue*. This section establishes standards for the recognition, measurement, presentation and disclosure of revenues, including the requirement to differentiate between revenue arising from transactions that include performance obligations to provide specific goods or services and transactions without performance obligations. In addition, the new standard requires to evaluate the characteristics of transactions to determine if department is acting as a principal or an agent. An organization is acting as a principal when it has control of the goods or services prior to delivery to a client, while the organization is considered acting as an agent when it is arranging for the provision of goods or services to a client on behalf of another party. When acting as a principal, revenue is recognized on a gross basis and, when acting as an agent, revenue is recognized on a net basis.

The adoption of PS 3400 led to assess whether PSPC acts as a principal or an agent for some of its revenue transactions. While it leads to adjustments in the presentation in the Consolidated Statement of Operations and Departmental Net Financial Position, this change did not impact the net results reported in the year.

c) Accounting Guideline PSG-8 – Purchased intangibles

PSPC adopted the new Public Sector Accounting Guideline PSG-8 *Purchased intangibles*. This new guideline explains the scope of intangibles allowed to be recognized in financial statements. Purchased intangibles are identifiable non-monetary economic resources without physical substance acquired in exchange transactions from arm's length third parties. Purchased intangibles exclude software, which is included in tangible capital assets. Commencing April 1, 2023, the cost of a purchased intangible is capitalized as an asset when the department controls the intangible and the intangible contributes to the capacity of the government to deliver services and products, generate future cash inflows or reduce cash outflows. Purchased intangible assets are amortized to expense over the estimated useful life of the assets. Prior to April 1, 2023, purchased intangibles were expensed as incurred.

The adoption of the guideline does not have an impact on PSPC's consolidated financial statements.

Public Services and Procurement Canada

Notes to the Consolidated Financial Statements (*Unaudited*)

For the year ended March 31

3. PARLIAMENTARY AUTHORITIES

PSPC receives part of its funding through annual parliamentary authorities. Items recognized in the Consolidated Statement of Operations and Departmental Net Financial Position and the Consolidated Statement of Financial Position in one year may be funded through parliamentary authorities in prior, current, or future years. Accordingly, PSPC 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:

A. RECONCILIATION OF NET COST OF OPERATIONS TO CURRENT YEAR AUTHORITIES USED

<i>(in thousands of dollars)</i>	2024	2023
Net cost of operations before government funding and transfers	4,067,190	3,621,392
Adjustments for items affecting net cost of operations but not affecting authorities:		
Amortization of tangible capital assets (<i>note 13</i>)	(541,097)	(543,751)
Net (loss) gain on disposals of tangible capital assets including adjustments	(46,735)	6,337
Gain on variation of lease obligations for tangible capital assets	-	108
Reclassification of assets under construction including capitalization of previous years	(23,616)	(5,020)
Services provided without charge by other government departments (<i>note 16</i>)	(126,520)	(105,540)
Refunds of previous years and program expenditures	42,201	18,787
Adjustments of previous years accounts payable	13,709	18,150
Asset retirement obligations not affecting authorities	5,204	6,892
Timing differences between revenues earned and collected	(8,055)	(21,359)
Net revenue (expense) from Seized Property Proceeds Account (<i>note 14</i>)	19,063	(7,822)
Decrease in vacation pay and compensatory leave not affecting authorities	515	9,351
Decrease in employee future benefits not affecting authorities	222	5,092
Decrease in environmental liabilities	19,877	10,529
Decrease (increase) in accrued liabilities not affecting authorities	12,529	(3,276)
Timing differences between payments in lieu of taxes and recoveries	51,293	(50,929)
Bad debt expense	(14,017)	1,463
Revenues earned on behalf of Government not affecting authorities	(10,688)	(35,493)
Other	3,400	929
Total items affecting net cost of operations but not affecting authorities	(602,715)	(695,552)
Adjustments for items not affecting net cost of operations but affecting authorities:		
Acquisitions of tangible capital assets (<i>note 13</i>)	1,740,985	1,390,153
Acquisitions of assets under construction as leased tangible capital assets (<i>note 13</i>)	215	1,685
Payments of lease obligations for tangible capital assets	144,997	132,257
Payments of obligation under Public Private Partnership	3,752	3,394
Net cash variation of prepaid expenses and advances	9,604	16
Variation of lease inducements	5,923	(7,784)
Accounts receivable related to salary overpayments	5,330	4,230
Total items not affecting net cost of operations but affecting authorities	1,910,806	1,523,951
Current year budgetary authorities used	5,375,281	4,449,791

Public Services and Procurement Canada

Notes to the Consolidated Financial Statements (*Unaudited*)

For the year ended March 31

3. PARLIAMENTARY AUTHORITIES (*continued*)

B. AUTHORITIES PROVIDED AND USED

<i>(in thousands of dollars)</i>	2024	2023
Vote 1 - Operating expenditures	3,325,306	3,149,380
Vote 5 - Capital expenditures	1,925,029	1,610,417
Statutory items:		
Revolving Funds	446,853	397,361
Other	249,634	111,351
Authorities provided	5,946,822	5,268,509
Less:		
Authorities available for future years	(416,830)	(436,993)
Lapsed authorities	(154,711)	(381,725)
Current year budgetary authorities used	5,375,281	4,449,791
<i>Seized Property Management Act</i>	(489)	4,518
Imprest Funds	(11,740)	(237)
Current year non-budgetary authorities used	(12,229)	4,281

4. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

The following table presents details of PSPC's accounts payable and accrued liabilities:

<i>(in thousands of dollars)</i>	2024	2023
Accounts payable - External parties	709,550	336,335
Accounts payable - Other government departments and agencies	169,422	67,264
Total accounts payable	878,972	403,599
Accrued liabilities	700,459	663,900
Contractors' holdbacks	124,555	97,867
Accrued salaries and wages	107,043	105,791
Total accounts payable and accrued liabilities	1,811,029	1,271,157

Public Services and Procurement Canada

Notes to the Consolidated Financial Statements (*Unaudited*)

For the year ended March 31

5. ENVIRONMENTAL LIABILITIES AND ASSET RETIREMENT OBLIGATIONS

A. REMEDIATION OF CONTAMINATED SITES

The Government's "Federal Approach to Contaminated Sites" sets out a framework for management of contaminated sites using a risk-based approach. Under this approach the Government has inventoried the contaminated sites identified on federal lands, allowing them to be classified, managed and recorded in a consistent manner. This systematic approach aids in identification of the high-risk sites in order to allocate limited resources to those sites which pose the highest risk to human health and the environment.

The Department has identified 199 sites (200 sites in 2023) where contamination may exist and assessment, remediation and monitoring may be required. Of these, PSPC has assessed 66 sites (71 sites in 2023) where action is required and for which a gross liability of \$151,921 thousand (\$172,664 thousand in 2023) has been recorded. This liability estimate has been determined based on site assessments performed by environmental experts.

In addition, a statistical model based upon a projection of the number of sites that will proceed to remediation and upon which current and historical costs are applied is used to estimate the liability for a group of unassessed sites. As a result, there are 70 unassessed sites (62 sites in 2023) where a liability estimate of \$21,352 thousand (\$20,486 thousand in 2023) has been recorded using this model.

These two estimates combined, totaling \$173,273 thousand (\$193,150 thousand in 2023), represent management's best estimate of the costs required to remediate sites to the current minimum standard for its use prior to contamination, based on information available at the financial statement date.

For the remaining 63 sites (67 sites in 2023), no liability for remediation has been recognized. Some of these sites are at various stages of testing and evaluation and if remediation is required, liabilities will be reported as soon as a reasonable estimate can be determined.

For other sites, PSPC does not expect to give up any future economic benefits (there is likely no significant environmental impact or human health threats). These sites will be re-examined and if it is determined that future economic benefits will be given up a liability for remediation will be recognized.

The following table presents the total estimated amounts of these liabilities by nature and source and the total undiscounted future expenditures as at March 31, 2024 and March 31, 2023. Undiscounted expenditures only reflect the liabilities of the sites assessed by PSPC and do not include the liabilities estimated by the statistical model. When the liability estimate is based on a future cash requirement, the amount is adjusted for inflation using an expected Consumer Price Index (CPI) rate of 2.0% (2.0% in 2023). Inflation is included in the undiscounted amount.

The Government of Canada's cost of borrowing by reference to the actual zero-coupon yield curve for Government of Canada bonds has been used to discount the estimated future expenditures. The March 2024 rates range from 4.5% for a 1-year term to 3.3% for a 30 year or greater term.

Also, during the year, 9 sites (14 sites in 2023) were closed as they were either remediated or assessed to confirm that they no longer meet all the criteria required to record a liability for contaminated sites.

Public Services and Procurement Canada

Notes to the Consolidated Financial Statements (*Unaudited*)

For the year ended March 31

5. ENVIRONMENTAL LIABILITIES AND ASSET RETIREMENT OBLIGATIONS (*continued*)

Nature and Source of Liability								
(in thousands of dollars)	2024				2023			
Nature and Source	Total Number of Sites	Number of Sites with a Liability	Discounted Estimated Liability	Estimated Total Undiscounted Expenditures	Total Number of Sites	Number of Sites with a Liability	Discounted Estimated Liability	Estimated Total Undiscounted Expenditures
Former Mineral Exploration Sites ^(a)	27	24	70,596	130,043	27	24	76,859	133,619
Military and Former Military Sites ^(b)	7	4	274	301	7	7	581	644
Fuel Related Practices ^(c)	19	3	14,171	15,698	18	2	11,888	13,422
Landfill/Waste Sites ^(d)	5	5	6,493	7,101	6	6	15,529	19,637
Engineered Asset/Air and Land Transportation ^(e)	112	83	74,046	60,771	112	82	72,732	58,946
Marine Facilities/Aquatic Sites ^(f)	2	-	-	-	2	-	-	-
Parks and Protected Areas ^(g)	1	1	76	79	1	1	78	81
Office/Commercial/Industrial Operations ^(h)	24	15	3,742	2,895	24	9	3,532	3,337
Other ⁽ⁱ⁾	2	1	3,875	4,051	3	2	11,951	12,662
Total	199	136	173,273	220,939	200	133	193,150	242,348

(a) Contamination associated with former mine activities, e.g., heavy metals, petroleum hydrocarbons, etc. Sites often have multiple sources of contamination.

(b) Contamination associated with the operations of military and former military sites where activities such as fuel handling and storage activities, waste sites, metals/PCB-based paint used on buildings resulted in former or accidental contamination, e.g., petroleum hydrocarbons, PCBs, heavy metals. Sites often have multiple sources of contamination.

(c) Contamination primarily associated with fuel storage and handling, e.g. accidental spills related to fuel storage tanks or former fuel handling practices, e.g., petroleum hydrocarbons, polycyclic aromatic hydrocarbons and BTEX (benzene, toluene, ethylbenzene, and xylenes).

(d) Contamination associated with former landfill/waste sites or leaching from materials deposited in the landfill/waste site, e.g., metals, petroleum hydrocarbons, BTEX, other organic contaminants, etc.

(e) Contamination associated with the operations of engineered assets such as airports, railways, and roads where activities such as fuel storage/handling, waste sites, firefighting training facilities and chemical storage areas resulted in former or accidental contamination, e.g., metals, petroleum hydrocarbons, polycyclic aromatic hydrocarbons, BTEX and other organic contaminants. Sites often have multiple sources of contamination.

(f) Contamination associated with the operations of marine assets, e.g., port facilities, harbors, navigation systems, light stations, hydrometric stations, where activities such as fuel storage/handling, use of metal-based paint (e.g. on light stations) resulted in former or accidental contamination, e.g., metals, petroleum hydrocarbons, polycyclic aromatic hydrocarbons and other organic contaminants. Sites often have multiple sources of contamination.

(g) Contamination associated with the operations and maintenance of parks and protected areas where activities such as fuel storage/handling, waste sites and use of metal-based paint resulted in former or accidental contamination, e.g., metals, petroleum hydrocarbons, polycyclic aromatic hydrocarbons, PCBs, and other organic contaminants. Sites often have multiple sources of contamination.

(h) Contamination associated with the operations of office/commercial/industrial facilities where activities such as fuel storage/handling, waste sites and use of metal-based paint resulted in former or accidental contamination, e.g., metals, petroleum hydrocarbons, polycyclic aromatic hydrocarbons, BTEX, etc. Sites often have multiple sources of contamination.

(i) Contamination from other sources, e.g., use of pesticides, herbicides, fertilizers at agricultural sites; use of PCBs, firefighting training areas, firing ranges and training facilities, etc.

Public Services and Procurement Canada

Notes to the Consolidated Financial Statements (*Unaudited*)

For the year ended March 31

5. ENVIRONMENTAL LIABILITIES AND ASSET RETIREMENT OBLIGATIONS (*continued*)

B. ASSET RETIREMENT OBLIGATIONS

PSPC has recorded asset retirement obligations for the removal of asbestos and other hazardous materials in buildings, closure and post-closure obligations associated with other works and infrastructure, and removal of leasehold improvements.

The changes in asset retirement obligations during the year are as follows:

	2024				2023
	Asbestos and other hazardous material in buildings	Closure and post-closure obligations - other works and infrastructure	Removal of leasehold improvements	Total	Total
<i>(in thousands of dollars)</i>					
Opening balance	382,466	7,366	5,688	395,520	429,696
New liabilities incurred	2,237	-	-	2,237	735
Liabilities settled	(18,097)	(75)	-	(18,172)	(19,254)
Revisions in estimates	(5,574)	(206)	(522)	(6,302)	(25,892)
Accretion expense ¹	11,729	267	163	12,159	10,235
Closing balance	372,761	7,352	5,329	385,442	395,520

¹ Accretion expense is the increase in the carrying amount of an asset retirement obligation due to the passage of time.

The undiscounted future expenditures, adjusted for inflation, for the planned projects comprising the liability are \$590,770 thousand (\$580,847 thousand as at March 31, 2023).

Key assumptions used in determining the provision are as follows:

	2024	2023
Discount rate	4.5 – 3.3%	4.5 – 3.0%
Discount period and timing of settlement	1 to 35 years	1 to 36 years
Long-term rate of inflation	2.0%	2.0%

PSPC's ongoing efforts to assess contaminated sites and asset retirement obligations may result in additional environmental liabilities and asset retirement obligations.

Public Services and Procurement Canada

Notes to the Consolidated Financial Statements (*Unaudited*)

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6. OTHER LIABILITIES

SEIZED PROPERTY – CASH

This account was established pursuant to the *Seized Property Management Act*, to record seized cash. These funds will be deposited in the Consolidated Revenue Fund and credited to the account until returned to the owner or forfeited.

CONTRACTORS' SECURITY DEPOSITS – CASH

This account was established to record contractors' security deposits that are required for the satisfactory performance of work in accordance with the *Government Contracts Regulations*.

DEPOSITS

This account was established to record transactions associated with deposits on disposals and rent security deposits for PSPC.

KING'S PRINTERS ASSOCIATION OF CANADA

This account was established pursuant to section 21(1) of the *Financial Administration Act*, to record the annual membership dues, conference registration fees and other funds received for specific purposes from members of the King's Printers Association of Canada (KPAC) as well as to record the costs associated with hosting the KPAC's annual conference.

THE WORKPLACE NETWORK

This account was established pursuant to section 21(1) of the *Financial Administration Act*, to record funds received for specific purposes from the participating members countries of The Workplace Network (TWN) and to record the costs associated with hosting TWN's annual conference on the management of public real estate portfolios and workplaces.

The following table presents details of other liabilities:

<i>(in thousands of dollars)</i>	April 1, 2023	Receipts and credits	Payments and charges	March 31, 2024
Seized property - Cash	38,670	25,495	(26,455)	37,710
Contractors' security deposits - Cash	2,143	3,365	(988)	4,520
Deposits	7,475	4,235	(9,926)	1,784
King's Printers Association of Canada	-	48	(5)	43
The Workplace Network	1	-	-	1
Total	48,289	33,143	(37,374)	44,058

Public Services and Procurement Canada

Notes to the Consolidated Financial Statements (*Unaudited*)

For the year ended March 31

7. LEASE OBLIGATIONS FOR TANGIBLE CAPITAL ASSETS

PSPC has entered into capital lease agreements for tangible capital assets with a cost of \$2,215,864 thousand and accumulated amortization of \$1,021,313 thousand as at March 31, 2024 (\$2,198,753 thousand and \$965,493 thousand respectively as at March 31, 2023). The obligations related for the upcoming years include the following:

<i>(in thousands of dollars)</i>	Total future minimum lease payments	Imputed interest (weighted average rate 5.0%; 5.3% in 2023)	2024	2023
Buildings	2,251,861	542,259	1,709,602	1,791,312
Total	2,251,861	542,259	1,709,602	1,791,312

The following table presents the future minimum capital lease payments:

<i>(in thousands of dollars)</i>	2025	2026	2027	2028	2029	2030 and subsequent	Total
Buildings	231,583	228,713	215,100	210,492	210,787	1,155,186	2,251,861
Total	231,583	228,713	215,100	210,492	210,787	1,155,186	2,251,861

8. OBLIGATION UNDER PUBLIC PRIVATE PARTNERSHIP

PSPC entered into a Public Private Partnership agreement for the construction and management of the Royal Canadian Mounted Police (RCMP) E Division building. Construction of the building was completed in 2013 and a cost of \$295,588 thousand was capitalized. The building was funded by a private partner (\$142,797 thousand) and PSPC (\$152,791 thousand). The obligations for upcoming years include the following:

<i>(in thousands of dollars)</i>	Total future minimum payments	Imputed Interest (10.52%)	2024	2023
Building	214,456	98,312	116,144	119,896
Total	214,456	98,312	116,144	119,896

The following table presents the future minimum payments:

<i>(in thousands of dollars)</i>	2025	2026	2027	2028	2029	2030 and subsequent	Total
Building	15,624	15,624	15,624	15,624	15,624	136,336	214,456
Total	15,624	15,624	15,624	15,624	15,624	136,336	214,456

Public Services and Procurement Canada

Notes to the Consolidated Financial Statements (*Unaudited*)

For the year ended March 31

9. EMPLOYEE FUTURE BENEFITS

A. PENSION BENEFITS

PSPC employees participate in the Public Service Pension Plan (the "Plan"), which is sponsored and administered by the Government of Canada. Pension benefits accrue up to a maximum period of 35 years. The benefits are integrated with Canada/Québec Pension Plan benefits such that the combined pension benefits equate to a rate of approximately 2 percent per year of pensionable service, times the average of the best five consecutive years of earnings. Pension benefits are indexed to inflation.

Both the employees and PSPC contribute to the cost of the Plan. Due to the amendment of the *Public Service Superannuation Act* following the implementation of provisions related to Economic Action Plan 2012, employee contributors have been divided into two groups – Group 1 relates to existing plan members as of December 31, 2012, and Group 2 relates to members joining the Plan as of January 1, 2013. Each group has a distinct contribution rate.

The 2024 expense amounts to \$159,949 thousand (\$147,817 thousand in 2023). For Group 1 members, the expense represents approximately 1.02 times (1.02 times in 2023) the employee contributions and, for Group 2 members, approximately 1.00 times (1.00 times in 2023) the employee contributions.

PSPC'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

Severance benefits provided to PSPC employees were previously based on an employee's eligibility, years of service and salary at termination of employment. However, since 2011, the accumulation of severance benefits for voluntary departures progressively ceased for substantially all employees. Employees subject to these changes were given the option to be paid the full or partial value of benefits earned to date or collect the full or remaining value of benefits upon departure from the public service. Severance benefits are unfunded and, consequently, the outstanding obligation will be paid from future authorities.

The changes in the obligation during the year were as follows:

<i>(in thousands of dollars)</i>	2024	2023
Accrued benefit obligation, beginning of year	38,573	43,688
Expense	2,665	(1,657)
Benefits paid during the year	(2,867)	(3,458)
Accrued benefit obligation, end of year	38,371	38,573

Public Services and Procurement Canada

Notes to the Consolidated Financial Statements (*Unaudited*)

For the year ended March 31

10. CONTINGENT LIABILITIES

Contingent liabilities arise in the normal course of operations and their ultimate disposition is unknown. PSPC is involved in contingent liabilities for claims and litigations.

CLAIMS AND LITIGATIONS

Claims have been made against PSPC in the normal course of operations. These claims include items with pleading amounts and others for which no amount is specified. While the total amount claimed in these actions is significant, their outcomes are not determinable. PSPC has recorded an allowance for claims and litigations where it is likely that there will be a future payment and a reasonable estimate of the loss can be made, with the exception of an unresolved claim where litigation is ongoing. Due to the magnitude of this latter claim, an allowance has been recorded centrally by the Office of the Comptroller General in the Consolidated Financial Statements of the Government of Canada which are audited by the Auditor General of Canada. Upon resolution in the future, any resulting liability for this claim will be recorded by the department and could be material. Claims and litigations for which the outcome is not determinable, and a reasonable estimate can be made by management amount to \$18,445 thousand at March 31, 2024 (\$18,620 thousand in 2023).

11. ACCOUNTS RECEIVABLE AND ADVANCES

The following table presents details of PSPC's accounts receivable and advances:

<i>(in thousands of dollars)</i>	2024	2023
Accounts receivable - Other government departments and agencies	378,427	311,563
Accounts receivable - External parties	177,999	121,487
Advances	8,177	20,090
	564,603	453,140
Less: Allowance for doubtful accounts on receivables from external parties	(20,023)	(6,062)
Gross accounts receivable and advances	544,580	447,078
Accounts receivable held on behalf of Government	(17,217)	(16,942)
Net accounts receivable and advances	527,363	430,136

Public Services and Procurement Canada

Notes to the Consolidated Financial Statements (*Unaudited*)

For the year ended March 31

11. ACCOUNTS RECEIVABLE AND ADVANCES (*continued*)

The following table provides an aging analysis of accounts receivable from external parties and the associated valuation allowances used to reflect their net recoverable value:

<i>(in thousands of dollars)</i>	2024	2023
Accounts receivable from external parties		
Not past due	169,247	111,724
Number of days past due		
1 to 30	997	2,106
31 to 60	79	1,103
61 to 90	362	993
91 to 365	1,468	982
Over 365	5,846	4,579
	8,752	9,763
Sub-total	177,999	121,487
Less: Valuation allowance	(20,023)	(6,062)
Total	157,976	115,425

Public Services and Procurement Canada

Notes to the Consolidated Financial Statements (*Unaudited*)

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12. RISK MANAGEMENT

PSPC's Financial instruments consist of accounts receivable and advances, accounts payable and accrued liabilities, and the obligation under Public Private Partnership. PSPC has limited exposure to the following risks from its use of financial instruments: credit risk, market risk and liquidity risk.

(a) Credit Risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss.

PSPC's maximum exposure to credit risk at March 31, 2024 and March 31, 2023 is the carrying amount of its financial assets which consist of accounts receivable and advances.

The credit risk associated with accounts receivable and advances is minimized, as substantial amounts are from federal or provincial entities. PSPC has determined that there is no significant concentration of credit risk related to accounts receivable from external parties. An analysis of the age of these financial assets and the associated valuation allowances used to reflect these accounts at their net recoverable value is disclosed in Note 11.

(b) Market Risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk includes three types of risk: currency risk, interest rate risk and other price risk. PSPC is exposed to currency risk and interest rate risk:

i) Currency Risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in the foreign exchange rates.

PSPC has determined that there is no significant concentration of currency risk related to foreign denominated financial instruments.

ii) Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. PSPC's obligation under Public Private Partnership bears fixed interest rates. There is no impact on PSPC's financial statements as these items are measured at cost or amortized cost.

(c) Liquidity Risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting its obligations associated with financial liabilities.

As the funding for PSPC's financial liabilities is drawn from the Consolidated Revenue Fund, its exposure to liquidity risk is fully mitigated.

Public Services and Procurement Canada

Notes to the Consolidated Financial Statements (*Unaudited*)

For the year ended March 31

13. TANGIBLE CAPITAL ASSETS

	Cost				Closing Balance
	Opening Balance	Acquisitions	Adjustments	Disposals and Write-Offs	
<i>(in thousands of dollars)</i>					
Capital assets					
Land	298,231	25,116	-	(81)	323,266
Buildings	8,479,278	105,279	515,105	(3,336)	9,096,326
Works and infrastructure	1,937,211	-	135,044	(1,949)	2,070,306
Machinery and equipment	67,079	350	(3,514)	(1,465)	62,450
Informatics hardware and software	1,056,166	180	76,288	(1,082)	1,131,552
Vehicles	11,495	1,736	2,150	(920)	14,461
Leasehold improvements	1,165,440	-	67,315	(24)	1,232,731
	13,014,900	132,661	792,388	(8,857)	13,931,092
Assets under construction					
Buildings	2,354,389	1,078,152	(648,923)	(47,995)	2,735,623
Works and infrastructure	997,024	435,876	(112,946)	(1,225)	1,318,729
Informatics hardware and software	86,976	65,917	(52,315)	(7,910)	92,668
Other assets under construction	20,015	28,379	(14,241)	-	34,153
	3,458,404	1,608,324	(828,425)	(57,130)	4,181,173
Public Private Partnership					
Building	295,653	-	-	-	295,653
	295,653	-	-	-	295,653
Leased tangible capital assets					
Land	14,801	-	-	-	14,801
Buildings	2,183,952	63,287	(569)	(45,607)	2,201,063
Assets under construction	-	215	(215)	-	-
	2,198,753	63,502	(784)	(45,607)	2,215,864
Total	18,967,710	1,804,487	(36,821)	(111,594)	20,623,782

Public Services and Procurement Canada

Notes to the Consolidated Financial Statements (*Unaudited*)

For the year ended March 31

13. TANGIBLE CAPITAL ASSETS (*continued*)

	Accumulated amortization					Net Book Value	
	Opening Balance	Amortization	Adjustments	Disposals and Write-Offs	Closing Balance	2024	2023
<i>(in thousands of dollars)</i>							
Capital assets							
Land	-	-	-	-	-	323,266	298,231
Buildings	4,636,353	205,093	14,426	(3,136)	4,852,736	4,243,590	3,842,925
Works and infrastructure	1,001,464	68,253	5,075	(1,949)	1,072,843	997,463	935,747
Machinery and equipment	30,585	4,416	280	(1,465)	33,816	28,634	36,494
Informatics hardware and software	792,802	67,637	5,132	(1,082)	864,489	267,063	263,364
Vehicles	6,522	1,011	(11)	(920)	6,602	7,859	4,973
Leasehold improvements	692,975	85,362	(17,676)	(13)	760,648	472,083	472,465
	7,160,701	431,772	7,226	(8,565)	7,591,134	6,339,958	5,854,199
Assets under construction							
Buildings						2,735,623	2,354,389
Works and infrastructure						1,318,729	997,024
Informatics hardware and software						92,668	86,976
Other assets under construction						34,153	20,015
						4,181,173	3,458,404
Public Private Partnership							
Building	86,442	8,471	-	-	94,913	200,740	209,211
	86,442	8,471	-	-	94,913	200,740	209,211
Leased tangible capital assets							
Land	-	-	-	-	-	14,801	14,801
Buildings	965,493	100,854	572	(45,606)	1,021,313	1,179,750	1,218,459
Assets under construction	-	-	-	-	-	-	-
	965,493	100,854	572	(45,606)	1,021,313	1,194,551	1,233,260
Total	8,212,636	541,097	7,798	(54,171)	8,707,360	11,916,422	10,755,074

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Notes to the Consolidated Financial Statements (*Unaudited*)

For the year ended March 31

14. DEPARTMENTAL NET FINANCIAL POSITION

A portion of PSPC's net financial position is restricted and earmarked for specified purposes.

The Seized Property Proceeds Account was established pursuant to section 13 of the *Seized Property Management Act*. The net proceeds, fines or funds received from the disposition of seized and forfeited properties to His Majesty and governments of foreign states (respectively) pursuant to agreements for the purpose of the Act are to be earmarked for specified purposes. Under the Act, expenses to be charged against the revenues include: operating expenses incurred in carrying out the purpose of the Act, amounts paid as a result of claims and repayments of advances from the Minister of Finance, interest on the drawdown from the Seized Property Working Capital Account and distribution of the proceeds to the relevant jurisdictions and the Consolidated Revenue Fund.

Related revenues and expenses are included in the Consolidated Statement of Operations and Departmental Net Financial Position. Activity in the account is as follows:

<i>(in thousands of dollars)</i>	2024	2023
Seized Property Proceeds Account - Restricted, beginning of year	37,131	44,953
Revenues	27,790	26,393
Expenses	(8,727)	(34,215)
	19,063	(7,822)
Seized Property Proceeds Account - Restricted, end of year	56,194	37,131
Unrestricted	8,972,331	7,661,561
Departmental net financial position - End of year	9,028,525	7,698,692

15. CONTRACTUAL OBLIGATIONS AND CONTRACTUAL RIGHTS

A. CONTRACTUAL OBLIGATIONS

The nature of PSPC's activities may result in some large multi-year contracts and obligations whereby the Department will be obligated to make future payments when the services/goods are received. Significant contractual obligations (\$10 million or more) that can be reasonably estimated are summarized as follows:

<i>(in thousands of dollars)</i>	2025	2026	2027	2028	2029	2030 and subsequent	Total
Capital assets	1,851,572	1,703,864	1,081,383	641,831	12,754	36,705	5,328,109
Operating leases	391,418	386,306	335,951	303,516	215,966	376,877	2,010,034
Purchases	1,669,135	1,426,528	809,982	1,065,491	310,554	2,739,961	8,021,651
Total	3,912,125	3,516,698	2,227,316	2,010,838	539,274	3,153,543	15,359,794

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15. CONTRACTUAL OBLIGATIONS AND CONTRACTUAL RIGHTS (*continued*)

B. CONTRACTUAL RIGHTS

The activities of PSPC sometimes involve the negotiation of contracts or agreements with outside parties that result in PSPC having rights to both assets and revenues in the future. They principally involve leases of property. At March 31, 2024, major contractual rights (\$10 million or more) that will generate revenues in future years are summarized as follows:

<i>(in thousands of dollars)</i>	2025	2026	2027	2028	2029	2030 and subsequent	Total
Leases of property	2,278	2,279	2,277	2,272	1,326	-	10,432
Total	2,278	2,279	2,277	2,272	1,326	-	10,432

16. RELATED PARTY TRANSACTIONS

PSPC is related as a result of common ownership to all government departments, agencies and Crown corporations of Canada. Related parties also include individuals who are members of PSPC's key management personnel or close family members of those individuals, and entities controlled by, or under shared control of, a member of PSPC's key management personnel or a close family member of that individual.

A. COMMON SERVICES PROVIDED WITHOUT CHARGE BY OTHER GOVERNMENT DEPARTMENTS

During the year, PSPC received services without charge from certain common service organizations related to 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 at the carrying value in PSPC's Consolidated Statement of Operations and Departmental Net Financial Position as follows:

<i>(in thousands of dollars)</i>	2024	2023
Employer's contribution to the health and dental insurance plans (excluding revolving funds) paid by Treasury Board of Canada Secretariat	120,187	98,855
Legal services provided by Justice Canada	5,132	5,692
Workers' compensation coverage provided by Employment and Social Development Canada	1,201	993
Total	126,520	105,540

The government has centralized some of its administrative activities for efficiency, cost-effectiveness 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 audit services provided by the Office of the Auditor General and information technology infrastructure services provided by Shared Services Canada are not included in PSPC's Consolidated Statement of Operations and Departmental Net Financial Position.

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16. RELATED PARTY TRANSACTIONS (*continued*)

B. COMMON SERVICES PROVIDED WITHOUT CHARGE TO OTHER GOVERNMENT DEPARTMENTS

As a federal common service provider, PSPC provides accommodation without charge to other government departments. Throughout the fiscal year, PSPC provided accommodation without charge to other government departments for a fair value amounting to \$1,620,829 thousand (\$1,596,355 thousand in 2023).

C. ADMINISTRATION OF PROGRAMS ON BEHALF OF OTHER GOVERNMENT DEPARTMENTS

The Government of Canada voluntarily pays its 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. Under the statutory authority of the *Payments in Lieu of Taxes Act*, which is disclosed under grants in the Main Estimates, PSPC administers the Payments in Lieu of Taxes (PILT) Program on behalf of other government departments. During the year, PSPC issued payments that amounted to \$624,213 thousand (\$557,712 thousand in 2023) on behalf of other participating government departments. Payments were subsequently recovered from participating departments and were recorded as statutory grants in the Public Accounts of Canada. These expenses are reflected in the financial statements of other participating government departments and are not recorded in these financial statements.

D. OTHER TRANSACTIONS WITH OTHER GOVERNMENT DEPARTMENTS AND AGENCIES

PSPC enters into transactions with other government departments and agencies in the normal course of business and on normal trade terms.

<i>(in thousands of dollars)</i>	2024	2023
Accounts receivable - Other government departments and agencies	378,427	311,563
Accounts payable - Other government departments and agencies	169,422	67,264
Expenses - Other government departments and agencies	810,454	617,425
Revenues - Other government departments and agencies	3,351,362	3,048,700

Expenses and revenues disclosed above exclude common services provided without charge, which are already disclosed in Note 16A and 16B.

Public Services and Procurement Canada

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16. RELATED PARTY TRANSACTIONS (*continued*)

E. TRANSFERS OF TANGIBLE CAPITAL ASSETS FROM (TO) OTHER GOVERNMENT DEPARTMENTS, AGENCIES AND CROWN CORPORATIONS

During the year, PSPC received leasehold improvements, furniture, equipment and a vehicle from other government departments and agencies; and transferred vehicles, computer hardware, assets under construction, works and infrastructure and leasehold improvements to other government departments and agencies. Also, PSPC transferred assets under construction to Crown corporations. The transfers were measured at their net book value.

<i>(in thousands of dollars)</i>	2024	2023
Transfers of tangible capital assets from (to) other government departments and agencies		
Treasury Board Secretariat	442	-
Canada School of Public Service	108	216
Office of the Chief Electoral Officer	33	-
Employment and Social Development Canada	(32)	-
National Research Council of Canada	(428)	(2,369)
Health Canada	(2,066)	(18,755)
House of Commons	(7,090)	(548)
Environment and Climate Change Canada	-	(7)
Federal Economic Development Agency for Southern Ontario	-	(11)
Parliamentary Protective Service	-	(122)
Natural Resources Canada	-	(1,746)
Agriculture and Agri-Food Canada	-	(15,702)
Canada Revenue Agency (net book value (\$7) dollars in 2024)	-	-
Canada Border Services Agency (net book value (\$1) dollar in 2024)	-	-
Parks Canada Agency (net book value (\$2) dollars in 2023)	-	-
Privy Council Office (net book value (\$1) dollar in 2023)	-	-
Total transfers of tangible capital assets from (to) other government departments and agencies	(9,033)	(39,044)
Transfers of tangible capital assets to Crown corporations		
Canada Post Corporation	(118)	(756)
National Gallery of Canada	(260)	(525)
National Arts Centre	(7,180)	(3,865)
National Capital Commission	-	(470)
Total transfers of tangible capital assets to Crown corporations	(7,558)	(5,616)
Total transfers of tangible capital assets from (to) other government departments, agencies and Crown corporations	(16,591)	(44,660)

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17. SEGMENTED INFORMATION

Presentation by segment is based on PSPC's core responsibilities. 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 by core responsibility, by major object of expense, and by major type of revenue. The segmented results for the period are as follows:

<i>(in thousands of dollars)</i>	Purchase of Goods and Services	Payments and Accounting	Property and Infrastructure	Government-Wide Support	Procurement Ombudsman	Internal Services	Intradepartmental transactions	2024	2023
EXPENSES									
<i>Operating expenses</i>									
Salaries and employee benefits	299,429	632,224	589,054	299,870	4,264	390,410	(827)	2,214,424	1,892,233
Professional and special services	50,764	162,844	1,541,222	96,237	403	46,925	(469,175)	1,429,220	1,142,360
Rentals	282	14,328	1,063,127	35,596	21	18,083	(32,403)	1,099,034	1,115,837
Repairs and maintenance	21	598	1,115,173	5,917	-	1,166	(111,436)	1,011,439	908,208
Amortization of tangible capital assets	3,177	33,725	478,949	8,207	-	17,039	-	541,097	543,751
Land, buildings and works *	-	-	443,681	-	-	-	(61)	443,620	410,640
Payments in lieu of taxes	-	-	174,996	-	-	-	-	174,996	158,367
Utilities, materials and supplies	7,026	3,203	89,213	1,725	8	1,191	(11,318)	91,048	343,469
Interest and banking fees	3	90,713	219	14	-	26	-	90,975	64,484
Interest on capital lease payments	-	-	88,983	-	-	-	-	88,983	98,186
Other expenses	7,887	3,842	125,032	72,681	-	5,320	(130,186)	84,576	29,548
Machinery and equipment *	1,833	27,013	38,270	1,075	3	17,980	(3,900)	82,274	100,361
Transportation and communications	15,299	38,609	15,742	3,478	65	3,023	(273)	75,943	64,165
Reclassification of assets under construction including capitalization of previous years	794	(45)	22,343	126	-	398	-	23,616	5,020
Information	1,922	556	930	10,265	172	1,421	(1,873)	13,393	31,580
Interest on obligation under Public Private Partnership	-	-	11,873	-	-	-	-	11,873	12,230
Expenses from Seized Property Proceeds Account (note 14)	-	-	-	8,727	-	-	-	8,727	34,215
Environmental liability adjustments	-	-	(19,877)	-	-	-	-	(19,877)	(10,529)
Intradepartmental transactions	(32,827)	(1,235)	(574,819)	(80,698)	-	(71,873)	761,452	-	-
TOTAL CONSOLIDATED EXPENSES	355,610	1,006,375	5,204,111	463,220	4,936	431,109	-	7,465,361	6,944,125

* These expenses are mainly related to tangible capital assets that are below PSPC's capitalization threshold (Note 2M).

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17. SEGMENTED INFORMATION (*continued*)

(in thousands of dollars)

	Purchase of Goods and Services	Payments and Accounting	Property and Infrastructure	Government-Wide Support	Procurement Ombudsman	Internal Services	Intradepartmental transactions	2024	2023
REVENUES									
Sales of goods and information products	255	-	2,093,573	2,108	-	-	(191,812)	1,904,124	1,614,656
Rentals	-	-	846,813	-	-	-	(9,334)	837,479	851,450
Services of a non-regulatory nature **	164,458	8,455	58,775	324,096	-	70,581	(203,883)	422,482	656,503
Services of a regulatory nature ***	-	193,607	10,728	9,892	-	174	(1,484)	212,917	183,361
Other revenues****	27,491	44,806	356,853	44,957	-	21,624	(354,939)	140,792	164,359
Revenues from Seized Property Proceeds Account (<i>note 14</i>)	-	-	-	27,790	-	-	-	27,790	26,393
Revenues earned on behalf of Government	(28,323)	(50,450)	(23,973)	(25,934)	-	(18,733)	-	(147,413)	(173,989)
Intradepartmental transactions	(32,827)	(1,235)	(574,819)	(80,698)	-	(71,873)	761,452	-	-
TOTAL CONSOLIDATED REVENUES	131,054	195,183	2,767,950	302,211	-	1,773	-	3,398,171	3,322,733
NET COST OF OPERATIONS	224,556	811,192	2,436,161	161,009	4,936	429,336	-	4,067,190	3,621,392

** Services of a non-regulatory nature are mainly comprised of special accommodation and real property services, real property project management services, translation services, as well as freight services, material transportation and travel procurement.

*** Services of a regulatory nature are mainly comprised of cost recovery for services provided to administer the *Public Service Superannuation Act (PSSA)* and for payment services for Receiver General functions.

**** Total non-recurring revenues of \$11,517 thousand in 2024 were incurred in relation to net gains on disposals of tangible capital assets and other assets.

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18. TRANSFER FROM SHARED SERVICES CANADA

Effective November 15, 2023, Shared Services Canada (SSC) transferred the control and supervision of the Next Generation Human Resources and Pay System Initiative to PSPC, in accordance with the Order-in-Council (PC Number 2023-1140), including the stewardship responsibility for the liabilities related to the initiative.

During the transition period, SSC continued to incur operating expenses on behalf of PSPC. Expenses incurred by SSC and vacation pay and employee future benefits liabilities, which amount to \$8,906 thousand and to \$55 thousand respectively, were subsequently transferred to PSPC and are included in these financial statements. The transfer has a net impact of \$8,851 thousand in 2024 on PSPC Departmental net financial position.