



Services publics et
Approvisionnement Canada

Public Services and
Procurement Canada

Canada

CONSOLIDATED DEPARTMENTAL FINANCIAL STATEMENTS

(Unaudited)

For the year ended March 31, 2025

2024-2025

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, 2025, 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, 2025 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 9, 2025

The original version was signed by

Michael Hammond, CPA
Chief Financial Officer and
Assistant Deputy Minister

Gatineau, Canada
September 8, 2025

Public Services and Procurement Canada

Consolidated Statement of Financial Position (Unaudited)

As at March 31

	2025	2024
<i>(in thousands of dollars)</i>		
Liabilities		
Accounts payable and accrued liabilities (note 4)	1,790,149	1,811,029
Environmental liabilities (note 5a)	203,182	173,273
Asset retirement obligations (note 5b)	395,805	385,442
Vacation pay and compensatory leave	107,389	99,336
Other liabilities (note 6)	39,945	44,058
Seized Property Working Capital Account	10,975	15,730
Lease obligations for tangible capital assets (note 7)	1,536,482	1,709,602
Obligation under Public Private Partnership (note 8)	111,998	116,144
Lease inducements	75,329	88,777
Employee future benefits (note 9)	41,177	38,371
Total net liabilities	4,312,431	4,481,762
Financial assets		
Due from Consolidated Revenue Fund	940,687	1,053,476
Accounts receivable and advances (note 11)	460,398	544,580
	1,401,085	1,598,056
Financial assets held on behalf of Government		
Accounts receivable (note 11)	(14,752)	(17,217)
	(14,752)	(17,217)
Total net financial assets	1,386,333	1,580,839
Departmental net debt	2,926,098	2,900,923
Non-financial assets		
Prepaid expenses	20,914	13,026
Tangible capital assets (note 13)	13,161,974	11,916,422
Total non-financial assets	13,182,888	11,929,448
Departmental net financial position (note 14)	10,256,790	9,028,525

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 9, 2025

The original version was signed by

Michael Hammond, CPA
Chief Financial Officer and
Assistant Deputy Minister

Gatineau, Canada
September 8, 2025

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>	2025 <i>Planned results</i>	2025 <i>Actual</i>	2024 <i>Actual</i>
EXPENSES			
Property and Infrastructure	5,080,821	5,347,216	5,204,111
Payments and Accounting	1,016,328	1,099,685	1,006,375
Government-Wide Support	487,560	467,647	463,220
Internal Services	368,877	421,473	431,109
Purchase of Goods and Services	323,170	409,618	355,610
Procurement Ombud	4,644	5,781	4,936
Total expenses	7,281,400	7,751,420	7,465,361
REVENUES			
Sales of goods and information products	1,815,862	2,016,038	1,904,124
Rentals	746,825	821,020	837,479
Services of a non-regulatory nature	434,706	440,633	422,482
Services of a regulatory nature	199,569	205,485	212,917
Other revenues	219,740	153,867	140,792
Revenues from Seized Property Proceeds Account (note 14)	26,393	27,693	27,790
Revenues earned on behalf of Government	(173,989)	(157,912)	(147,413)
Total revenues	3,269,106	3,506,824	3,398,171
Net cost of operations before government funding and transfers	4,012,294	4,244,596	4,067,190
GOVERNMENT FUNDING AND TRANSFERS			
Net cash provided by Government of Canada		5,473,374	4,804,136
Change in due from Consolidated Revenue Fund		(112,789)	474,450
Services provided without charge by other government departments (note 16)		126,839	126,520
Transfer of tangible capital assets to other government departments, agencies and Crown corporations (note 16)		(15,191)	(16,591)
Transfer of salary overpayments from (to) other government departments		628	(343)
Transfer from Shared Services Canada		-	8,851
Net cost of operations after government funding and transfers		(1,228,265)	(1,329,833)
Departmental net financial position - Beginning of year		9,028,525	7,698,692
Departmental net financial position - End of year (note 14)		10,256,790	9,028,525

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

	2025	2024
<i>(in thousands of dollars)</i>		
Net cost of operations after government funding and transfers	(1,228,265)	(1,329,833)
Change due to tangible capital assets		
Acquisitions of tangible capital assets <i>(note 13)</i>	1,729,249	1,740,985
Acquisitions of leased tangible capital assets <i>(note 13)</i>	11,740	63,502
Amortization of tangible capital assets <i>(note 13)</i>	(552,936)	(541,097)
Proceeds from disposal of tangible capital assets	(6,744)	(10,688)
Net loss on disposals of tangible capital assets including adjustments	(23,306)	(46,735)
Accounts payable for work in progress to be paid at a future date	122,289	-
Reclassification of assets under construction including capitalization of previous years	196	(23,616)
Variation in tangible capital assets due to asset retirement obligations	(19,745)	(4,412)
Transfer of tangible capital assets to other government departments, agencies and Crown corporations <i>(note 16)</i>	(15,191)	(16,591)
Change due to tangible capital assets	1,245,552	1,161,348
Change due to non-capital assets		
Change due to prepaid expenses	7,888	9,645
Change due to non-capital assets	7,888	9,645
Increase (decrease) in departmental net debt	25,175	(158,840)
Departmental net debt - Beginning of year	2,900,923	3,059,763
Departmental net debt - End of year	2,926,098	2,900,923

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

	2025	2024
<i>(in thousands of dollars)</i>		
Operating activities		
Net cost of operations before government funding and transfers	4,244,596	4,067,190
Non-cash items:		
Amortization of tangible capital assets (note 13)	(552,936)	(541,097)
Net loss on disposals of tangible capital assets including adjustments	(23,306)	(46,735)
Reduction of lease obligations for tangible capital assets	35,508	-
Accounts payable for work in progress to be paid at a future date	122,289	-
Reclassification of assets under construction including capitalization of previous years	196	(23,616)
Variation in tangible capital assets due to asset retirement obligations	(19,745)	(4,412)
Services provided without charge by other government departments (note 16)	(126,839)	(126,520)
Variations in Consolidated Statement of Financial Position:		
Decrease (increase) in accounts payable and accrued liabilities	20,880	(539,872)
(Increase) decrease in environmental liabilities	(29,909)	19,877
(Increase) decrease in asset retirement obligations	(10,363)	10,078
(Increase) decrease in vacation pay and compensatory leave	(8,053)	479
Decrease in other liabilities	4,113	4,231
Decrease (increase) in Seized Property Working Capital Account	4,755	(489)
Decrease in lease inducements	13,448	7,195
(Increase) decrease in employee future benefits	(2,806)	202
(Decrease) increase in accounts receivable and advances	(81,717)	97,227
Increase in prepaid expenses	7,888	9,645
Transfer of salary overpayments (from) to other government departments	(628)	343
Transfer from Shared Services Canada	-	(8,851)
Cash used in operating activities	3,597,371	2,924,875
Capital investing activities		
Acquisitions of tangible capital assets (note 13)	1,729,249	1,740,985
Acquisitions of assets under construction on leased tangible capital assets (note 13)	287	215
Proceeds from disposal of tangible capital assets	(6,744)	(10,688)
Cash used in capital investing activities	1,722,792	1,730,512
Financing activities		
Payments on lease obligations for tangible capital assets	149,065	144,997
Payments on obligation under Public Private Partnership	4,146	3,752
Cash used in financing activities	153,211	148,749
Net cash provided by Government of Canada	5,473,374	4,804,136

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 Ombud: The Office of the Procurement Ombud 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 2024-2025 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 2024-25 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 2024-25 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 transfer payments 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

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>	2025	2024
Net cost of operations before government funding and transfers	4,244,596	4,067,190
Adjustments for items affecting net cost of operations but not affecting authorities:		
Amortization of tangible capital assets (<i>note 13</i>)	(552,936)	(541,097)
Net loss on disposals of tangible capital assets including adjustments	(23,306)	(46,735)
Reclassification of assets under construction including capitalization of previous years	196	(23,616)
Services provided without charge by other government departments (<i>note 16</i>)	(126,839)	(126,520)
Refunds of previous years and program expenditures	16,330	42,201
Adjustments of previous years accounts payable	10,268	13,709
Asset retirement obligations not affecting authorities	718	5,204
Timing differences between revenues earned and collected	2,719	(8,055)
Net revenue from Seized Property Proceeds Account (<i>note 14</i>)	2,057	19,063
(Increase) decrease in vacation pay and compensatory leave not affecting authorities	(8,053)	515
(Increase) decrease in employee future benefits not affecting authorities	(2,432)	222
(Increase) decrease in environmental liabilities	(29,909)	19,877
Decrease in accrued liabilities not affecting authorities	4,168	12,529
Timing differences between payments in lieu of taxes and recoveries	9,910	51,293
Bad debt expense	(645)	(14,017)
Revenues earned on behalf of Government not affecting authorities	(6,744)	(10,688)
Other	576	3,400
Total items affecting net cost of operations but not affecting authorities	(703,922)	(602,715)
Adjustments for items not affecting net cost of operations but affecting authorities:		
Acquisitions of tangible capital assets (<i>note 13</i>)	1,729,249	1,740,985
Acquisitions of assets under construction as leased tangible capital assets (<i>note 13</i>)	287	215
Payments of lease obligations for tangible capital assets	149,065	144,997
Payments of obligation under Public Private Partnership	4,146	3,752
Net cash variation of prepaid expenses and advances	7,749	9,604
Variation of lease inducements	14,095	5,923
Accounts receivable related to salary overpayments	6,325	5,330
Total items not affecting net cost of operations but affecting authorities	1,910,916	1,910,806
Current year budgetary authorities used	5,451,590	5,375,281

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>	2025	2024
Vote 1 - Operating expenditures	3,438,135	3,325,306
Vote 5 - Capital expenditures	2,055,000	1,925,029
Statutory items:		
Revolving Funds	416,001	446,853
Other	213,089	249,634
Authorities provided	6,122,225	5,946,822
Less:		
Authorities available for future years	(401,628)	(416,830)
Lapsed authorities	(269,007)	(154,711)
Current year budgetary authorities used	5,451,590	5,375,281
<i>Seized Property Management Act</i>	4,755	(489)
Imprest Funds	(1,874)	(11,740)
Current year non-budgetary authorities used	2,881	(12,229)

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>	2025	2024
Accounts payable - External parties	542,547	709,550
Accounts payable - Other government departments and agencies	92,843	169,422
Total accounts payable	635,390	878,972
Accrued liabilities	849,717	700,459
Contractors' holdbacks	157,726	124,555
Accrued salaries and wages	147,316	107,043
Total accounts payable and accrued liabilities	1,790,149	1,811,029

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 200 sites (199 sites in 2024) where contamination may exist and assessment, remediation and monitoring may be required. Of these, PSPC has assessed 63 sites (66 sites in 2024) where action is required and for which a gross liability of \$181,733 thousand (\$151,921 thousand in 2024) 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 74 unassessed sites (70 sites in 2024) where a liability estimate of \$21,449 thousand (\$21,352 thousand in 2024) has been recorded using this model.

These two estimates combined, totaling \$203,182 thousand (\$173,273 thousand in 2024), 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 (63 sites in 2024), 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, 2025 and March 31, 2024. 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 2024). 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 2025 rates range from 2.5% for a 1-year term to 3.3% for a 30 year or greater term.

Also, during the year, 25 sites (9 sites in 2024) 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*)

A. REMEDIATION OF CONTAMINATED SITES (*continued*)

Nature and Source of Liability								
(in thousands of dollars)	2025				2024			
	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	88,264	160,798	27	24	70,596	130,043
Military and Former Military Sites ^(b)	6	3	231	246	7	4	274	301
Fuel Related Practices ^(c)	8	2	14,402	15,181	19	3	14,171	15,698
Landfill/Waste Sites ^(d)	4	4	4,804	4,994	5	5	6,493	7,101
Engineered Asset/Air and Land Transportation ^(e)	112	78	81,240	66,810	112	83	74,046	60,771
Marine Facilities/Aquatic Sites ^(f)	1	-	-	-	2	-	-	-
Parks and Protected Areas ^(g)	1	1	76	77	1	1	76	79
Office/Commercial/Industrial Operations ^(h)	35	24	10,309	9,503	24	15	3,742	2,895
Other ⁽ⁱ⁾	6	1	3,856	3,952	2	1	3,875	4,051
Total	200	137	203,182	261,561	199	136	173,273	220,939

(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:

	2025				2024
	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	372,761	7,352	5,329	385,442	395,520
New liabilities incurred	927	-	-	927	2,237
Liabilities settled	(11,841)	(3,220)	-	(15,061)	(18,172)
Revisions in estimates	12,399	(1,225)	20	11,194	(6,302)
Accretion expense ¹	12,681	333	289	13,303	12,159
Closing balance	386,927	3,240	5,638	395,805	385,442

¹Accretion 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 \$550,402 thousand (\$590,770 thousand as at March 31, 2024).

Key assumptions used in determining the provision are as follows:

	2025	2024
Discount rate	2.58 – 3.35%	4.52 – 3.30%
Discount period and timing of settlement	1 to 35 years	1 to 35 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*)

For the year ended March 31

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 ON DISPOSALS AND RENT SECURITY 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 account was closed in 2024-25.

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, 2024	Receipts and credits	Payments and charges	March 31, 2025
Seized property - Cash	37,710	19,735	(23,951)	33,494
Contractors' security deposits - Cash	4,520	1,865	(1,463)	4,922
Deposits on disposals and rent security deposits	1,784	2,840	(3,095)	1,529
King's Printers Association of Canada	43	-	(43)	-
The Workplace Network	1	-	(1)	-
Total	44,058	24,440	(28,553)	39,945

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 \$2,145,420 thousand and accumulated amortization of \$1,072,720 thousand as at March 31, 2025 (\$2,215,864 thousand and \$1,021,313 thousand respectively as at March 31, 2024). 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 4.7%; 5.0% in 2024)	2025	2024
Buildings	1,988,431	451,949	1,536,482	1,709,602
Total	1,988,431	451,949	1,536,482	1,709,602

The following table presents the future minimum capital lease payments:

<i>(in thousands of dollars)</i>	2026	2027	2028	2029	2030	2031 and subsequent	Total
Buildings	227,221	213,608	209,226	209,520	205,249	923,607	1,988,431
Total	227,221	213,608	209,226	209,520	205,249	923,607	1,988,431

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%)	2025	2024
Building	198,832	86,834	111,998	116,144
Total	198,832	86,834	111,998	116,144

The following table presents the future minimum payments:

<i>(in thousands of dollars)</i>	2026	2027	2028	2029	2030	2031 and subsequent	Total
Building	15,624	15,624	15,624	15,624	15,624	120,712	198,832
Total	15,624	15,624	15,624	15,624	15,624	120,712	198,832

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 2025 expense amounts to \$176,690 thousand (\$159,949 thousand in 2024). For Group 1 members, the expense represents approximately 1.02 times (1.02 times in 2024) the employee contributions and, for Group 2 members, approximately 1.00 times (1.00 times in 2024) 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>	2025	2024
Accrued benefit obligation, beginning of year	38,371	38,573
Expense	8,068	2,665
Benefits paid during the year	(5,262)	(2,867)
Accrued benefit obligation, end of year	41,177	38,371

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 \$16,437 thousand at March 31, 2025 (\$18,445 thousand in 2024).

11. ACCOUNTS RECEIVABLE AND ADVANCES

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

<i>(in thousands of dollars)</i>	2025	2024
Accounts receivable - Other government departments and agencies	346,662	378,427
Accounts receivable - External parties	127,481	177,999
Advances	5,667	8,177
	479,810	564,603
Less: Allowance for doubtful accounts on receivables from external parties	(19,412)	(20,023)
Gross accounts receivable and advances	460,398	544,580
Accounts receivable held on behalf of Government	(14,752)	(17,217)
Net accounts receivable and advances	445,646	527,363

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:

	2025	2024
<i>(in thousands of dollars)</i>		
Accounts receivable from external parties		
Not past due	102,545	153,342
Number of days past due		
1 to 30	846	956
31 to 60	753	1
61 to 90	17	313
91 to 365	228	490
Over 365	197	79
Impaired	22,895	22,818
	24,936	24,657
Sub-total	127,481	177,999
Less: Valuation allowance	(19,412)	(20,023)
Total	108,069	157,976

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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, 2025 and March 31, 2024 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*)

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13. TANGIBLE CAPITAL ASSETS

	Cost				Closing Balance
	Opening Balance	Acquisitions	Adjustments	Disposals and Write-Offs	
<i>(in thousands of dollars)</i>					
Capital assets					
Land	323,266	60	(407)	(123)	322,796
Buildings	9,096,326	51,937	255,962	(4,949)	9,399,276
Works and infrastructure	2,070,306	-	174,622	(7,096)	2,237,832
Machinery and equipment	62,450	757	8,042	(466)	70,783
Informatics hardware and software	1,131,552	66	33,269	(430)	1,164,457
Vehicles	14,461	1,634	175	(536)	15,734
Leasehold improvements	1,232,731	-	53,711	(20,040)	1,266,402
	13,931,092	54,454	525,374	(33,640)	14,477,280
Assets under construction					
Buildings	2,735,623	1,369,890	(396,833)	(14,649)	3,694,031
Works and infrastructure	1,318,729	196,529	12,036	(8,638)	1,518,656
Informatics hardware and software	92,668	63,096	(20,870)	-	134,894
Other assets under construction	34,153	45,280	(16,861)	-	62,572
	4,181,173	1,674,795	(422,528)	(23,287)	5,410,153
Public Private Partnership					
Building	295,653	-	-	-	295,653
	295,653	-	-	-	295,653
Leased tangible capital assets					
Land	14,801	-	-	-	14,801
Buildings	2,201,063	11,453	(40,063)	(42,074)	2,130,379
Assets under construction	-	287	(47)	-	240
	2,215,864	11,740	(40,110)	(42,074)	2,145,420
Total	20,623,782	1,740,989	62,736	(99,001)	22,328,506

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	2025	2024
<i>(in thousands of dollars)</i>							
Capital assets							
Land	-	-	-	-	-	322,796	323,266
Buildings	4,852,736	206,209	(26,026)	(4,856)	5,028,063	4,371,213	4,243,590
Works and infrastructure	1,072,843	74,509	489	(3,673)	1,144,168	1,093,664	997,463
Machinery and equipment	33,816	4,477	5,970	(466)	43,797	26,986	28,634
Informatics hardware and software	864,489	69,224	(73)	(259)	933,381	231,076	267,063
Vehicles	6,602	1,287	(90)	(536)	7,263	8,471	7,859
Leasehold improvements	760,648	88,713	1,683	(17,287)	833,757	432,645	472,083
	7,591,134	444,419	(18,047)	(27,077)	7,990,429	6,486,851	6,339,958
Assets under construction							
Buildings						3,694,031	2,735,623
Works and infrastructure						1,518,656	1,318,729
Informatics hardware and software						134,894	92,668
Other assets under construction						62,572	34,153
						5,410,153	4,181,173
Public Private Partnership							
Building	94,913	8,470	-	-	103,383	192,270	200,740
	94,913	8,470	-	-	103,383	192,270	200,740
Leased tangible capital assets							
Land	-	-	-	-	-	14,801	14,801
Buildings	1,021,313	100,047	(6,766)	(41,874)	1,072,720	1,057,659	1,179,750
Assets under construction	-	-	-	-	-	240	-
	1,021,313	100,047	(6,766)	(41,874)	1,072,720	1,072,700	1,194,551
Total	8,707,360	552,936	(24,813)	(68,951)	9,166,532	13,161,974	11,916,422

Public Services and Procurement Canada

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:

	2025	2024
<i>(in thousands of dollars)</i>		
Seized Property Proceeds Account - Restricted, beginning of year	56,194	37,131
Revenues	27,693	27,790
Expenses	(25,636)	(8,727)
	2,057	19,063
Seized Property Proceeds Account - Restricted, end of year	58,251	56,194
Unrestricted	10,198,539	8,972,331
Departmental net financial position - End of year	10,256,790	9,028,525

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>	2026	2027	2028	2029	2030	2031 and subsequent	Total
Capital assets	2,412,687	1,513,698	960,783	104,509	63,444	224,190	5,279,311
Operating leases	349,565	326,437	291,843	239,706	166,578	366,701	1,740,830
Purchases	2,193,948	966,660	1,111,335	720,432	645,261	4,018,703	9,656,339
Total	4,956,200	2,806,795	2,363,961	1,064,647	875,283	4,609,594	16,676,480

Public Services and Procurement Canada

Notes to the Consolidated Financial Statements (*Unaudited*)

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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, 2025, there are no major contractual rights (\$10 million or more) that will generate revenues in future years.

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>	2025	2024
Employer's contribution to the health and dental insurance plans (excluding revolving funds) paid by Treasury Board of Canada Secretariat	121,055	120,187
Legal services provided by Justice Canada	4,704	5,132
Workers' compensation coverage provided by Employment and Social Development Canada	1,080	1,201
Total	126,839	126,520

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.

Public Services and Procurement Canada

Notes to the Consolidated Financial Statements (*Unaudited*)

For the year ended March 31

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 \$1,585,632 thousand (\$1,620,829 thousand in 2024).

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 transfer payments 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 \$632,031 thousand (\$624,213 thousand in 2024) on behalf of other participating government departments. Payments were subsequently recovered from participating departments and were recorded as statutory transfer payments 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>	2025	2024
Accounts receivable	346,662	378,427
Accounts payable	92,843	169,422
Expenses	799,821	810,454
Revenues	3,453,997	3,351,362

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

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Notes to the Consolidated Financial Statements (*Unaudited*)

For the year ended March 31

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 equipment, furniture and leasehold improvements from other government departments and agencies; and transferred buildings, leasehold improvements, lands, motor vehicles and computer hardware 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>	2025	2024
Transfers of tangible capital assets from (to) other government departments and agencies		
Treasury Board of Canada Secretariat	2,677	442
Canada School of Public Service	12	108
Royal Canadian Mounted Police	(21)	-
Parks Canada Agency	(24)	-
National Defence	(1,734)	-
House of Commons	(13,915)	(7,090)
Office of the Chief Electoral Officer	-	33
Employment and Social Development Canada	-	(32)
National Research Council Canada	-	(428)
Health Canada	-	(2,066)
Canada Revenue Agency (net book value \$6 dollars in 2025; (\$7) dollars in 2024)	-	-
Canada Border Services Agency (net book value (\$1) dollar in 2024)	-	-
Total transfers of tangible capital assets from (to) other government departments and agencies	(13,005)	(9,033)
Transfers of tangible capital assets to Crown corporations		
National Arts Centre	(2,186)	(7,180)
National Gallery of Canada	-	(260)
Canada Post Corporation	-	(118)
Total transfers of tangible capital assets to Crown corporations	(2,186)	(7,558)
Total transfers of tangible capital assets from (to) other government departments, agencies and Crown corporations	(15,191)	(16,591)

Public Services and Procurement Canada

Notes to the Consolidated Financial Statements (Unaudited)

For the year ended March 31

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 Ombud	Internal Services	Intradepartmental transactions	2025	2024
EXPENSES									
<i>Operating expenses</i>									
Salaries and employee benefits	331,354	663,205	621,795	305,049	5,256	389,728	(1,880)	2,314,507	2,214,424
Professional and special services	44,588	204,728	1,700,713	85,862	319	38,786	(528,279)	1,546,717	1,429,220
Rentals	262	19,996	1,068,360	33,278	17	20,329	(34,113)	1,108,129	1,099,034
Repairs and maintenance	1	650	1,058,071	5,696	9	1,137	(91,062)	974,502	1,011,439
Amortization of tangible capital assets	3,919	34,356	488,282	8,035	-	18,344	-	552,936	541,097
Land, buildings and works *	-	-	430,868	-	-	-	(181)	430,687	443,620
Payments in lieu of taxes	-	-	186,009	-	-	-	-	186,009	174,996
Utilities, materials and supplies	6,893	4,605	126,102	2,158	5	818	(13,943)	126,638	91,048
Transportation and communications	44,398	44,327	15,618	3,453	58	2,343	(305)	109,892	75,943
Interest and banking fees	49	95,804	264	5	-	23	-	96,145	90,975
Interest on capital lease payments	-	-	82,905	-	-	-	-	82,905	88,983
Other expenses	12,729	14,291	104,725	65,034	4	2,336	(125,690)	73,429	84,576
Machinery and equipment *	350	16,208	37,486	375	9	15,611	(4,149)	65,890	82,274
Environmental liability adjustments	-	-	29,909	-	-	-	-	29,909	(19,877)
Expenses from Seized Property Proceeds Account (note 14)	-	-	-	25,636	-	-	-	25,636	8,727
Information	440	669	3,154	11,224	104	1,105	(489)	16,207	13,393
Interest on obligation under Public Private Partnership	-	-	11,478	-	-	-	-	11,478	11,873
Reclassification of assets under construction including capitalization of previous years	-	2,015	(2,498)	281	-	6	-	(196)	23,616
Intradepartmental transactions	(35,365)	(1,169)	(616,025)	(78,439)	-	(69,093)	800,091	-	-
TOTAL CONSOLIDATED EXPENSES	409,618	1,099,685	5,347,216	467,647	5,781	421,473	-	7,751,420	7,465,361

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

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Notes to the Consolidated Financial Statements (*Unaudited*)

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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 Ombud	Internal Services	Intradepartmental transactions	2025	2024
REVENUES									
Sales of goods and information products	249	27	2,214,450	2,943	-	-	(201,631)	2,016,038	1,904,124
Rentals	-	-	830,511	-	-	-	(9,491)	821,020	837,479
Services of a non-regulatory nature **	195,514	9,654	61,648	306,658	-	69,681	(202,522)	440,633	422,482
Services of a regulatory nature ***	-	185,523	9,994	11,076	-	182	(1,290)	205,485	212,917
Other revenues****	28,044	42,511	384,478	60,971	-	23,020	(385,157)	153,867	140,792
Revenues from Seized Property Proceeds Account (<i>note 14</i>)	-	-	-	27,693	-	-	-	27,693	27,790
Revenues earned on behalf of Government	(29,158)	(44,247)	(20,756)	(44,849)	-	(18,902)	-	(157,912)	(147,413)
Intradepartmental transactions	(35,365)	(1,169)	(616,025)	(78,439)	-	(69,093)	800,091	-	-
TOTAL CONSOLIDATED REVENUES	159,284	192,299	2,864,300	286,053	-	4,888	-	3,506,824	3,398,171
NET COST OF OPERATIONS	250,334	907,386	2,482,916	181,594	5,781	416,585	-	4,244,596	4,067,190

** 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 \$9,272 thousand in 2025 (\$11,517 thousand in 2024) were incurred in relation to net gains on disposals of tangible capital assets and on other assets, as well as on change in lease terms of an obligation for tangible capital assets.

Public Services and Procurement Canada

Notes to the Consolidated Financial Statements (*Unaudited*)

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18. COMPARATIVE FIGURES

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