

Estimates Accounting Policies

1. **Basis of Accounting** — The accounting policies followed in the Estimated Statement of Financial Position and the Estimated Statement of Operations in the *2005/06 Estimates* comply, in all material respects, with Generally Accepted Accounting Principles (GAAP) for senior governments as prescribed by the Public Sector Accounting Board (PSAB).
2. **Reporting Entity** — In 2004/05, the government reporting entity was expanded to include school districts, universities, colleges, university colleges and institutes, regional health authorities and hospital societies (the SUCH sector).
3. **Consolidation** — The *2005/06 Estimates* fully consolidate the Consolidated Revenue Fund, which consists of the General Fund (voted appropriations and all Special Accounts), with the individual assets, liabilities, revenues and expenses of taxpayer-supported organizations on a line-by-line basis. Taxpayer-supported organizations include taxpayer-supported Crown agencies, the SUCH sector and Children and Family Development regional authorities. Self-supported Crown corporation results are consolidated using the modified equity basis, which reports net assets as an investment and net income/loss as revenue.

Significant Presentation Changes in the *2005/06 Estimates*

In order to improve disclosure and better match the Estimates with the Public Accounts, the following significant presentation changes have been incorporated into the *2005/06 Estimates*.

1. **Restatement of 2004/05 Estimates** — The 2004/05 Estimates and Actual results have been restated to be consistent with the *2005/06 Estimates* presentation, including the impact of the government reorganisation that occurred in June 2005. These restatements incorporate a number of inter ministry transfers and/or changes. Schedule A presents a detailed reconciliation of Consolidated Revenue Fund operating expenses, capital expenditures and FTEs. As well, the 2004/05 Estimates have been restated to reflect a change in the accounting presentation for defeased debt and related sinking fund investments.
2. **Defeased debt and related sinking fund investments** — The Estimated Statement of Financial Position and the Estimated Statement of Operations in the *2005/06 Estimates* recognize defeased debt and associated interest costs, and the related sinking fund investments and investment earnings. This follows the accounting practice established in the *2004/05 Public Accounts* as part of government's move to reporting in accordance with GAAP. (In prior years, this debt and related sinking fund investments had been removed from the statement of financial position as they were considered to be extinguished for financial statement reporting purposes through an in-substance defeasance.) As a result, the 2004/05 Estimates have been restated to show a net decrease in liabilities (public debt) of \$57 million that reflects the impact of prior year activity and a \$63 million increase to the projections for both interest expense and investment earnings.
3. **Schedules** — The presentation in Schedule K (Taxpayer-supported Crown Corporations and Agencies - Estimated Revenues and Expenses) and Schedule L (SUCH Sector and Regional Authorities - Estimated Revenues and Expenses) has changed to provide the accounting adjustments by individual Crown corporation and agency, for the individual SUCH sector components and for regional authorities. In the prior year the accounting adjustments were made to the totals on these schedules.