

**DEPARTMENT OF JUSTICE**  
**QUEEN'S PRINTER REVOLVING FUND**  
  
**FINANCIAL STATEMENTS**  
**For the Year Ended March 31, 2005**



SASKATCHEWAN

## Provincial Auditor Saskatchewan

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### AUDITOR'S REPORT

I have audited the statement of financial position of Queen's Printer Revolving Fund as at March 31, 2005 and the statements of operations and accumulated operating surplus and changes in accumulated net expenditure (recovery). The Revolving Fund management is responsible for preparing these financial statements for Treasury Board's approval. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Revolving Fund as at March 31, 2005 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Regina, Saskatchewan  
July 8, 2005

Fred Wendel, CMA, CA  
Provincial Auditor

DEPARTMENT OF JUSTICE  
 QUEEN'S PRINTER REVOLVING FUND  
 STATEMENT OF FINANCIAL POSITION  
 AS AT MARCH 31

Statement 1

	2005	2004
ASSETS		
Current assets		
Accounts receivable (net)	\$ 158,460	\$ 46,543
Inventories	34,107	10,887
Other assets	<u>5,616</u>	<u>290</u>
Total current assets	<u>198,183</u>	<u>57,720</u>
 TOTAL ASSETS	 <u>\$ 198,183</u>	 <u>\$ 57,720</u>
LIABILITIES AND FUND EQUITY		
Current liabilities		
Accounts payable	\$ 102,341	\$ 38,544
Unearned revenue (Note 6)	<u>28,478</u>	<u>28,002</u>
Total current liabilities	130,819	66,546
Non-current liabilities		
Accumulated net expenditure (recovery) (Statement 3)	<u>33,610</u>	<u>(25,156)</u>
Fund equity		
Accumulated operating surplus (Statement 2)	<u>33,754</u>	<u>16,330</u>
 TOTAL LIABILITIES AND FUND EQUITY	 <u>\$ 198,183</u>	 <u>\$ 57,720</u>

(see accompanying notes to financial statements)

DEPARTMENT OF JUSTICE  
 QUEEN'S PRINTER REVOLVING FUND  
 STATEMENT OF OPERATIONS AND ACCUMULATED  
 OPERATING SURPLUS  
 FOR THE YEAR ENDED MARCH 31

Statement 2

REVENUE

	Budget 2005 (Note 9)	Actual 2005	Actual 2004
Sales	\$ 625,000	\$ 580,890	\$ 592,678
Cost of Goods Sold	<u>(242,500)</u>	<u>(199,626)</u>	<u>(279,808)</u>
Gross Profit	382,500	381,264	312,870

EXPENSES

Salaries	470,000	459,915	454,817
Information Technology	22,500	21,184	27,596
Amortization	18,000	-	18,227
Office Supplies	13,000	12,840	10,575
Telephone	9,000	9,879	8,409
Other	<u>27,000</u>	<u>19,022</u>	<u>17,590</u>
Total expenses	559,500	522,840	537,214
Loss from operations	(177,000)	(141,576)	(224,344)
Subsidy from General Revenue Fund	<u>159,000</u>	<u>159,000</u>	<u>225,000</u>
Net income (loss) after subsidy	<u>\$ (18,000)</u>	17,424	656
Accumulated operating surplus – beginning of year		<u>16,330</u>	<u>15,674</u>
Accumulated operating surplus – end of year		<u>\$ 33,754</u>	<u>\$ 16,330</u>

(see accompanying notes to financial statements)

DEPARTMENT OF JUSTICE  
 QUEEN'S PRINTER REVOLVING FUND  
 STATEMENT OF CHANGES IN ACCUMULATED NET  
 EXPENDITURE (RECOVERY)  
 FOR THE YEAR ENDED MARCH 31

Statement 3

	<u>2005</u>	<u>2004</u>
Financing (provided by) required for operating activities:		
Net income (Statement 2)	\$ (17,424)	\$ (656)
Less: Items not requiring an outlay of funds		
- amortization	-	(18,227)
Net increase (decrease) in working capital	<u>76,190</u>	<u>(61,155)</u>
related to operations (Note 7)		
	<u>58,766</u>	<u>(80,038)</u>
Financing required for investing activities:		
Acquisition of capital assets	<u>-</u>	<u>7,198</u>
	<u>-</u>	<u>7,198</u>
Net increase (decrease) in financing requirements	58,766	(72,840)
Accumulated net (recovery) expenditure – beginning of year	(25,156)	66,898
Transfer of capital assets (Note 5)	<u>-</u>	<u>(19,214)</u>
Accumulated net expenditure (recovery) – end of year	<u>\$ 33,610</u>	<u>\$ (25,156)</u>

(see accompanying notes to financial statements)



**DEPARTMENT OF JUSTICE  
QUEEN'S PRINTER REVOLVING FUND  
NOTES TO THE FINANCIAL STATEMENTS  
March 31, 2005**

**1. Authority and Definition of Reporting Entity**

The Revolving Fund operates under the authority of Section 9.1 of *The Queen's Printer's Act*. The purpose of the revolving fund is to provide a mechanism for printing, publishing and distributing government documents and publications to the public.

**2. Significant Accounting Policies**

The financial statements are prepared in accordance with Canadian generally accepted accounting principles. These financial statements do not present a cash flow statement because the required cash flow information is readily apparent from the Statement of Changes in Accumulated Net Expenditure (Recovery) and Note 7. The following accounting policies are considered significant:

a) Net financing requirements

The net financing requirement is the cash flow to or from the General Revenue Fund. It represents the total annual financing requirements resulting from working capital changes and net cash flows from operations.

b) Accumulated net expenditure

The accumulated net expenditure of the fund includes the net increase (decrease) in financing requirements for each fiscal year.

c) Inventories

Inventories are valued at the lower of average cost and net realizable value. Inventories consist mainly of paper used in the production of final product.

**3. Authorized Financing**

Subsection 9.1(10) of *The Queen's Printer's Act* provides for a maximum amount of accumulated net expenditures which may at any time be outstanding to be set by order of the Lieutenant Governor in Council. A maximum amount of \$150,000 was established by Order in Council 667/89.

**4. Accumulated Operating Surplus/Deficit**

Treasury Board controls the operations of the Revolving Fund, in part by monitoring the amount of its accumulated operating surplus (deficit). If the amount falls above or below the limit specified by Treasury Board, management is responsible to present a plan to address the excess surplus (deficit) for approval by Treasury Board. Plans may include,

but are not limited to, payment of excess surpluses to, or requests for additional funding from, the General Revenue Fund. The limit for the Queen's Printer Revolving Fund is \$100,000.

**5. Capital Assets**

In January 2004, Treasury Board approved the transfer of the Revolving Fund's capital assets to the Department of Justice. This transfer occurred on March 31, 2004 at net book value.

**6. Unearned Revenue**

Subscriptions to *The Saskatchewan Gazette* are considered unearned revenue for those months that the subscription extends beyond the fiscal year.

**7. Net Changes in Working Capital Related to Operations**

	2005	2004
Increase (decrease) in accounts receivable	\$ 111,917	\$(106,669)
Increase in inventories	23,220	6,808
Increase (decrease) in other assets	5,326	(566)
(Increase) decrease in accounts payable	(63,797)	32,555
(Increase) decrease in unearned revenue	<u>(476)</u>	<u>6,717</u>
Net increase (decrease) in working capital related to operations	<u>\$ 76,190</u>	<u>\$ (61,155)</u>

**8. Related Party Transactions**

Included in these financial statements are transactions with various Saskatchewan Crown Corporations, departments, agencies, boards and commissions related to the Revolving Fund by virtue of common control by the Government of Saskatchewan, and non-Crown corporations and enterprises subject to joint control or significant influence by the Government of Saskatchewan (collectively referred to as "related parties").

Publications are sold and services are provided to related parties at amounts agreed to by the parties. These amounts are lower than those charged to other customers.

These transactions and amounts outstanding at year-end are as follows:

	2005	2004
Sales	\$ 269,514	\$ 385,634
Accounts receivable (net)	121,619	27,491

Routine operating transactions with related parties are recorded at the standard rates charged by those organizations and are settled on normal trade terms. These transactions and amounts outstanding at year end are as follows:

	<u>2005</u>	<u>2004</u>
Expenses	\$ 109,373	\$ 213,001
Accounts payable	2,885	5,960

In addition, the Revolving Fund pays Saskatchewan Provincial Sales Tax to the Saskatchewan Department of Finance on all its taxable purchases. Taxes paid are recorded as part of the cost of those purchases.

The Revolving Fund provided the Saskatchewan Centennial 2005 Office with one staff at no cost. Costs of \$46,108 relating to this staff are included in salaries expense.

Other transactions with related parties and amounts due to or from them are described separately in these financial statements and notes thereto.

In accordance with established government policy, the Revolving Fund has not been charged with certain costs including occupancy, financing, use of tangible capital assets and certain administrative costs. These costs have been absorbed by various departmental appropriations and therefore no provision for such costs is reflected in these financial statements.

#### **9. Budget**

These amounts are included in the budget submitted to Treasury Board for approval. Treasury Board approves the Revolving Fund's budget annually.

#### **10. Financial Instruments**

The Revolving Fund's financial instruments include accounts receivable and accounts payable. Due to their immediate and short-term nature, the fair value of these instruments approximates the carrying value.

The fair value of the accumulated net expenditure has been omitted because it is not practicable to determine the fair value with sufficient reliability.



**11. Amount Reported in the Public Accounts**

The net expenditure (recovery) of the Revolving Fund reported in the Public Accounts is the net income of the Revolving Fund adjusted for the following differences in accounting policies and other adjustments between the Revolving Fund and the General Revenue Fund.

	<u>2005</u>	<u>2004</u>
Net income from operations	\$ 17,424	\$ 656
Amortization expense	---	18,227
(Increase) in inventory	(23,220)	(6,808)
Decrease in net capital assets	---	12,016
Timing differences in recording transactions	<u>17,625</u>	<u>(11,397)</u>
Net expenditure reported in Public Accounts	<u>\$ 11,829</u>	<u>\$ 12,694</u>