

HOUSE OF COMMONS
CHAMBRE DES COMMUNES
CANADA

Financial Statements

For the Year Ended
March 31, 2011



HOUSE OF COMMONS
CHAMBRE DES COMMUNES
CANADA

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STATEMENT OF MANAGEMENT RESPONSIBILITY

Responsibility for the integrity and objectivity of the accompanying Financial Statements of the House of Commons for the year ended March 31, 2011, and of all information contained in these statements, rests with the management of the House of Commons.

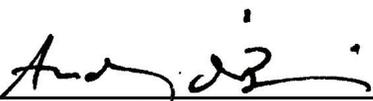
These Financial Statements have been prepared by management in accordance with Canadian generally accepted accounting principles for the public sector, using management's best estimates and judgements where appropriate and giving due consideration to materiality. Financial information submitted to the *Public Accounts of Canada* is consistent with these Financial Statements.

Management maintains a system of financial management and internal control and management practices designed to provide reasonable assurance that the financial information is reliable, that assets are safeguarded, that resources are managed economically and efficiently in the achievement of House of Commons objectives, and that transactions reflect the By-laws approved by the Board of Internal Economy and statutory requirements.

Management also seeks to ensure the objectivity and integrity of data in its Financial Statements by careful selection, training and development of qualified staff, by organizational arrangements that provide appropriate divisions of responsibility, and by communication programs aimed at ensuring that regulations, policies, guidelines, standards and managerial authorities are understood throughout the House of Commons.

At the request of management, these Financial Statements have been audited by KPMG LLP, the independent auditors of the House of Commons.

On behalf of the House of Commons,
on the 17th day of June 2011.



Audrey O'Brien
Clerk of the House of Commons



Valle Gomez-Sims
A/Chief Financial Officer



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INDEPENDENT AUDITOR'S REPORT

Auditor's Report to the Clerk of the House of Commons

We have audited the accompanying financial statements of the House of Commons, which comprise the statements of Financial Position and Equity as at March 31, 2011 and the statements of Operations and Cash Flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the House of Commons' preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the House of Commons' internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the House of Commons as at March 31, 2011, and its results of operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

KPMG LLP

Chartered Accountants, Licensed Public Accountants

June 17, 2011

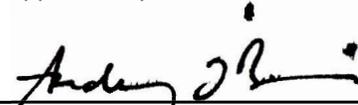
Ottawa, Canada



STATEMENT OF FINANCIAL POSITION
AS AT MARCH 31
(in thousands of dollars)

	2011	2010 <i>(Restated)</i>
ASSETS		
Financial assets		
Cash	\$168	\$818
Due from the Consolidated Revenue Fund	11,132	16,386
Accounts receivable <i>(Note 4)</i>	3,296	2,900
Inventory held for sale	205	185
Advances <i>(Note 5)</i>	<u>352</u>	<u>358</u>
	\$15,153	\$20,647
Non-financial assets		
Prepaid expenses	\$346	\$49
Inventories held for use	1,992	2,451
Tangible capital assets <i>(Note 6)</i>	<u>16,063</u>	<u>10,509</u>
	\$18,401	\$13,009
TOTAL ASSETS	\$33,554	\$33,656
LIABILITIES		
Accounts payable and accrued liabilities <i>(Note 7)</i>	\$10,616	\$14,986
Accrued salary	2,612	3,159
Accrued vacation leave	6,985	6,771
Lease obligations for tangible capital assets <i>(Note 8)</i>	4,082	443
Employee severance benefits <i>(Note 9)</i>	<u>48,566</u>	<u>44,719</u>
	\$72,861	\$70,078
Equity	\$(39,307)	\$(36,422)
TOTAL LIABILITIES AND EQUITY	\$33,554	\$33,656
Contingent liabilities <i>(Note 11)</i>		
Contractual obligations <i>(Note 12)</i>		

Approved by:



Audrey O'Brien
Clerk of the House of Commons



Valle Gomez-Sims
A/Chief Financial Officer



HOUSE OF COMMONS
CHAMBRE DES COMMUNES
CANADA

STATEMENT OF OPERATIONS
FOR THE YEAR ENDED MARCH 31
(in thousands of dollars)

	BUDGET	2011	2010
	<i>(Note 13)</i>		
EXPENSES			
OPERATING			
Salaries and employee benefits	\$342,218	\$337,459	\$323,683
Accommodations	51,849	51,849	54,232
Transportation and communications	52,585	49,035	51,972
Professional and special services	18,108	16,389	18,773
Utilities, materials and supplies, other	14,006	8,778	9,952
Rentals	9,606	9,304	9,856
Computer and office equipment, furniture and fixtures	4,418	6,491	7,539
Repair and maintenance	7,848	5,673	5,625
Advertising	5,122	4,772	5,037
Printing and publication services	3,662	3,469	4,009
Amortization of tangible capital assets	4,049	4,049	3,570
Loss on disposal of tangible capital assets	<u>97</u>	<u>97</u>	<u>29</u>
TOTAL OPERATING EXPENSES	\$513,568	\$497,365	\$494,277
CONTRIBUTIONS TO INTERNATIONAL ASSOCIATIONS	<u>940</u>	<u>884</u>	<u>977</u>
TOTAL EXPENSES	\$514,508	\$498,249	\$495,254
REVENUES			
Food Services — sales	\$2,214	\$2,392	\$2,252
Room allocation fees	31	21	31
Membership fees — Parliamentary associations	14	27	24
Gymnasium fees	15	19	19
Other	<u>(6)</u>	<u>65</u>	<u>29</u>
TOTAL REVENUES	\$2,268	\$2,524	\$2,355
NET COST OF OPERATIONS	\$512,240	\$495,725	\$492,899

The accompanying notes form an integral part of these Financial Statements.



HOUSE OF COMMONS
CHAMBRE DES COMMUNES
CANADA

STATEMENT OF EQUITY
AS AT MARCH 31
(in thousands of dollars)

	<i>2011</i>	<i>2010</i> <i>(Restated)</i>
EQUITY, BEGINNING OF YEAR	\$(36,422)	\$(693,363)
Adoption of new accounting policies <i>(Note 16)</i>	<u>—</u>	<u>650,094</u>
EQUITY, BEGINNING OF YEAR <i>(RESTATED)</i>	\$(36,422)	\$(43,269)
Net cost of operations	(495,725)	(492,899)
Net cash provided by Government of Canada	428,336	431,985
Change in Due from the Consolidated Revenue Fund	(5,254)	(4,181)
Services received without charge <i>(Note 15)</i>	<u>69,758</u>	<u>71,942</u>
EQUITY, END OF YEAR	\$(39,307)	\$(36,422)

The accompanying notes form an integral part of these Financial Statements.



STATEMENT OF CASH FLOW
FOR THE YEAR ENDED MARCH 31
(in thousands of dollars)

	2011	2010 <i>(Restated)</i>
OPERATING ACTIVITIES		
Net cost of operations	\$495,725	\$492,899
Non-cash items:		
Services received without charge <i>(Note 15)</i>	(69,758)	(71,942)
Amortization of tangible capital assets	(4,049)	(3,570)
Net loss on disposal of tangible capital assets	(76)	(28)
Variations in Statement of Financial Position:		
Decrease (increase) in liabilities	(2,783)	12,654
Increase (decrease) in accounts receivable and advances	390	(1,598)
Increase (decrease) in inventories	(439)	563
Increase (decrease) in prepaid expenses	<u>297</u>	<u>(92)</u>
Cash used by operating activities	\$419,307	\$428,886
CAPITAL INVESTMENT ACTIVITIES		
Acquisition of tangible capital assets	\$9,708	\$3,156
Proceeds from disposal of tangible capital assets	<u>(29)</u>	<u>(25)</u>
Cash used by capital investment activities	\$9,679	\$3,131
FINANCING ACTIVITIES		
Net cash provided by Government of Canada	\$(428,336)	\$(431,985)
NET CASH USED	\$650	\$32
CASH, BEGINNING OF YEAR	\$818	\$850
CASH, END OF YEAR	\$168	\$818

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2011

1. AUTHORITY AND OBJECTIVES

The **House of Commons** is a self-governing institution established under the *Constitution Act, 1867*. Through the Board of Internal Economy, it has the authority to act on all financial and administrative matters pursuant to the *Parliament of Canada Act*.

The **Board of Internal Economy** is the governing body of the House of Commons and oversees its financial management and administration on behalf of Members and Canadians. It is chaired by the Speaker and comprised of Members representing all recognized parties.

The **Clerk of the House of Commons** is the Secretary to the Board of Internal Economy and, as the senior official of the House Administration, reports to the Speaker.

Members assume the roles of legislators and elected representatives of their constituencies. In their constituencies, Members participate in events and activities and hold discussions with constituents about their concerns. In the Chamber, Members participate in debates and study and vote on legislation. Members sit on standing committees and special or joint committees, since the House of Commons delegates in-depth consideration of bills and the thorough scrutiny of the Government's programs and policies to its committees. Members also participate in parliamentary associations and interparliamentary groups, and are members of delegations in parliamentary exchanges. Finally, in caucus, Members develop strategy, discuss policy and examine important issues with fellow party members, and direct the work of party research offices. Some Members, such as the Speaker, Deputy Speaker, House Leaders and Chief Whips, assume additional functions as House Officers.

The **House Administration** provides the support required by elected Members during a Parliament and, in addition, serves the House as an institution on a permanent basis by providing continuity from one Parliament to another, access to parliamentary records, and a stable infrastructure to support Members in the democratic process. Advice and support are provided through a wide variety of services such as procedural, legislative, legal, information technology and management, building management, security, food, finance, human resources, health and safety. The staff of the House of Commons strives to support the institution and Members in their roles as legislators and representatives of 308 constituencies in the Chamber, in committee and in caucus. The House Administration comprises six Service Areas that employ the equivalent of 1,882 full-time workers and report to the Clerk: Procedural Services; the Office of the Law Clerk and Parliamentary Counsel; Information Services; Parliamentary Precinct Services; Finance Services; and Human Resources, Corporate Planning and Communications Services.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of presentation

These Financial Statements have been prepared in accordance with Canadian generally accepted accounting principles for the public sector.

(b) Parliamentary authorities

The House of Commons is funded by the Government of Canada through parliamentary authorities. Authorities provided to the House of Commons do not parallel financial reporting according to Canadian generally accepted accounting principles, since authorities are primarily based on cash flow requirements. Consequently, items recognized in the Statement of Operations and the Statement of Financial Position are not necessarily the same as those provided through authorities from Parliament. Note 3 provides a high-level reconciliation between the bases of reporting.

(c) Due from the Consolidated Revenue Fund

The House of Commons operates within the Consolidated Revenue Fund (CRF), which is administered by the Receiver General for Canada. All cash received by the House of Commons is deposited to the CRF, and all cash disbursements made by the House of Commons are paid from the CRF. Due from the CRF represents amounts of cash that the House of Commons is entitled to draw from the CRF, without further authorities, in order to discharge its liabilities.

(d) Accounts receivable and advances

Accounts receivable and advances are stated as amounts expected to be ultimately realized; a provision is made for receivables where recovery is considered uncertain.

(e) Inventory held for sale

Inventory held for sale consists of items in the canteens, cafeterias and the Parliamentary Dining Room. This inventory is valued at the lower of cost or net realizable value using the first in, first out method.

(f) Inventories held for use

Inventories held for use consist of consumable parts, material and office supplies held for future activities and having a value of \$50,000 or more. Inventories are valued at the lower of cost or net realizable value using the average cost method for office supplies, and using the first in, first out method for other items.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2011

(g) Tangible capital assets

All tangible capital assets having an initial cost of \$10,000 or more are recorded as capital assets at their acquisition cost. Similar items under \$10,000 are expensed in the Statement of Operations. The House of Commons does not capitalize intangibles, works of art or historical treasures that have cultural, aesthetic or historical value. Amounts included in assets under development are transferred to the appropriate class of asset upon completion and are then amortized. Amortization of tangible capital assets is done on a straight-line basis over the estimated useful life of the asset as follows:

Asset Class	Amortization Period
Computer hardware and infrastructure	3 years
Machinery and equipment	7 to 10 years
Vehicles	5 to 7 years
Other equipment	5 to 10 years
Computer software	3 years
Leasehold improvements	Lesser of 10 years or term of lease
Leased equipment	5 to 10 years

(h) Salaries and benefits and vacation leave

Salaries, benefits, and vacation leave are expensed as the salary benefits accrue to employees under their respective terms of employment. The employee salaries and benefits liability is calculated based on the respective terms of employment using the employees' salary levels at year end and the number of days remaining unpaid at the end of the year. The liability for vacation leave is calculated at the salary levels in effect at March 31st for all unused vacation leave benefits accruing to employees. Employee vacation pay liabilities payable upon cessation of employment represent House of Commons obligations that are normally funded through future years' authorities.

(i) Members' pension plan

Eligible Members participate in a defined benefit pension plan under the *Members of Parliament Retiring Allowances Act*, which is sponsored and administered by the Government of Canada. Assets and liabilities for the Members' pension accounts are not included in the House of Commons Statement of Financial Position, as these accounts are the responsibility of the Government of Canada. The House of Commons' contributions to these accounts are charged to the salaries and benefits expense in the year incurred.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2011

(j) Employee future benefits

i. Pension benefits

Eligible employees participate in the Public Service Pension Plan under the *Public Service Superannuation Act*, which is sponsored and administered by the Government of Canada. The House of Commons' contributions to the Plan are charged to expenses in the year incurred and represent the total pension obligation of the House of Commons. The House of Commons is not required under current legislation to make contributions for any actuarial deficiencies of the Plan.

ii. Severance benefits

Employees are entitled to severance benefits under labour contracts or conditions of employment. These benefits are accrued as employees render the services necessary to earn them. The obligation relating to the benefits earned by employees is calculated using information derived from the results of the actuarially determined liability for employee severance benefits for the Government of Canada as a whole. Members who are not eligible for an immediate pension are entitled to a severance allowance under the *Parliament of Canada Act* upon ceasing to perform their parliamentary functions. The severance allowance liability is reported in the Government of Canada financial statements.

(k) Contingent liabilities

Contingent liabilities are potential liabilities that may become actual liabilities when one or more future events occur or fail to occur. To the extent that 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. If the likelihood is not determinable or an amount cannot be reasonably estimated, the contingency is disclosed in the Notes to the Financial Statements.

(l) Revenues

Revenues are accounted for in the period in which the underlying transaction or event occurred that gave rise to the revenues.

(m) Services received without charge

Services received without charge from federal government departments are recorded as operating expenses at their estimated cost. A corresponding amount is reported directly in the Statement of Equity.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2011

(n) Contributions

Contributions to international parliamentary and independent associations are recognized in the year in which the recipient has met the eligibility criteria or fulfilled the terms of a contractual transfer agreement.

(o) Foreign currency transactions

Transactions involving foreign currencies are converted into Canadian dollar equivalents using rates of exchange in effect at the time of those transactions.

(p) Measurement uncertainty

The preparation of these Financial Statements in accordance with Canadian generally accepted accounting principles for the public sector requires that management make estimates and assumptions that affect the amounts of assets, liabilities, revenues and expenses reported in the Financial Statements. At the time of preparation of these statements, management believes the estimates and assumptions to be reasonable. The most significant items where estimates are used are contingent liabilities, the liability for employee severance 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 Financial Statements in the year they become known.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2011

3. PARLIAMENTARY AUTHORITIES

The House of Commons receives most of its funding through annual parliamentary authorities. Items recognized in the Statement of Operations and the Statement of Financial Position in one year may be funded through parliamentary authorities in prior, current or future years. Accordingly, the House of Commons 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:

	(in thousands of dollars)	
	<i>2011</i>	<i>2010</i>
NET COST OF OPERATIONS	\$495,725	\$492,899
Adjustments for items affecting net cost of operations but not affecting authorities:		
Services received without charge	(69,758)	(71,942)
Inventory used	(4,418)	(3,448)
Amortization of tangible capital assets	(4,049)	(3,570)
Employee severance benefits	(3,847)	5,422
Elimination of internal transactions — Food Services	793	711
Other	620	284
Refund of prior years' expenditures	652	230
Vacation leave	(214)	(111)
Net loss on disposal of tangible capital assets	(76)	(28)
Adjustment of prior year payables	<u>69</u>	<u>629</u>
	\$415,497	\$421,076
Adjustments for items not affecting net cost of operations but affecting authorities:		
Acquisition of tangible capital assets	\$5,488	\$3,097
Inventory purchased	2,358	2,487
Tangible capital asset lease principal payments	581	996
Prepaid expenses	<u>340</u>	<u>36</u>
CURRENT YEAR AUTHORITIES USED	\$424,264	\$427,692



NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2011

(B) AUTHORITIES PROVIDED AND USED:

	(in thousands of dollars)	
	2011	2010
Parliamentary authorities provided:		
Vote 5 — Operating expenditures	\$290,992	\$292,110
Statutory amounts	<u>149,786</u>	<u>150,678</u>
	\$440,778	\$442,788
Lapsed authorities — Operating expenditures	<u>(16,514)</u>	<u>(15,096)</u>
CURRENT YEAR AUTHORITIES USED	\$424,264	\$427,692

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2011

4. ACCOUNTS RECEIVABLE

	(in thousands of dollars)	
	2011	2010
Receivables — Federal government departments, agencies and Crown corporations	\$2,872	\$2,318
Receivables — External parties	<u>434</u>	<u>592</u>
	\$3,306	\$2,910
Allowance for doubtful accounts on external receivables	<u>(10)</u>	<u>(10)</u>
TOTAL	\$3,296	\$2,900

5. ADVANCES

	(in thousands of dollars)	
	2011	2010
Petty cash for Members of Parliament	\$283	\$289
Petty cash and floats for House of Commons employees	39	39
Postage-related advances	19	19
Other advances to House of Commons employees	<u>11</u>	<u>11</u>
TOTAL	\$352	\$358



NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2011

6. TANGIBLE CAPITAL ASSETS

(in thousands of dollars)

	COST				NET BOOK VALUE	
	March 31, 2010	Acquisition	Disposals, write-offs & transfers	March 31, 2011	2011	2010
Computer hardware and infrastructure	\$6,882	\$2,812	\$(433)	\$9,261	\$3,304	\$1,567
Machinery and equipment	6,026	47	(890)	5,183	1,143	1,563
Vehicles	1,059	662	(109)	1,612	1,262	804
Other equipment	4,102	341	(186)	4,257	924	773
Computer software	10,075	1,192	401	11,668	2,019	1,589
Leasehold improvements	5,701	42	—	5,743	2,931	3,459
Assets under development	401	392	(401)	392	392	401
SUBTOTAL	\$34,246	\$5,488	\$(1,618)	\$38,116	\$11,975	\$10,156
Leased equipment	6,923	4,220	(5,840)	5,303	4,088	353
TOTAL	\$41,169	\$9,708	\$(7,458)	\$43,419	\$16,063	\$10,509



NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2011

6. TANGIBLE CAPITAL ASSETS (CONTINUED)

(in thousands of dollars)

	ACCUMULATED AMORTIZATION			
	March 31, 2010	Amortization	Disposals, write-offs & transfers	March 31, 2011
Computer hardware and infrastructure	\$5,315	\$1,075	\$(433)	\$5,957
Machinery and equipment	4,463	406	(829)	4,040
Vehicles	255	198	(103)	350
Other equipment	3,329	190	(186)	3,333
Computer software	8,486	1,163	—	9,649
Leasehold improvements	2,242	570	—	2,812
SUBTOTAL	\$24,090	\$3,602	\$(1,551)	\$26,141
Leased equipment	6,570	447	(5,802)	1,215
TOTAL	\$30,660	\$4,049	\$(7,353)	\$27,356

Amortization expense for the year is \$4,048,530 (\$3,570,335 in 2009-2010).

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2011

7. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

(in thousands of dollars)

	<i>2011</i>	<i>2010</i>
Payables — External parties	\$10,168	\$12,878
Payables — Federal government departments, agencies and Crown corporations	<u>448</u>	<u>2,108</u>
TOTAL	\$10,616	\$14,986

8. LEASE OBLIGATIONS FOR TANGIBLE CAPITAL ASSETS

The House of Commons has entered into agreements to rent equipment under capital lease with a cost as at March 31, 2011 of \$5,303,076 (\$6,922,746 as at March 31, 2010) and accumulated amortization of \$1,215,253 (\$6,569,779 as at March 31, 2010). The House of Commons has recorded a capital lease obligation of \$4,082,072 as at March 31, 2011 (\$442,523 as at March 31, 2010).

Minimum lease payments

(in thousands of dollars)

	2012	2013	2014	2015	2016 & thereafter	Total
Equipment	\$980	\$959	\$954	\$953	\$734	\$4,580
Less: Imputed interest (0.1% to 13.9%)	179	141	101	60	17	498

Balance of lease obligations for tangible capital assets **\$4,082**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2011

9. EMPLOYEE FUTURE BENEFITS

(a) Employee pension benefits

Employees of the House of Commons participate in the Public Service Pension Plan, which is sponsored and administered by the Government of Canada. Pension benefits accrue up to a maximum period of 35 years at a rate of two percent per year of pensionable service times the average of the best five consecutive years of earnings. The benefits are integrated with the Canada and Quebec Pension Plans benefits and they are indexed to inflation.

Both the employees and the House of Commons contribute to the cost of the plan. The 2010-2011 expense amounts to \$31,797,625 (\$32,401,927 in 2009-2010), which represents approximately 1.9 times the employees' contributions.

The House of Commons' 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) Employee severance benefits

The House of Commons provides severance benefits to its employees based on eligibility, years of service and final salary. These severance benefits are not pre-funded. Benefits will be paid from future authorities. Information about the severance benefits, measured as at March 31, is as follows:

	(in thousands of dollars)	
	2011	2010
EMPLOYEE SEVERANCE BENEFITS		
LIABILITY, BEGINNING OF YEAR	\$44,719	\$50,141
Expense for the year	7,629	(2,265)
Benefits paid during the year	<u>(3,782)</u>	<u>(3,157)</u>
EMPLOYEE SEVERANCE BENEFITS		
LIABILITY, END OF YEAR	\$48,566	\$44,719

10. MEMBERS' PENSION BENEFITS

Members participate in a pension plan consisting of two separate accounts, the Members of Parliament Retiring Allowances (MPRA) account and the Members of Parliament Retirement Compensation Arrangements (RCA), which are sponsored and administered by the Government of Canada. Members of Parliament are eligible at age 55 to receive a basic retiring allowance upon termination of membership and after having contributed to the plan for at least six years. The basic allowance is based on the best five years' average sessional indemnity and accrues at a rate of three percent of those average indemnities. Basic allowances are indexed to inflation once recipients reach age 60.

Both the Members and the House of Commons contribute to the cost of the plan. Contributions made by the House of Commons to these accounts totaled \$23,440,262 in 2010-2011 (\$21,870,449 in 2009-2010) and are recorded in the salaries and benefits expense.

11. CONTINGENT LIABILITIES

As at March 31, 2011, management is not aware of any claims or possible claims against the House of Commons.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2011

12. CONTRACTUAL OBLIGATIONS

The nature of the House of Commons' activities can result in some large multi-year obligations whereby the House of Commons will be obligated to make future payments when the goods are received and services are rendered. Significant contractual obligations that can be reasonably estimated are as follows:

(in thousands of dollars)

	2012	2013	2014	2015	2016 & thereafter	Total
Members' constituency office leases	\$8,435	\$8,814	\$9,211	\$9,625	\$10,058	\$46,143
Equipment	624	652	681	712	744	3,413
Total	\$9,059	\$9,466	\$9,892	\$10,337	\$10,802	\$49,556

13. BUDGET FIGURES

Budget figures have been provided for comparison purposes and are not audited. Given the difference between government authorities and Canadian generally accepted accounting principles for the public sector, the budget figures presented have been adjusted to conform with the basis of accounting for these Financial Statements.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2011

14. RELATED PARTY TRANSACTIONS

As a result of common ownership, the House of Commons is related to all Government of Canada departments, agencies, and Crown corporations. The House of Commons enters into transactions with these entities in the normal course of business and on normal trade terms.

During 2010-2011, the House of Commons incurred expenses of \$128,184,869 (\$130,695,972 in 2009-2010) and earned revenues of \$30,923 (\$10,440 in 2009-2010) from transactions in the normal course of business with other federal government departments, agencies and Crown corporations. These expenses include services received without charge as described in Note 15.

15. SERVICES RECEIVED WITHOUT CHARGE

During the year, the House of Commons received services that were obtained without charge from other departments and agencies. These services received without charge have been recorded in the House of Commons' Statement of Operations as follows:

	(in thousands of dollars)	
	2011	2010
Public Works and Government Services Canada — Accommodation	\$51,849	\$54,232
Treasury Board Secretariat — Employer's share of insurance premiums	17,557	17,330
Human Resources and Skills Development Canada — Administrative services related to Workers' Compensation payments	<u>352</u>	<u>380</u>
TOTAL	\$69,758	\$71,942

The Government of Canada has structured some of its administrative activities for efficiency and cost-effectiveness purposes so that one department or agency performs these activities on behalf of all without charge. The cost of these services, which include payroll and cheque issuance services, translation and interpretation services provided by Public Works and Government Services Canada and postage services provided by Canada Post, is not included as an expense in the House of Commons' Statement of Operations.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2011

16. ADOPTION OF NEW ACCOUNTING POLICIES

The House of Commons has prepared its Financial Statements in compliance with Canadian generally accepted accounting principles for the public sector. Management believes that this financial statement presentation is the most appropriate for the House of Commons. The main changes in the accounting policies by the adoption of the generally accepted accounting principles for the public sector are the recording of amounts due from the Consolidated Revenue Fund (CRF) as an asset and the elimination of the liability related to the Members' pension benefits on the Statement of Financial Position.

The adoption of the new basis of accounting has been accounted retrospectively with the following impact on the comparative figures in the Statement of Financial Position for 2009-2010:

	(in thousands of dollars)		
	ASSETS	LIABILITIES	EQUITY
2010, END OF YEAR	\$34,620	\$(768,437)	\$733,817
Effect of change	<u>(964)</u>	<u>698,359</u>	<u>(697,395)</u>
2010, END OF YEAR (RESTATED)	\$33,656	\$(70,078)	\$36,422

17. COMPARATIVE INFORMATION

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