

TRANSPORTATION SAFETY BOARD OF CANADA

Future-oriented Statement of Management Responsibility

Responsibility for the compilation, content, and presentation of the accompanying future-oriented financial statements rests with Transportation Safety Board of Canada (TSB) management. This future-oriented information has been prepared by management in accordance with Treasury Board accounting policies which are consistent with Canadian generally accepted accounting principles for the public sector. The future-oriented financial information is submitted for Part III of Estimates (Report on Plans and Priorities) and will be used in the TSB's Departmental Performance Report to compare with actual results.

Management is responsible for the integrity and objectivity of the information contained in future-oriented financial information and for the process of developing assumptions. Assumptions and estimates are based on information available and known to management at the time of development, reflect current business and economic conditions, and assume a continuation of current governmental priorities and consistency in TSB's mandate and strategic outcome. Much of the future-oriented financial information is based on these assumptions, best estimates, and judgment and gives due consideration to materiality.

At the time of preparation of this future-oriented information, management believes the estimates and assumptions to be reasonable. However, as with all such assumptions, there is a measure of uncertainty surrounding them. This uncertainty increases as the forecast horizon extends.

The actual results achieved for the fiscal year covered in the accompanying future-oriented information will vary from the information presented and the variations may be material.

Wendy A. Tadros

Chair

Chantal Lemyre, CGA

Chief Financial Officer

TRANSPORTATION SAFETY BOARD OF CANADA

Future-oriented Statement of Financial Position (Unaudited)

As at March 31

(in thousands of dollars)

	Planned Results 2014	Estimated Results 2013
Liabilities		
Accounts payable and accrued liabilities (note 6)	1,983	1,912
Vacation pay and compensatory leave	1,227	1,228
Employee future benefits (note 7)	2,944	3,287
Total liabilities	6,154	6,427
Financial assets		
Due from Consolidated Revenue Fund	1,498	1,250
Accounts receivable and advances (note 8)	126	123
Total financial assets	1,624	1,373
Departmental net debt	4,530	5,054
Non-financial assets		
Prepaid expenses	83	89
Inventory	125	126
Tangible capital assets (note 9)	5,930	5,534
Total non-financial assets	6,138	5,749
Departmental net financial position	1,608	695

Contingent liabilities (note 10)
Contractual obligations (note 11)

The accompanying notes form an integral part of these future-oriented financial statements.

Wendy A. Tadros
Chair

Chantal Lemyre, CGA
Chief Financial Officer

Gatineau, Canada
January 25, 2013

TRANSPORTATION SAFETY BOARD OF CANADA

Future-oriented Statement of Operations and Departmental Net Financial Position (Unaudited)

For the Year Ended March 31

(in thousands of dollars)

	Planned Results 2014	Estimated Results 2013
Expenses		
Air investigations	14,591	15,558
Marine investigations	5,407	5,507
Rail investigations	5,358	5,571
Pipeline investigations	514	547
Internal services	7,583	8,173
Total expenses	33,453	35,356
Revenues		
Air investigations	6	9
Marine investigations	2	3
Rail investigations	2	3
Pipeline investigations	0	0
Internal services	34	46
Total revenues	44	61
Net cost of operations before government funding	33,409	35,295
Government funding		
Net cash provided by Government	30,187	32,003
Change in due from Consolidated Revenue Fund	248	(226)
Services provided without charge by other government departments (note 12)	3,887	3,960
Net cost (surplus) of operations after government funding	(913)	(442)
Departmental net financial position – Beginning of year	695	253
Departmental net financial position – End of year	1,608	695

Segmented information (note 13)

The accompanying notes form an integral part of these future-oriented financial statements.

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Future-oriented Statement of Change in Departmental Net Debt (Unaudited)

For the Year Ended March 31

(in thousands of dollars)

	Planned Results 2014	Estimated Results 2013
Net cost (surplus) of operations after government funding	(913)	(442)
Change due to tangible capital assets		
Acquisition of tangible capital assets	1,368	1,213
Amortization of tangible capital assets	(947)	(833)
Proceeds from disposal of tangible capital assets	(7)	(15)
Net (loss) or gain on disposal of tangible capital assets	(18)	(17)
Total change due to tangible capital assets	396	348
Change due to inventories	(1)	(48)
Change due to prepaid expenses	(6)	8
Net increase (decrease) in departmental net debt	(524)	(134)
Departmental net debt – Beginning of year	5,054	5,188
Departmental net debt – End of year	4,530	5,054

The accompanying notes form an integral part of these future-oriented financial statements.

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Future-oriented Statement of Cash Flows (Unaudited)

For the Year Ended March 31

(in thousands of dollars)

	Planned Results 2014	Estimated Results 2013
Operating activities		
Net cost of operations before government funding	33,409	35,295
Non-cash Items:		
Amortization of tangible capital assets	(947)	(833)
Gain (loss) on disposal of tangible capital assets	(18)	(17)
Services provided without charge by other government departments (note 12)	(3,887)	(3,960)
 Variations in Statement of Financial Position:		
Increase (decrease) in accounts receivable and advances	3	(104)
Increase (decrease) in prepaid expenses	(6)	8
Increase (decrease) in inventory	(1)	(48)
Decrease (increase) in accounts payable and accrued liabilities	(71)	73
Decrease (increase) in vacation pay and compensatory leave	1	(83)
Decrease (increase) in employee future benefits	343	474
Cash used for operating activities	28,826	30,805
 Capital investing activities		
Acquisition of tangible capital assets	1,368	1,213
Proceeds from disposal of tangible capital assets	(7)	(15)
Cash used for capital investing activities	1,361	1,198
 Net cash provided by the Government of Canada	30,187	32,003

The accompanying notes form an integral part of these future-oriented financial statements.

TRANSPORTATION SAFETY BOARD OF CANADA

Notes to the Future-oriented Financial Statements

1. Authority and Objectives

The Canadian Transportation Accident Investigation and Safety Board (CTAISB) was established in 1990 under the Canadian Transportation Accident Investigation and Safety Board Act and is a departmental corporation named in Schedule II to the Financial Administration Act. In its day-to-day activities the CTAISB is also known by the name Transportation Safety Board of Canada, or simply the TSB. The objective of the TSB is to advance transportation safety. It seeks to identify safety deficiencies in transportation occurrences and to make recommendations designed to eliminate or reduce any such safety deficiencies. In addition to investigations, including where necessary public inquiries into selected occurrences, the TSB may conduct studies into more general matters pertaining to transportation safety. The TSB has the exclusive authority to make findings as to causes and contributing factors when it investigates a transportation occurrence. The TSB's operating expenditures are funded by a budgetary lapsing authority whereas contributions to employee benefit plans are funded by statutory authorities.

The TSB has four key programs, which are the conduct of safety investigations in the following four transportation sectors:

- Air
- Marine
- Rail
- Pipeline

Within each program, personnel conduct independent safety investigations into selected transportation occurrences. They identify causes and contributing factors, assess risks to the system, formulate recommendations to improve safety, publish investigation reports, communicate safety information to stakeholders, undertake outreach activities with key change agents, as well as assess and follow up on responses to recommendations. These activities are carried out by highly qualified investigators who are experts in the transportation operational sectors. They also work closely with personnel who are responsible for executing specialized work in the following fields: engineering and technical, macro-analysis, human performance and communications.

The Internal Services program also contributes to the achievement of TSB's strategic outcome. This program includes the functions and resources required to support the needs of the programs of the four transportation modes and to meet the department's corporate obligations in areas such as human resources, finance, administration, information management and information technology.

2. Methodology and Significant Assumptions

The future-oriented financial statements have been prepared on the basis of government policies, priorities and the external environment as at January 25, 2013. The statements have been prepared according to the requirements of Treasury Board Accounting Policies which are based on Canadian generally accepted accounting principles for the public sector. They have been prepared on the

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assumption that the resources provided will enable TSB to deliver the expected results specified in the Report on Plans and Priorities. The forecasting of future information was compiled on the basis of historical costs and trends.

3. Variations and Changes to the Forecast Financial Information

While every attempt has been made to accurately forecast final results for 2012-13 and 2013-14, actual results achieved are likely to vary from the forecast information presented, and this variation could be material. Once the Report on Plans and Priorities is presented, TSB will not be updating the forecasts for any changes to appropriations or forecast financial information made in ensuing supplementary estimates. Variances will be explained in the Departmental Performance Report.

4. Summary of Significant Accounting Policies

The future-oriented financial statements have been prepared in accordance with Treasury Board accounting policies in effect for the 2012-13 fiscal year. These accounting policies stated below, are based on Canadian generally accepted accounting principles for the public sector. The presentation and results using the stated accounting policies do not result in any significant differences from Canadian generally accepted accounting principles.

Significant accounting policies are as follows:

(a) Parliamentary authorities

The TSB is financed by the Government of Canada through Parliamentary authorities. Authorities provided to the TSB 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 Future-oriented Statement of Operations and the Future-oriented Statement of Financial Position are not necessarily the same as those provided through authorities from Parliament. Note 5 provides a high-level reconciliation between the two bases of reporting.

(b) Net Cash Provided by the Government of Canada

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

(c) Due from the Consolidated Revenue Fund

Amounts due from the CRF are the result of timing differences at year-end between when a transaction affects appropriations and when it is processed through the CRF. Amount due from the CRF represents the net amount of cash that the TSB is entitled to draw from the CRF, without further appropriations, in order to discharge its liabilities.

(d) Revenues

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

(e) Expenses

Expenses are recorded on an accrual basis:

- Vacation pay and compensatory leave are expensed as the benefits accrue to employees under their respective terms of employment.
- Services received without charge from other government departments for accommodation, administration of workers' compensation and the employer's contribution to health and dental insurance plans are recorded as operating expenses at their estimated cost.

(f) Employee future benefits

- Pension benefits: Eligible employees participate in the Public Service Pension Plan, a multi-employer plan administered by the Government of Canada. The TSB's contributions to the Plan are charged to expenses in the year incurred and represent the total TSB obligation to the Plan. Current legislation does not require the TSB to make contributions for any actuarial deficiencies of the Plan.
- 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 as a whole.

(g) Accounts receivable and advances

Accounts receivables and advances are stated at the lower of cost and net recoverable value.

(h) Inventories

Inventories consist of personal protective clothing, corporate communications clothing and supplies held for future program delivery. These inventories are not intended for resale and are valued at cost using the average cost method. If they no longer have service potential, they are valued at the lower of cost or net realizable value.

(i) Tangible capital assets

All tangible capital assets having an initial cost of \$2,000 or more are recorded at their acquisition cost. In addition, acquisitions of all general-purpose furniture and informatics hardware are recorded as tangible capital assets.

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Amortization of tangible capital assets is done on a straight-line basis over the estimated useful life of the asset as follows:

Tangible Capital Asset Class	Amortization Period
Building	40 years
Furniture	10 years
Office equipment and tools	5 years
Laboratory equipment	15 years
Informatics hardware	4 years
Informatics software (purchased)	7 years
Informatics software (in house developed)	10 years
Motor vehicles	7 years
Other vehicles	15 years
Leasehold improvements	Lesser of the remaining term of the lease or useful life of the improvement
Betterments	Over the useful life of the asset to which the improvement was made or the useful life of the betterment if significantly shorter.
Assets under construction	Recorded in the applicable capital asset class in the year that they become available for use and are not amortized until they become available for use.

(j) Contingent liabilities

Contingent liabilities are potential liabilities which 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.

(k) Measurement uncertainty

The preparation of these future-oriented financial statements requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses reported in the future-oriented financial statements. At the time of preparation of these statements, management believes the estimates and assumptions to be reasonable. Actual results could significantly differ from those estimated.

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5. Parliamentary Authorities

The TSB receives 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 TSB 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 requested authorities:

<i>(in thousands of dollars)</i>	Planned Results 2014	Estimated Results 2013
Net cost of operations before government funding	33,409	35,295
<i>Adjustments for items affecting net cost of operations but not affecting authorities:</i>		
Services provided without charge by other government departments	(3,887)	(3,960)
Amortization of tangible capital assets	(947)	(833)
Gain (loss) on disposal of tangible capital assets	(18)	(17)
Decrease (increase) in employee future benefits	343	474
Decrease (increase) in vacation pay and compensatory leave	1	(83)
Revenues	44	61
Decrease (increase) in accrued liabilities not charged to authorities	(105)	(167)
Total items affecting net cost of operations but not affecting authorities	(4,569)	(4,525)
<i>Adjustments for items not affecting net cost of operations but affecting authorities:</i>		
Acquisition of tangible capital assets	1,368	1,213
Increase (decrease) in prepaid expenses	(6)	8
Increase (decrease) in inventory	(1)	(48)
Forecasted authorities available	30,201	31,943

(b) Authorities requested:

<i>(in thousands of dollars)</i>	Planned Results 2014	Estimated Results 2013
Operating expenditures - Vote 10	26,063	25,860
Transfer from TB - Vote 15- Compensation adjustments	389	628
Transfer from TB - Vote 25- Operating Budget Carry Forward	200	1,334
Transfer from TB- Vote 30- Paylist requirements	-	647
Statutory contributions to employee benefit plans	3,505	3,600
Miscellaneous revenues	31	41
Statutory spending of proceeds from the disposal of surplus crown assets	13	33
	30,201	32,143

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Less:		
Forecasted current year lapse	-	(200)
Forecasted authorities available	30,201	31,943

Authorities presented reflect current forecasts of statutory items, approved initiatives included and expected to be included in Estimates documents and, when reasonable estimates can be made, estimates of amounts to be allocated from Treasury Board Central votes.

6. Accounts Payable and Accrued Liabilities

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

	Planned Results 2014	Estimated Results 2013
<i>(in thousands of dollars)</i>		
Accounts payable to other government departments and agencies	216	217
Accounts payable to external parties	846	810
	1,062	1,027
Accrued liabilities	921	885
TOTAL	1,983	1,912

7. Employee Future Benefits

(a) Pension benefits

The TSB's employees 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 2 percent per year of pensionable service, times the average of the best five consecutive years of earnings. The benefits are integrated with Canada/Quebec Pension Plans benefits and they are indexed to inflation.

Both the employees and the TSB contribute to the cost of the Plan. The 2013-14 TSB forecasted expense amounts to \$2,502,626 (\$2,584,192 forecasted in 2012-13).

The TSB'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

The TSB 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 appropriations.

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Information about the severance benefits, measured as at March 31, is as follows:

(in thousands of dollars)	Planned Results 2014	Estimated Results 2013
Accrued benefit obligation, beginning of year	3,287	3,761
Expense for the year	201	186
Expected benefit payments during the year	(544)	(660)
Accrued benefit obligation, end of year	2,944	3,287

In the 2011 Budget, the Government of Canada announced its intention to revise its employee benefits package to eliminate severance benefits payable upon voluntary separation or retirement of an employee. Collective agreements reflecting this change in employee benefits have been signed with certain bargaining agents. As a result, these employees have been provided the option to be paid in full or a portion of their severance entitlement beginning in fiscal year 2011-12 or to defer payment to a future year. The estimated payout and reduction to the TSB's employee severance liability from this government-wide event has resulted in a significant reduction to the TSB's estimated accrued benefit obligation.

8. Accounts Receivable and Advances

The following table presents details of accounts receivable and advances:

(in thousands of dollars)	Planned Results 2014	Estimated Results 2013
Receivables from other Federal Government departments and agencies	114	112
Receivables from external parties	3	2
Employee advances	9	9
TOTAL	126	123

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9. Tangible Capital Assets

(in thousands of dollars)

Capital Asset Class	Cost					Accumulated Amortization				Net Book Value	
	Opening balance	Acquisitions	Disposals and write-offs	Adjustments	Closing balance	Opening balance	Amortization	Disposals and write-offs	Closing balance	2014	2013
Building	2,133	0	0	0	2,133	2,027	12	0	2,039	94	106
Furniture	916	5	2	0	919	573	99	2	670	249	343
Office equipment and tools	271	25	7	0	289	130	23	7	146	143	141
Laboratory equipment	2,638	400	146	0	2,892	1,711	77	146	1,642	1,250	927
Informatics hardware	1,969	230	398	0	1,801	1,462	262	390	1,334	467	507
Informatics software (purchased)	666	35	0	0	701	520	33	0	553	148	146
Informatics software (in-house developed)	3,682	190	0	455	4,327	1,657	284	0	1,941	2,386	2,025
Motor vehicles	606	90	84	0	612	279	53	67	265	347	327
Other vehicles	102	0	0	0	102	68	7	0	75	27	34
Leasehold improvements	619	155	0	0	774	574	39	0	613	161	45
Betterments	905	6	0	220	1,131	677	58	0	735	396	228
Assets under construction	705	232	0	(675)	262	-	-	-	-	262	705
TOTAL	15,212	1,368	637	0	15,943	9,678	947	612	10,013	5,930	5,534

10. Contingent Liabilities

In the normal course of its operations, the TSB becomes involved in legal actions. Some of these potential liabilities 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, and a reasonable estimate of the loss can be made, an estimated liability is accrued and an expense recorded on the TSB's financial statements. The TSB does not anticipate any contingent liabilities for 2012-13 or 2013-14.

11. Contractual Obligations

The nature of the TSB's activities can result in some large multi-year contracts and obligations whereby the TSB will be obligated to make future payments when the services/goods are received.

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Contractual obligations as at March 31, 2013 represent a total of \$580,046, broken down as follows:

(in thousands of dollars)	2013-14	2014-15	2015-16	2016-17	2017-18
Acquisition of goods and services	290	168	122	-	-

12. Related Party Transactions

The TSB is related as a result of common ownership to all Government of Canada departments, agencies and Crown corporations. The TSB enters into transactions with these entities in the normal course of business and on normal trade terms. Also, during the year, the TSB receives services which are obtained without charge from other Government departments.

Services received without charge:

During the year, the TSB receives without charge from other departments: accommodation, administration of workers' compensation and employer's contribution to health and dental insurance plans services.

These services without charge have been recognized in the TSB's Future-oriented Statement of Operations and Departmental Net Financial Position as follows:

(in thousands of dollars)	Planned Results 2014	Estimated Results 2013
Accommodation	2,000	2,000
Employer's contribution to health and dental insurance plans	1,867	1,937
Administration of workers' compensation	20	23
TOTAL	3,887	3,960

The Government has structured some of its administrative activities for efficiency and cost-effectiveness purposes so that one department performs these on behalf of all without charge. The costs of these services, which include payroll and cheque issuance services provided by Public Works and Government Services Canada, are not included as an expense in the TSB's Future-oriented Statement of Operations given that a reasonable amount for those types of services cannot be determined.

13. Segmented Information

Presentation by segment is based on the TSB's program alignment architecture. The presentation by segment is based on the same accounting policies as described in the Summary of significant accounting policies in Note 4. The following table presents the expenses incurred and revenues generated for the main programs

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by major object of expenses and by major type of revenues. The segment results for the period are as follows:

For the year ending March 31

(in thousands of dollars)	2014						2013
Operating expenses	Air	Marine	Rail	Pipeline	Internal services	Total	Total
Salaries and wages	9,486	3,604	3,546	315	3,936	20,887	21,959
Employee benefits	2,310	851	842	78	969	5,050	5,230
Professional and special services	676	122	156	17	763	1,734	2,104
Transportation and communications	532	316	283	33	498	1,662	1,848
Accommodation	915	337	333	31	384	2,000	2,000
Amortization	198	67	59	33	590	947	833
Repairs and maintenance	237	32	43	4	79	395	440
Utilities, materials, supplies and equipment	112	29	32	0	147	320	458
Information	83	36	54	3	4	180	180
Rentals	42	13	10	0	195	260	287
Net loss on disposal and write-off of tangible capital assets	0	0	0	0	18	18	17
Total Expenses	14,591	5,407	5,358	514	7,583	33,453	35,356
Miscellaneous revenues	6	2	2	0	34	44	61
Net cost of operations	14,585	5,405	5,356	514	7,549	33,409	35,295