



**Fund for Railway Accidents
Involving Designated Goods**

**2016
2017
Auditor's Report**

Canada 

**FUND FOR RAILWAY ACCIDENTS
INVOLVING DESIGNATED GOODS**

FINANCIAL STATEMENTS

MARCH 31, 2017

**FUND FOR RAILWAY ACCIDENTS
INVOLVING DESIGNATED GOODS**

TABLE OF CONTENTS

	PAGE
Independent Auditor's Report	1
Financial Statements	
Statement of Financial Position	3
Statement of Operations	4
Statement of Change in Net Financial Assets	5
Statement of Cash Flows	6
Notes to the Financial Statements	7

INDEPENDENT AUDITOR'S REPORT

To the Administrator of
The Fund for Railway Accidents involving Designated Goods

We have audited the accompanying financial statements of the Fund for Railway Accidents involving Designated Goods, which comprise the statement of financial position as at March 31, 2017, the statements of operations, change in net financial assets and cash flows for the initial year then ended, as well as 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 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 the auditor's 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, the auditor considers internal control relevant to the entity's 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 entity's 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.

Marcil Lavallée

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Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Fund for Railway Accidents involving Designated Goods as at March 31, 2017, as well as the results of its operations, its change in net financial assets and its cash flows for the initial year then ended in accordance with Public Sector Accounting Standards.

Budget

As explained in Note 7 to the financial statements, budget figures are not disclosed in the financial statements, although it is required according to Public Sector Accounting Standards.



Marcil L. Savallée

Chartered Professional Accountants, Licensed Public Accountants

Ottawa, Ontario
May 31, 2017

FUND FOR RAILWAY ACCIDENTS INVOLVING DESIGNATED GOODS
STATEMENT OF FINANCIAL POSITION
MARCH 31, 2017

3

2017

FINANCIAL ASSETS

Balance of the account with Receiver General for Canada (Note 3)	\$	4,953,529
Accounts receivable		3,370,300
TOTAL FINANCIAL ASSETS		8,323,829

LIABILITIES

Accounts payable and accrued liabilities		7,737
Due to the Ship-source Oil Pollution Fund		32,531
TOTAL LIABILITIES		40,268

NET FINANCIAL ASSETS 8,283,561

ACCUMULATED SURPLUS \$ 8,283,561


_____, Administrator

FUND FOR RAILWAY ACCIDENTS INVOLVING DESIGNATED GOODS

STATEMENT OF OPERATIONS

FOR THE INITIAL YEAR ENDED MARCH 31, 2017

4

	2017
REVENUE	
Levy	\$ 8,355,632
	8,355,632
OPERATING EXPENSES	
Administrative services, salaries and office expenses	26,842
Rent	11,838
Administrator's fees	11,550
Consulting fees	21,751
Travel	90
	72,071
EXCESS OF REVENUE OVER EXPENSES	8,283,561
ACCUMULATED SURPLUS, BEGINNING OF YEAR	-
ACCUMULATED SURPLUS, END OF YEAR	\$ 8,283,561

FUND FOR RAILWAY ACCIDENTS INVOLVING DESIGNATED GOODS
STATEMENT OF CHANGE IN NET FINANCIAL ASSETS
FOR THE INITIAL YEAR ENDED MARCH 31, 2017 **5**

	2017
OPERATING SURPLUS	\$ 8,283,561
NET FINANCIAL ASSETS, BEGINNING OF YEAR	-
NET FINANCIAL ASSETS, END OF YEAR	\$ 8,283,561

FUND FOR RAILWAY ACCIDENTS INVOLVING DESIGNATED GOODS

STATEMENT OF CASH FLOWS

FOR THE INITIAL YEAR ENDED MARCH 31, 2017

6

	2017
OPERATING TRANSACTIONS	
Excess of revenue over expenses	\$ 8,283,561
	8,283,561
Net change in non-cash working capital items:	
Account receivable	(3,370,300)
Accounts payable and accrued liabilities	7,737
Due to the Ship-source Oil Pollution Fund	32,531
	4,953,529
INCREASE IN BALANCE OF ACCOUNT WITH RECEIVER GENERAL FOR CANADA	4,953,529
BALANCE, BEGINNING OF YEAR	-
BALANCE, END OF YEAR	\$ 4,953,529

FUND FOR RAILWAY ACCIDENTS INVOLVING DESIGNATED GOODS

NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2017

7

1. GOVERNING STATUTES AND PURPOSE OF THE ORGANIZATION

The Fund for Railway Accidents involving Designated Goods (the Fund) was created on June 18, 2016 under the Safe and Accountable Rail Act (the Act). The Act amends the Canada Transportation Act.

2. SIGNIFICANT ACCOUNTING POLICIES

Basis of accounting

The financial statements are prepared in accordance with Treasury Board accounting policies which are consistent with Public Sector Accounting Standards.

Accounting estimates

The preparation of financial statements in accordance with Treasury Board Secretariat accounting policies, which are consistent with Public Sector Accounting Standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the reported amounts of revenue and expenses for the periods covered. The primary estimate relate to the valuation of provision for claims under review when such claims are received. Actual amounts could differ from the estimates.

Revenue recognition

The levy income is recognized when earned.

3. BALANCE OF THE ACCOUNT WITH RECEIVER GENERAL FOR CANADA

The cash balance of the Fund is held within the Consolidated Specified Purpose Accounts of the Government of Canada. Public Works and Government Services Canada acts as the custodian of this cash balance and Transport Canada records the various transactions on behalf of the Fund. Once the agreement will be signed between Transport Canada and Department of Finance, Interest will be credited to the account in accordance with the provisions of the MLA at a rate based on a 5-year Government of Canada bond interest rate. The agreement should be signed during the fiscal year 2017-2018.

4. FINANCIAL INSTRUMENT

Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Fund's main credit risks relate to its accounts receivable.

The Fund continuously reviews the financial situation of its clients and establishes allowances for doubtful accounts while keeping in mind the specific credit risk of clients, their historic tendencies and economic situation. 100% of the accounts receivable is to be received from two railway companies. The Fund considers that no risk arises from that situation.

FUND FOR RAILWAY ACCIDENTS INVOLVING DESIGNATED GOODS

NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2017

8

5. RELATED PARTY TRANSACTIONS

The Fund is related, as a component of the accounting framework of the Government of Canada, to all Government of Canada departments, agencies and Crown Corporations.

During the year, the Fund paid to the Ship-Source Oil Pollution Fund an amount of \$32,531 (2016 : - \$) for its share of the following operating expenses:

	2017
Rent	\$ 11,838
Administrative services, salaries and office expenses	20,693
	\$ 32,531

6. CONTINGENCIES

In the normal course of its operations, the Fund may receive information about incidents that have occurred but for which no claims have been received. It is not possible for the Fund to determine the likelihood of a claim for any of these reported incidents. The Fund is also not able to assess the financial value of any such claims should they materialize. No provision related to these incidents is recognized in the financial statements. A provision is recognized when a claim is effectively received.

As of April 1, 2017, the Minister of Transport has the statutory power to impose a levy of \$1.69 for the fiscal year 2017-2018 (2016-2017: \$1.67) per metric tonne of crude oil carried by a federally regulated railway in Canada. The levy is indexed annually to Inflation and Consumer Price Index.

7. BUDGET

The Fund for Railway Accidents involving Designated Goods does not prepare an annual budget due to the nature of its operations.