Classification of assets and liabilities

Financial assets

Cash on hand and on deposit

Cash and deposits consist of coins; bank notes; money orders; postal notes; cheques; accepted sight drafts; demand, notice and term deposit balances with banks and other financial institutions (e.g., Alberta Treasury Branches). Term deposits that are cashable on demand should be classified under term deposits. This category distinguishes between Canadian and foreign currency. Canadian currency is classified into cash on hand, including amounts in transit. Foreign holdings are shown at the Canadian dollar equivalent converted at current closing rate.

Receivables

Consists of all claims against debtor arising from the sale of goods and services. Also included are accrued revenue receivable, accrued government grants receivable, and residual interfund and intergovernment adjustments that are required on consolidation of receivables. This category is restricted to revenue earned but not yet collected and which presumably will be received in the near future, e.g., receipts pending for goods and services delivered. There are six kinds of receivables. “Taxes” includes all taxes receivable including arrears. The category “interest” is self-explanatory, while “trade accounts” is used for reporting amounts due arising from government’s sale of goods and services. General and specific purpose transfers among governments are covered under the heading “government sub-sectors,” and all receivables due to governments from their own enterprises are reported under “government business enterprises.” “Other” is a residual category for receivables by government from the general public other than identifiable taxes, interest and trade accounts.

Advances

Consists of loans, advances and other claims that cannot be sold or traded on the market. Also included are the residual interfund and intergovernment adjustments that are required on consolidation of “advances.” Governments make funds available directly to other governments, Crown corporations or other entities.

Securities

Encompasses the holdings of all securities regardless of whether they are acquired as a consequence of public policy (e.g., to secure loans) or for investment purposes made through investment dealers (market securities). The category also includes some intergovernmental non-marketable securities.

Other financial assets

Encompasses financial assets, which cannot be assigned to more specific classification categories. It includes debit balances in suspense accounts and is also used for

recording residual interfund and intergovernment adjustments that are required on consolidation of other financial assets.

Liabilities

Bank overdrafts

Bank overdrafts are an excess of outstanding cheques over bank deposits.

Payables

Consists of claims by creditors arising from the purchase of goods and services. Also included are accrued expenditure payable, accrued government grants payables and the residual interfund and intergovernment adjustments that are required on consolidation of “payables”.

Advances

This heading parallels the corresponding classification on the asset side but the number of subheadings is fewer in accordance with the borrowing channels used by governments. No issuance of securities is reported in this category. Advances are identifiable as payable in Canadian or foreign currencies.

Coins in circulation

Is a liability of the federal government, which backs the value of all coins held by individuals and other sectors of the economy. This liability item of the federal government is not reported in the Public Accounts, the figures are obtained from the Royal Canadian Mint. Notes are not reported in this category since they are a liability of the Bank of Canada.

Treasury bills

Both short and long-term government debt issued. Treasury bills do not pay interest, but are sold at a discount and mature at par (100% of face value).

Canada bills

Consists of Government of Canada’s short term treasury bills sold strictly in the United States.

Short term paper

Consists of short term instruments other than treasury bills and Canada bills that are issued in Canadian and foreign currencies and traded in the money market.

Savings bonds

Unlike almost all other bonds, Canada Saving Bonds (CSBs) can be cashed by the owner at any time. Since they are not transferable and hence not marketable (i.e., they are not traded on bond markets), CSBs do not rise and fall in price but may always be

cashed at their full par value. The redemption price of a CSB is the face value plus accrued interest. CSBs can only be purchased by or on behalf of Canadian individuals.

Bonds and debentures

Consists of a certificate evidencing a debt on which the issuer promises to pay the holder a specified amount of interest for a specified length of time, and to repay the loan on its maturity.

Other securities

Takes account of securities issued which cannot be classified in the above categories either because of the type of securities involved (e.g., mid and long term notes) or because of lack of precise information in source documents. The securities are identifiable as payable in Canadian and foreign currencies.

Deposits

Consists of trust deposits, the deposits of excess working funds of enterprises such as the amounts held by certain provincial governments for the account of their Treasury branches or equivalents, deposits of contractors held against their satisfactory performance of work and other miscellaneous deposits of indeterminate duration. Also included are the residual interfund and intergovernmental adjustments that are required on consolidation of “deposits.”

Liabilities to pension plans

Consists of the government’s obligations as an employer as well as government’s obligations toward participants, that is, its obligations as an employer and the share of benefits vested through the contributions of participants and independent employers paid into the Consolidated Revenue Fund. The unfunded portion of trusteed and non-trusteed pension plans is recorded whether or not the government includes them in its balance sheet. Non-Trusteed pension plans liabilities are considered unfunded.

Other liabilities

This is a residual category for amounts which can not be reported under a more specific heading. As in the case of “Other financial assets” (see "Other financial assets") it is also used for recording residual interfund and intergovernmental adjustments which are required on consolidation of other liabilities.

Excess of financial assets over liabilities (or excess of liabilities over financial assets)

Represents the accumulated surplus (or deficit).