



## 2011-2012 Financial Statements - *Unaudited*

### Statement of Management Responsibility

Responsibility for the integrity and objectivity of the accompanying financial statements for the year ended March 31, 2012 and all information contained in these statements rests with the management of the National Energy Board (NEB). These financial statements have been prepared by management using the Government's accounting policies, which are based on Canadian public sector accounting standards.

Management is responsible for the integrity and objectivity of the information in these financial statements. Some of the information in the financial statements is based on management's best estimates and judgment and gives due consideration to materiality. To fulfil its accounting and reporting responsibilities, management maintains a set of accounts that provides a centralized record of the NEB's financial transactions. Financial information submitted in the preparation of the Public Accounts of Canada, and included in the NEB's *Departmental Performance Report* is consistent with these financial statements.

Management is also responsible for maintaining an effective system of internal control over financial reporting (ICFR) designed to provide reasonable assurance that financial information is reliable, that assets are safeguarded and that transactions are properly authorized and recorded in accordance with the *Financial Administration Act* and other applicable legislation, regulations, authorities and policies.

Management seeks to ensure the objectivity and integrity of data in its financial statements through careful selection, training, and development of qualified staff; through organizational arrangements that provide appropriate divisions of responsibility; through communication programs aimed at ensuring that regulations, policies, standards, and managerial authorities are understood throughout the NEB and through conducting an annual risk-based assessment of the effectiveness of the system of ICFR.

The system of ICFR is designed to mitigate risks to a reasonable level based on an on-going process to identify key risks, to assess effectiveness of associated key controls, and to make any necessary adjustments.

The NEB will be subject to periodic Core Control Audits performed by the Office of the Comptroller General and will use the results of such audits to adhere to the Treasury Board *Policy on Internal Control*.

In the interim, the NEB has undertaken a risk-based assessment of the system of ICFR for the year ended March 31, 2012, in accordance with the Treasury Board *Policy on Internal Control*.

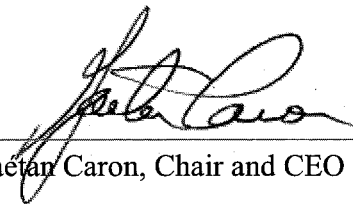


National Energy  
Board

Office national  
de l'énergie

## 2011-2012 Financial Statements - *Unaudited*

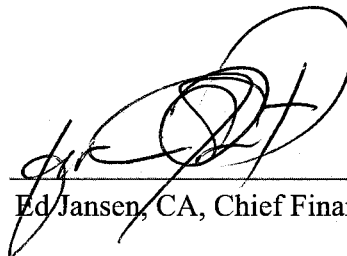
The financial statements of the NEB have not been audited for the March 31, 2012 fiscal year. However, the National Energy Board also produces financial statements on a calendar year basis in accordance with the *National Energy Board Cost Recovery Regulations*. The Office of the Auditor General of Canada, the independent auditor for the Government of Canada, has expressed an opinion on the fair presentation of the 2011 financial statements of the NEB which does not include an audit opinion on the annual assessment of the effectiveness of the department's internal controls over financial reporting.



---

Gaétan Caron, Chair and CEO

(Calgary, Canada)  
(31 August 2012)

  
A/CFO

Ed Jansen, CA, Chief Financial Officer

**National Energy Board**

**Statement of Financial Position (Unaudited)**


**As at March 31**

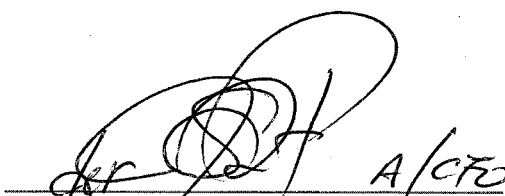
(in thousands of dollars)

	<b>2012</b>	<b>2011</b>
		Restated (Note 12)
<b>Liabilities</b>		
Accounts payable and accrued liabilities (Note 4)	7,265	6,116
Other Payables (Note 5)	15,700	-
Vacation pay and compensatory leave	2,437	2,241
Employee future benefits (Note 6)	7,846	7,384
<b>Total net liabilities</b>	<b>33,248</b>	<b>15,741</b>
<b>Financial Assets</b>		
Due from Consolidated Revenue Fund	7,033	5,918
Accounts receivable and advances (Note 7)	25,678	29,233
<b>Total gross financial assets</b>	<b>32,711</b>	<b>35,151</b>
<b>Financial assets held on behalf of Government</b>		
Accounts receivable and advances (Note 7)	(25,446)	(29,035)
<b>Total financial assets held on behalf of Government</b>	<b>(25,446)</b>	<b>(29,035)</b>
<b>Total net financial assets</b>	<b>7,265</b>	<b>6,116</b>
<b>Departmental net debt</b>	<b>25,983</b>	<b>9,625</b>
<b>Non-financial assets</b>		
Prepaid expenses	183	187
Tangible capital assets (Note 8)	6,654	5,542
<b>Total non-financial assets</b>	<b>6,837</b>	<b>5,729</b>
<b>Departmental net financial position</b>	<b>(19,146)</b>	<b>(3,896)</b>

Contractual obligations and contingent liabilities (Note 9)

The accompanying notes form an integral part of these financial statements

  
Gaëtan Caron, Chair and CEO  
(Calgary, Canada)  
(31 August 2012)

 A/CFO  
Ed Jansen, CA, Chief Financial Officer

**National Energy Board**

**Statement of Operations and Departmental Net Financial Position (Unaudited)**

**For the Year Ended March 31**

(in thousands of dollars)

	<u>2012</u>	<u>2012</u>	<u>2011</u>
	Planned Results		Restated (Note 12)
<b>Expenses</b>			
Energy Regulation	43,806	40,614	35,841
Energy Information	5,846	9,135	8,302
Internal Services	24,345	22,346	22,691
<b>Total Expenses</b>	<u>73,997</u>	<u>72,095</u>	<u>66,834</u>
<b>Revenues</b>			
Regulatory Revenue	65,122	64,926	65,196
Miscellaneous Revenue	69	18	64
Revenues earned on behalf of Government	(65,191)	(64,944)	(65,260)
<b>Total Revenues</b>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Net cost of operations before government funding and transfers</b>	<b>73,997</b>	<b>72,095</b>	<b>66,834</b>
<b>Government funding and transfers</b>			
Net cash provided by (to) Government		47,492	63,910
Change in due from the Consolidated Revenue Fund		1,115	(1,869)
Services received without charge from other government departments (Note 10)		8,238	8,229
<b>Net cost of operations after government funding and transfers</b>		<u>15,250</u>	<u>(3,436)</u>
<b>Departmental net financial position - Beginning of year</b>		<u>(3,896)</u>	<u>(7,332)</u>
<b>Departmental net financial position – End of year</b>		<u>(19,146)</u>	<u>(3,896)</u>

Segmented information (Note 11)

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

**National Energy Board**

**Statement of Change in Departmental Net Debt (Unaudited)**

**For the Year Ended March 31**

(in thousands of dollars)

	<b>2012</b>	<b>2011</b>
	<hr/>	<hr/>
<b>Net cost of operations after government funding and transfers</b>	<b>15,250</b>	<b>(3,436)</b>
<b>Change due to tangible capital assets</b>		
Acquisition of tangible capital assets	2,707	1,751
Amortization of tangible capital assets	(1,595)	(1,329)
	<hr/>	<hr/>
<b>Total change due to tangible capital assets</b>	<b>1,112</b>	<b>422</b>
<b>Change due to prepaid expenses</b>	<b>(4)</b>	<b>131</b>
	<hr/>	<hr/>
<b>Net increase (decrease) in departmental net debt</b>	<b>16,358</b>	<b>(2,883)</b>
<b>Departmental net debt - Beginning of year</b>	<b>9,625</b>	<b>12,508</b>
	<hr/>	<hr/>
<b>Departmental net debt - End of year</b>	<b>25,983</b>	<b>9,625</b>
	<hr/>	<hr/>

The accompanying notes form an integral part of these financial statements

**National Energy Board**

**Statement of Cash Flows (Unaudited)**

**For the Year Ended March 31**

(in thousands of dollars)

	<b>2012</b>	<b>2011</b>
		Restated (Note 12)
<b>Operating activities</b>		
Net cost of operations before government funding and transfers	72,095	66,834
Non-cash items:		
Amortization of tangible capital assets	(1,595)	(1,329)
Services provided without charge by other government departments (Note 10)	(8,238)	(8,229)
Variations in Statement of Financial Position:		
Increase (decrease) in accounts receivables and advances	34	26
Increase (decrease) in prepaid expenses	(4)	131
Decrease (increase) in accounts payables and accrued liabilities	(1,149)	1,843
Decrease (increase) in other payables	(15,700)	-
Decrease (increase) in vacation pay and compensatory leave	(196)	(66)
Decrease (increase) in deferred revenue	-	3,576
Decrease (increase) in future employee benefits	(462)	(627)
<b>Cash used in (provided by) operating activities</b>	<b>44,785</b>	<b>62,159</b>
<b>Capital investing activities</b>		
Acquisitions of tangible capital assets	2,707	1,751
<b>Cash used in (provided by) investing activities</b>	<b>2,707</b>	<b>1,751</b>
<b>Net cash provided by (to) Gov't of Canada (Note 3)</b>	<b>47,492</b>	<b>63,910</b>

The accompanying notes form an integral part of these financial statements

## Notes to the Financial Statements (*Unaudited*)

### 1. Authority and objectives

The National Energy Board (NEB or Board) is an independent regulatory agency, established in 1959 under the *National Energy Board Act* and is designated as a department and named under Schedule I.1 of the *Financial Administration Act*, reporting to Parliament through the Minister of Natural Resources.

The NEB regulates the following specific aspects of the energy industry:

- a) the construction and operation of international and interprovincial pipelines;
- b) the construction and operation of international and designated interprovincial power lines;
- c) traffic, tolls and tariffs of international and interprovincial pipelines;
- d) exports of oil, gas and electricity and imports of gas; and
- e) oil and gas activities on frontier lands not subject to a federal/provincial accord.

Other responsibilities of the NEB include providing advice to the Minister of Natural Resources Canada on the development and use of energy resources. The NEB operates as a quasi-judicial tribunal. The Board may hold public hearings at which applicants and interested parties have full rights of participation.

NEB's corporate purpose is to promote safety, environmental protection and economic efficiency in the Canadian public interest within the mandate set by Parliament in the regulation of pipelines, energy development and trade. This principle guides the NEB in carrying out and interpreting its regulatory responsibilities. The companies that are regulated by the Board create wealth for Canadians through the transport of oil, natural gas and natural gas liquids, and through the export of hydrocarbons and electricity. As a regulatory agency, the Board's role is to help create a framework which allows these economic activities to occur when they are in the public interest.

The NEB's framework of program activities is comprised of:

- Energy Regulation – this is grouped into two sub-programs, the first part being the development of regulation and compliance tools, guidance and processes and the second part being regulation implementation which is the processing of applications and regulatory oversight through monitoring and enforcement;
- Energy Information – provides energy industry information, market outlook and surveillance to the Board, industry and the Canadian public;
- Internal Services – the activities that provide management and support services to the Board such as Human Resources, Financial and Information Management.

## 2. Summary of significant accounting policies

The financial statements have been prepared using the Government's accounting policies stated below, which are based on Canadian public sector accounting standards. The presentation and results using the stated accounting policies do not result in any significant differences from Canadian public sector accounting standards.

Significant accounting policies are as follows:

- a) Parliamentary authorities – the NEB is financed by the Government of Canada through Parliamentary authorities. Financial reporting of authorities provided to the NEB do not parallel financial reporting according to generally accepted accounting principles since authorities are primarily based on cash flow requirements. Consequently, items recognized in the Statement of Operations and Departmental Net Financial Position 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. The planned results amounts in the Statement of Operations and Departmental Net Financial Position are the amounts reported in the future-oriented financial statements included in the 2011-2012 *Report on Plans and Priorities*.
- b) Net cash provided by (to) Government – The NEB operates within the Consolidated Revenue Fund (CRF), which is administered by the Receiver General for Canada. All cash received by the department is deposited to the CRF and all cash disbursements made by the department are paid from the CRF. The net cash provided by (to) Government is the difference between all cash receipts and all cash disbursements including transactions between departments of the federal government.
- c) Amounts due from/to the CRF are the result of timing differences at year-end between when a transaction affects authorities and when it is processed through the CRF. Amounts due from the CRF represent the net amount of cash that the Department is entitled to draw from the CRF without further authorities to discharge its liabilities.
- d) Revenues:
  - Revenues from regulatory levies are recognized in the accounts when they are invoiced and, in accordance with the *National Energy Board Cost Recovery Regulations*, are based on the estimated cost of operations for the calendar year, with a billing adjustment to actual costs once the costs are known.
  - Other revenues are accounted for in the period in which the underlying transaction or event occurred that gave rise to the revenues.
  - Revenues that have been received but not yet earned are recorded as deferred revenues.
  - Revenues that are non-respondable are not available to discharge the NEB's liabilities. While the Chair is expected to maintain accounting control, he or she has no authority regarding the disposition of non-respondable revenues. As a result, non-respondable revenues are considered to be earned on behalf of the Government of Canada and are therefore presented in reduction of the entity's gross revenues.



- e) Expenses – Expenses are recorded on the accrual basis:
- Vacation pay and compensatory leave are expensed as the benefits accrue to employees under their respective terms of employment.
  - Services provided without charge by other government departments for accommodation, the employer's contribution to the health and dental insurance plans, and legal services are recorded as operating expenses at their estimated cost.
  - Expenditures of the Board that are excluded from Cost Recovery Regulations are those expenditures related to the regulation of, exploration for, and the development of oil and gas on frontier lands. These amounts are included in Expenses in the Statement of Operations and Net Departmental Financial Position.
- f) Employee future benefits
- i. Pension benefits: Eligible employees participate in the Public Service Pension Plan, a multiemployer plan administered by the Government of Canada. The NEB contributions to the Plan are charged to expenses in the year incurred and represent the total departmental obligation to the Plan. The NEB'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.
  - ii. Severance benefits: Employees entitled to severance benefits under labour contracts or conditions of employment earn these benefits as services necessary to earn them are rendered. 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 receivables are stated at the lower of cost and net recoverable value. A valuation allowance is recorded for receivables where recovery is considered uncertain.
- h) 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.
- i) Tangible capital assets – All tangible capital assets and leasehold improvements having an initial cost of \$10,000 or more or significant bulk purchases over \$10,000 where each item may be less than \$10,000, are recorded at their acquisition cost. The department does not capitalize intangibles, works of art and historical treasures that have cultural, aesthetic or historical value, assets located on Indian Reserves and museum collections.

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
Informatics hardware:	
PCs and accessories	3 years
Computer servers & accessories	5 years
Informatics software	
Commercial software	2 years
In-house developed software	5 years
Machinery and equipment	5 years
Furniture	10 years
Vehicles	5 years
Leasehold improvements	Lesser of the remaining term of the lease or useful life of the improvement

The cost of software not yet in service forms the basis of the Assets under development account. Assets under development are amortized once they are in service.

- (j) Measurement uncertainty —The preparation of these financial statements requires management to make estimates and assumptions that affect the reported 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 future benefits, allowance for doubtful accounts 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.

### 3. Parliamentary authorities

The NEB receives most of its funding through annual Parliamentary authorities. The majority of these expenditures are subsequently recovered from the companies regulated by the NEB and the funds are deposited in the Consolidated Revenue Fund of the Government of Canada. Items recognized in the Statement of Operations and Net Financial Position and the Statement of Financial Position in one year may be funded through Parliamentary authorities in prior, current or future years. Accordingly, the NEB 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:

	2012	2011
	(in thousands of dollars)	
Cost of operations before government funding and transfers	72,095	66,834
Adjustments for items affecting net cost of operations but not affecting authorities:		
Services provided without charge	(8,238)	(8,229)
Amortization of tangible capital assets	(1,595)	(1,329)
Increase in vacation pay and compensatory leave	(196)	(66)
Increase in employee future benefits	(462)	(627)
Refund of prior years' expenditures	54	399
Other	14	(12)
Total items affecting net cost of operations but not affecting authorities	(10,423)	(9,864)
Adjustments for items not affecting net cost of operations but affecting authorities		
Acquisitions of tangible capital assets	2,707	1,751
Increase (Decrease) in prepaid expenses	(4)	131
Total items not affecting net cost of operations but affecting authorities	2,703	1,882
<b>Current year authorities used</b>	<b>64,375</b>	<b>58,852</b>

## (b) Authorities provided and used

	2012	2011
	(in thousands of dollars)	
Vote 25 – Program expenditures	60,678	56,791
Statutory amounts	7,276	6,817
<i>Less:</i>		
Lapsed authorities: Operating	(3,579)	(4,756)
<b>Current year authorities used</b>	<b>64,375</b>	<b>58,852</b>

**4. Accounts payable and accrued liabilities**

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

	<b>2012</b>	<b>2011</b>
	(in thousands of dollars)	
Accounts payable to other government departments and agencies	206	498
Accounts payable to external parties	3,285	2,309
	3,491	2,807
Accrued liabilities	3,774	3,309
	<b>7,265</b>	<b>6,116</b>

**5. Other Payables**

Other Payables represents the 2011 Greenfield fees invoiced to external parties. These amounts are recognized as adjustments to other regulated parties and will be settled via reduced billings in 2012.

**6. Employee benefits****a) Pension benefits:**

The NEB's employees participate in the Public Service Pension Plan, which is sponsored and administered by the Government. 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/Québec Pension Plans benefits and they are indexed to inflation.

Both the employees and the NEB contribute to the cost of the Plan. The 2011-12 expense amounts to \$5,231,624 (\$4,786,111 in 2010-11), which represents approximately 1.8 times (1.9 in 2010-11) the contributions by employees.

The NEB'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 NEB provides severance benefits to its employees based on eligibility, years of service and salary at termination of employment. These severance benefits are not pre-funded. Benefits will be paid from future authorities.

As part of the collective agreement negotiations with certain employee groups, and changes to conditions of employment for executives and certain non-represented employees, the accumulation of severance benefits under the employee severance pay program ceased for these employees commencing in 2012. Employees subject to these changes have been given the option to be immediately paid the full or partial value of benefits earned to date or collect the full or remaining value of benefits on termination from the public service. These changes have been reflected in the calculation of the outstanding severance benefit obligation.

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

	2012	2011
	(in thousands of dollars)	
Accrued benefit obligation, beginning of year	7,384	6,757
Expense for the year	1,131	1,118
Benefits paid during the year	(669)	(491)
Accrued benefit obligation, end of year	<b>7,846</b>	<b>7,384</b>

#### 7. Accounts receivable and advances

The following table presents details of accounts receivable and advances:

	2012	2011
	(in thousands of dollars)	
Receivables from other Federal Government departments and agencies	159	122
Receivables from external parties	27,181	31,967
Employee advances	68	66
Subtotal	27,408	32,155
Allowance for doubtful accounts on receivables from external parties	(1,730)	(2,922)
<b>Gross accounts receivables</b>	<b>25,678</b>	<b>29,233</b>
Accounts receivable held on behalf of Government	(25,446)	(29,035)
<b>Net accounts receivables</b>	<b>232</b>	<b>198</b>

## 8. Tangible capital assets

Capital asset class	Cost				
	Opening balance	Acquisitions and Adjustments	Transfers	Disposals & write-offs	Closing balance
Informatics hardware	2,559	575	-	-	3,134
Informatics software	4,487	832	1,561	-	6,880
Machinery and equipment	983	97	-	-	1,080
Furniture	1,406	16	-	-	1,422
Vehicles	63	-	-	(26)	37
Leasehold improvements	1,792	(6)	-	-	1,786
Assets under development	906	1,219	(1,561)	-	564
<b>Total</b>	<b>12,196</b>	<b>2,733</b>	<b>-</b>	<b>(26)</b>	<b>14,903</b>

Capital asset class	Accumulated amortization				Net book value	
	Opening balance	Amortization	Disposals, writeoffs & Adjustments	Closing balance	2012	2011
Informatics hardware	1,611	292	-	1,903	1,231	948
Informatics software	3,090	756	-	3,846	3,034	1,397
Machinery and equipment	460	175	-	635	445	523
Furniture	261	143	-	404	1,018	1,145
Vehicles	15	8	(16)	7	30	48
Leasehold improvements	1,217	237	-	1,454	332	575
Assets under development	-	-	-	-	564	906
<b>Total</b>	<b>6,654</b>	<b>1,611</b>	<b>(16)</b>	<b>8,249</b>	<b>6,654</b>	<b>5,542</b>

## 9. Contractual obligations and Contingent Liabilities

## a) Contractual obligations

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

(thousands of dollars)	2013	2014	2015	2016	2017 and thereafter	Total
Vendor contracts	2,924	179	100	25	25	3,253

**b) Claims and litigation**

Claims have been made against the NEB in the normal course of operations. These claims include items with pleading amounts and other for which no amount is specified. Based on the NEB's assessment, legal proceedings for claims estimated at \$4,240,000 were pending at March 31, 2012. 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 or fail to occur, and a reasonable estimate of the loss can be made, an estimated liability is accrued and an expense recorded in the financial statements.

**10. Related party transactions**

The NEB is related as a result of common ownership to all Government departments, agencies, and Crown Corporations. The NEB enters into transactions with these entities in the normal course of business and on normal trade terms. During the year, the NEB received services which were obtained without charge from other Government departments as discussed below.

**a) Common services provided without charge by other government departments:**

During the year the NEB received services without charge from certain common service organizations, related to accommodation, legal services and the employer's contribution to the health and dental insurance plans. These services provided without charge have been recognized in the NEB's Statement of Operations and Net Financial Position as follows:

	2012	2011
	(thousands of dollars)	
Accommodation	4,564	4,793
Employer's contribution to the health and dental insurance plans	3,635	3,411
Legal Services	39	25
<b>Total</b>	<b>8,238</b>	<b>8,229</b>

The Government has centralized some of its administrative activities for efficiency, cost-effectiveness purposes and economic delivery of programs to the public. As a result, the Government uses central agencies and common service organizations so that one department performs services for all other departments and agencies without charge. The costs of these services, such as the payroll and cheque issuance services provided by Public Works and Government Services Canada and audit services provided by the Office of the Auditor General are not included in the NEB's Statement of Operations and Net Financial Position.

## b) Other transactions with related parties:

	2012	2011
	(thousands of dollars)	
Accounts receivable from other government departments and agencies	159	122
Accounts payable to other government departments and agencies	206	498
Expenses - Other Government departments and agencies	8,396	8,196

## 11. Segmented information

Presentation by segment is based on the NEB's program activity architecture. The presentation by segment is based on the same accounting policies as described in the Summary of significant accounting policies in note 2. The following table presents the expenses incurred and revenues generated for the main program activities, by major object of expense and by major type of revenues. The segment results for the period are as follows:

	2012			2011	
	(thousands of dollars)				
	Energy Regulation	Energy Information	Internal Services	Total	Total
Transfer Payments	202	-	-	202	-
Operating Expenses					
Salaries and employee benefits	31,841	7,169	15,020	54,030	50,366
Accommodation	3,195	652	1,948	5,795	5,769
Professional and special services	1,965	903	2,794	5,662	5,001
Travel	1,986	160	782	2,928	2,435
Amortization (Note 8)	933	213	449	1,595	1,329
Communication	262	-	768	1,030	1,220
Utilities, materials and supplies	204	36	576	816	696
Other	26	2	9	37	18
<b>Total expenses</b>	<b>40,614</b>	<b>9,135</b>	<b>22,346</b>	<b>72,095</b>	<b>66,834</b>
Revenues					
Regulatory Revenues	36,576	8,226	20,124	64,926	65,196
Miscellaneous Revenues	-	-	18	18	64
Revenues earned on behalf of Government	(36,576)	(8,226)	(20,142)	(64,944)	(65,260)
<b>Total revenues</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net Cost from Operations</b>	<b>40,614</b>	<b>9,135</b>	<b>22,346</b>	<b>72,095</b>	<b>66,834</b>



**12. Accounting changes**

During 2011, amendments were made to *Treasury Board Accounting Standard 1.2 – Departmental and Agency Financial Statements* to improve financial reporting by government departments and agencies. The amendments are effective for financial reporting of fiscal years ending March 31, 2012, and later. The significant changes to the NEB's financial statements are described below. These changes have been applied retroactively, and comparative information for 2010-11 has been restated.

Net debt (calculated as liabilities less financial assets) is now presented in the Statement of Financial Position. Accompanying this change, the Department now presents a Statement of Change in Net Debt and no longer presents a Statement of Equity.

Revenue and related accounts receivable are now presented net of non-respendable amounts in the Statement of Operations and Departmental Net Financial Position and Statement of Financial Position. The effect of this change was to increase the net cost of operations after government funding and transfers by \$64,944,000 for 2012 (\$65,260,000 for 2011) and decrease total financial assets by \$25,446 for 2012 (\$29,035 for 2011).

Government funding and transfers, as well as the credit related to services provided without charge by other government departments, are now recognized in the Statement of Operations and Departmental Net Financial Position below "Net cost of operations before government funding and transfers." In previous years, the NEB recognized these transactions directly in the Statement of Equity of Canada. The effect of this change was to decrease the net cost of operations after government funding and transfers by \$56,845,000 for 2012 (\$70,270,000 for 2011).

	2011 As previously stated	Effect of change	2011 Restated
<b>Statement of Financial Position</b>			
Assets held on behalf of Government	-	(29,035)	(29,035)
Departmental financial position	(25,139)	(29,035)	(3,896)
<b>Statement of Operations and Departmental Net Financial Position</b>			
Revenues	65,260	(65,260)	-
Expenses	66,834	-	66,834
<b>Government funding and Transfers</b>			
Net cash provided by Government	-	1,162	1,162
Change in due from Consolidated Revenue Fund	-	(1,869)	(1,869)
Services received without charge from other government departments (Note 10)	-	8,229	8,229