

2.5 What are the Public Accounts “Volumes”?

The Public Accounts for the year ended 31 March 2006 were published in two volumes:

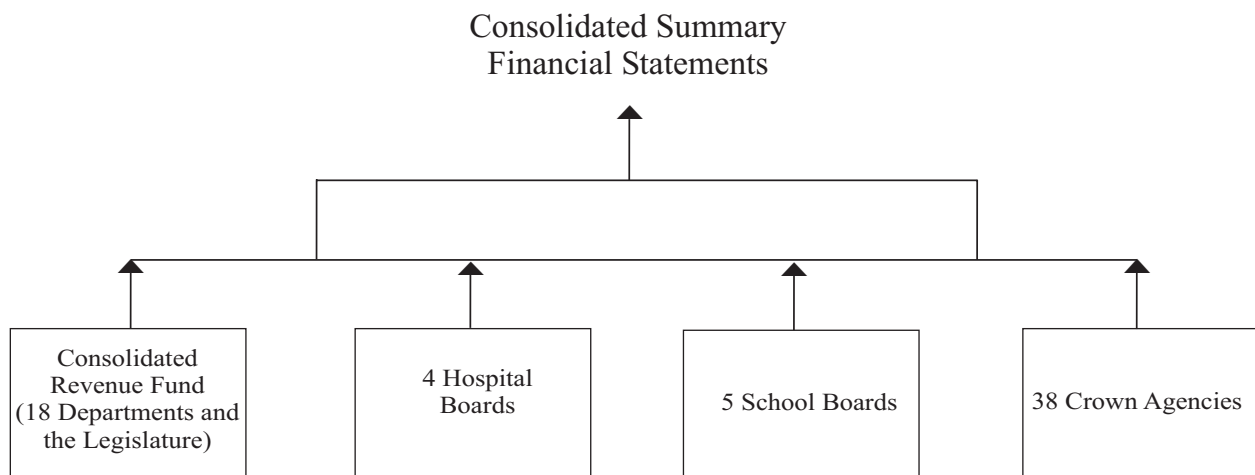
Volume I - Consolidated Summary Financial Statements

This Volume presents the consolidated summary financial statements of the Province of Newfoundland and Labrador on an accrual basis of accounting. Information contained in this Volume provides the most complete information about the operating results and financial position of the Province and combines the financial activities of the Consolidated Revenue Fund (which accounts for the financial activities of the 18 Government departments and the Legislature) and the various Crown corporations, boards and authorities which are controlled by and therefore accountable to the Government of Newfoundland and Labrador. Government departments and Crown agencies are accountable for the administration of their financial affairs and resources through a Minister.

The types of entities included in these financial statements are outlined as follows:

Figure 1

**Entities Included in the Consolidated
Summary Financial Statements
31 March 2006**



Volume II - Consolidated Revenue Fund Financial Statements

This Volume provides information about the operating results and financial position of the Consolidated Revenue Fund only, comprised of the 18 Government departments and the Legislature. These statements are also prepared on an accrual basis of accounting.

Change in the Public Accounts This Year

Traditionally the Public Accounts consisted of four volumes - Volume I (Consolidated Summary Financial Statements), Volume II (Consolidated Revenue Fund Financial Statements), Volume III (Consolidated Revenue Fund statements on a modified cash basis) and Volume IV (financial statements of Crown corporations, boards and authorities).

However, commencing this year, Government has decided to table the information previously contained in Volumes III and IV separately from the Public Accounts. As a result, we feel that there will be a better focus on Volume I - the Province's consolidated summary financial statements - the principal financial statements of the Province.

2.6 What Statements are Included and what do they Show?

Government's financial statements are intended to reflect a fundamental difference between financial reporting for a government and financial reporting for private sector businesses. Governments use public money to provide services through various programs, with no intent to make profit. As such, a government's financial statements differ from those of business by focusing on net debt - not profit or loss. Simply put, net debt represents the amount Government will eventually have to raise to pay for carrying past liabilities, and is calculated as total liabilities less total financial assets.

The consolidated summary financial statements are comprised of five main statements:

Statement of Financial Position

This statement shows the Province's financial assets, liabilities, net debt, non-financial assets and accumulated deficit.