

<b>Accumulated Amortization</b> <i>(in thousands of dollars)</i>	Balance at beginning of year	Acquisitions	Disposal	Balance at end of year
Technology enhancement plan project	\$ 12,477	\$ 3,624	-	\$ 16,101
Other capital projects		3,600	-	3,600
	<u>\$ 12,477</u>	<u>\$ 7,224</u>	<u>-</u>	<u>\$ 19,701</u>

#### 5. LONG-TERM LEASES

The Passport Office occupies space at twenty-nine locations under long-term leases which expire between March 31, 1997 and April 30, 2000. Accommodation expense and tenant services consisted of:

<i>(in thousands of dollars)</i>	1998	1997
Rentals	\$ 3,330	\$ 3,375
Tenant services	235	56
	<u>\$ 3,565</u>	<u>\$ 3,431</u>

#### 6. CONTINGENT LIABILITY

On April 15, 1993 a production contract was awarded to a company which quoted on the basis of a firm price per unit. The company has indicated that subsequent to this award, a number of events beyond its control significantly altered its production costs. The company was able eventually to resolve these difficulties, but has decided to claim against the Passport Office for the additional costs. The case was settled in the amount of \$121,446.