

regarding the issuance of passports as well as their relationship with the Passport Office operations. There is also a section indicating the strategy that the Passport Office intends to follow regarding fee increase.

#### 431 Cash accounting basis

Information provided in the following figures is calculated on the cash accounting basis in order to move the forecasted surplus or deficit of the Fund on total cash required by the end of the fiscal year. As set out in the Passport Office Framework Document, the Business Plan is part of the External Affairs and International Trade Multi-Year Operational Planning process and its data should be calculated on the same basis to be comparable to an appropriation information.

Under the cash accounting basis, revenue is recognized and recorded when the cash is received. Expenditures are recognized and recorded at the period of payment. Recognition of revenue and expenses during an accounting period is based on an inflow and outflow of cash to determine the operating results (surplus or deficit). Following are a few examples of recording items on the cash accounting basis:

1. As soon as money is collected from the applicant, the cash received is deposited and recorded as revenue regardless of whether or not the passport has been issued.
2. The cash disbursed for expenditures such as passport materials (booklets, labels and application forms) and stationery is recorded when the actual payment is made without any consideration for the items that have not been used (stock at the end) and which will be used only in the next accounting period.
3. Capital items (such as furniture, office equipment and electronic data processing equipment) are assigned to the accounting period where it was paid as an expenditure or outflow of cash.

Figure 4 provides the net cash flow for the planning period covered by the 1991-92 Business Plan. Figure 5 illustrates the cash flow for the past and current years and the upcoming planning year.