

d) Employee termination benefits

Termination benefits accrue to employees over their years of service with the Government of Canada, as provided for under collective agreements. The cost of these benefits is recorded in the accounts as the benefits accrue to the employees. The cost of the benefits has been adjusted this year to include the portion of the liability from the start date of employment. The impact of this change in estimate is an additional cost of \$973,017.

e) Revenue recognition

Revenues from passport fees are prepaid on application and accounted for on an accrual basis. Deferred revenues represents fees received for which the services have not yet been provided as of March 31, 1998.

3. INVENTORIES

(in thousands of dollars)

	1998	1997
Materials and supplies	\$ 1,996	\$ 1,881
Work in process	131	179
	\$ 2,127	\$ 2,060

4. CAPITAL AND ACCUMULATED AMORTIZATION

Capital (in thousands of dollars)	Balance at beginning of year	Acquisitions	Disposal	Balance at end of year
Leasehold improvements	\$ 3,143	\$ 152	—	\$ 3,295
Furniture	2,212	178	2	2,388
EDP equipment	4,320	850	18	5,152
Other machine and equipment	2,418	50	7	2,461
	\$ 12,093	\$ 1,230	\$ 27	\$ 13,296

Accumulated Amortization (in thousands of dollars)	Balance at beginning of year	Acquisitions	Disposal	Balance at end of year
Leasehold improvements	\$ 3,004	\$ 189	—	3,193
Furniture	762	136	2	896
EDP equipment	3,140	572	18	3,694
Other machine and equipment	1,586	174	6	1,754
	\$ 8,492	\$ 1,071	\$ 26	\$ 9,537