

(c) Other capital assets (continued):

All project costs for the other capital projects are amortized on a straight-line basis over the useful life of the project.

(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.

(e) Pension plan:

Employees of the Passport Office are covered by the Public Service Superannuation Plan administered by the Government of Canada. Under present legislation, contributions made by the Passport Office to the Plan are limited to an amount equal to the employee's contributions on account of current service. These contributions represent the total pension obligations of the Passport Office and are charged to operations on a current basis. The Passport Office is not required under present legislation to make contributions with respect to actuarial deficiencies of the Public Service Superannuation Account and/or with respect to charges to the Consolidated Revenue Fund for the indexation of payments under the *Supplementary Retirement Benefits Act*.

(f) Use of estimates:

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the period. Actual results could differ from those estimates.

(g) Revenue recognition:

Revenues from passport fees are prepaid on application and accounted for on an accrual basis. Deferred revenues represent fees received for which the services have not yet been provided as of the year-end.

### 3. Transfer of the Revolving Fund accumulated surplus:

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Pursuant to Treasury Board Decision 828716 dated February 8, 2001, there was a refund of \$5,750 for previous transfer of the Revolving Fund accumulated surplus to the Consolidated Revenue Fund. The transfer was recorded directly to accumulated surplus and accumulated net charge against the Fund's authority.