

## NOTES TO FINANCIAL STATEMENTS

### MARCH 31, 1994

#### 1. Authority and purpose

The Passport Office Revolving Fund was established in 1969 to provide for the issue of appropriate travel documents to Canadian citizens and to certain permanent residents of Canada who are unable to obtain valid passports from their country of origin. The *Revolving Fund Act* authorized the operation of the Fund.

The Fund has a continuing non-lapsing authority from Parliament to make payments out of the Consolidated Revenue Fund for working capital, capital acquisitions, and temporary financing of accumulated operating deficits, the total of which is not to exceed \$4,000,000 at any time. An amount of \$745,893 representing net assets assumed by the Fund and assets contributed to the Fund was charged to this authority when the Fund became budgetary in 1981.

#### 2. Significant accounting policies

##### a) Inventories

The inventory of materials and supplies is carried at cost and the inventory of passports-in-process is valued at average cost for the year.

##### b) Capital

Leasehold improvements are amortized on a straight-line basis over the term of the appropriate lease. Other capital is amortized from the year of acquisition on a straight-line basis over their estimated useful lives as follows:

Furniture	16 years
Electronic data processing (EDP) equipment	5 years
Other equipment	10 years

##### c) 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.

d) Revenue from passport fees is prepaid on application and accounted for on an accrual basis. Deferred revenue represents fees received for which the services have not yet been provided.

#### 3. Inventories

	1994	1993
	\$	\$
Materials and supplies	1,378,688	1,550,344
Work in process	121,348	92,706
	<u>1,500,036</u>	<u>1,643,050</u>