

Notes to Financial Statements

Year ended March 31, 2001

(In thousands of dollars)

1. Authority and purpose:

The Passport Office Revolving Fund (the 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 at any time. An amount of \$746 representing net assets assumed by the Fund and assets contributed to the Fund were 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.

(b) Capital assets:

Capital assets are recorded at cost and amortized from the year of acquisition on a straight-line basis over their estimated useful lives as follows:

Asset	Years
Leasehold improvements	Term of lease
Furniture	16 years
Electronic data processing (EDP) equipment	5 years
Other machines and equipment	10 years

(c) Other capital assets:

Effective April 1, 1994, all expenditures associated with the Technology Enhancement Plan (TEP) are capitalized. The project costs have been separated in four categories, which are amortized on a straight-line basis over the useful life of each category as follows:

Asset	Years
Machines and equipment	10 years
System	10 years
Furniture	16 years
Electronic data processing (EDP) equipment	4 years