Financial Statements

For the Year Ended
March 31, 2010

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STATEMENT OF MANAGEMENT RESPONSIBILITY

The University is responsible for the preparation of the financial statements and has prepared them in accordance with Canadian generally accepted accounting principles as described in note 2 to the financial statements. The financial statements present fairly the financial position of the University as at March 31, 2010 and the results of its operations and cash flows for the year then ended.

In fulfilling its responsibilities and recognizing the limits inherent in all systems, the University has developed and maintains a system of internal control designed to provide reasonable assurance that University assets are safeguarded from loss and that the accounting records are a reliable basis for the preparation of the financial statements.

The Board of Governors carries out its responsibility for review of the financial statements principally through its Audit Committee. The Audit Committee meets with Management and the External Auditor to discuss the results of audit examinations and financial reporting matters. The External Auditor has full access to the Audit Committee, with and without the presence of Management.

The financial statements for the year ended March 31, 2010 have been reported on by the Auditor General of the Province of Alberta, the auditor appointed under *The Post-secondary Learning Act*. The Auditor's Report outlines the scope of his examination and provides his opinion on the fairness of presentation of the information in the financial statements.

Original signed by Warren L. Veale	Original signed by Jonathan Gebert
Interim President	Vice-President (Finance and Services)

Auditor's Report

To the Board of Governors of the University of Calgary

I have audited the statements of financial position of the University of Calgary as at March 31, 2010 and 2009 and the statements of revenue and expenses, changes in net assets and cash flows for the years then ended. These financial statements are the responsibility of the University's management. My responsibility is to express an opinion on these financial statements based on my audits.

I conducted my audits in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements

STATEMENT OF FINANCIAL POSITION
FOR THE YEAR ENDED MARCH 31, 2010
(thousands of dollars)

	2010	2009 restated, note 3
ASSETS		
Current Assets		
Cash and cash equivalents (note 4)	**$ 576,062**	$ 456,643
Short-term investments (note 5)	**190,331**	119,467
Accounts receivable	**63,379**	60,899
Inventories and prepaid expenses	**19,916**	17,557
	849,688	654,566
Long-term investments (note 5)	**449,242**	354,454
Other long-term assets (note 6)	**22,604**	25,763
Capital assets and collections (note 7)	**1,209,195**	969,846
	2,530,729	2,004,629
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts payable and accrued liabilities	**166,550**	89,691
Current portion of long-term liabilities (note 9)	**3,951**	22,124
Deferred contributions, research and other (note 10)	**391,665**	327,125
Deferred revenue	**20,238**	18,518
	582,404	457,458
Employee future benefit liabilities (note 8)	**63,691**	43,720
Long-term liabilities (note 9)	**110,186**	48,550
Deferred capital contributions (note 10)	**162,059**	185,458
Unamortized deferred capital contributions (note 11)	**902,374**	708,170
	1,820,714	1,443,356
Net Assets		
Endowments (note 12)	**441,658**	340,103
Investment in capital assets and collections (note 13)	**194,471**	200,144
Internally restricted (note 14)	**84,468**	78,624
Unrestricted (deficit)	**(10,582)**	(57,598)
	710,015	561,273
	$ 2,530,729	$ 2,004,629

Contingent liabilities and contractual obligations (note 15 and note 16)

Signed on behalf of the Board of Governors:

Chair, Board of Governors

Vice-President (Finance & Services)

The accompanying notes are part of these financial statements.

STATEMENT OF REVENUE AND EXPENSE
FOR THE YEAR ENDED MARCH 31, 2010
(thousands of dollars)

		2010		2009 restated, note 3
REVENUE				
Government of Alberta grants	**$**	**499,583**	$	455,989
Federal and other government grants		**114,821**		108,381
Sales of services and products		**94,967**		90,949
Student tuition and fees		**169,720**		157,166
Donations and other grants		**71,456**		82,929
Investment income (note 18)		**31,510**		7,036
Amortization of deferred ca9 83.82 560.02 72 56979 83.82 560.02 72 5697Donations and other grants a				31,510

The accompanying notes are part of these financial statements.

STATEMENT OF CHANGES IN NET ASSETS
FOR THE YEAR ENDED MARCH 31, 2010
(thousands of dollars)

	Endowments	Investment in Capital Assets	Internally Restricted	Unrestricted
NET ASSETS (DEFICIENCY), March 31, 2008	$ 425,578	$ 209,373	$ 27,204	$ (43,414)
Excess of revenue over expense	-	-	-	8,682
Investment loss (note 18)	(87,110)	-	-	-
Endowment contributions (note 12)	20,856	-	-	-
Transfers	(19,221)	-	-	19,221
Net change in investment in capital assets (note 13)	-	(9,333)	-	9,333
Contributions of assets not subject to amortization (note 13)	-	104	-	-
Net expenditures and transfers of internally restricted net assets	-	-	51,420	(51,420)
NET ASSETS (DEFICIENCY), March 31, 2009 - restated note 3	$ 340,103	$ 200,144	$ 78,624	$ (57,598)
Excess of revenue over expense	-	-	-	48,009
Investment income (note 18)	57,944	-	-	-
Endowment contributions (note 12)	42,403	-	-	-
Transfers	1,208	-	-	(1,208)
Net change in investment in capital assets (note 13)	-	(6,059)	-	6,059
Contributions of assets not subject to amortization (note 13)	-	386	-	-
Net expenditures and transfers of internally restricted net assets	-	-	5,844	(5,844)
NET ASSETS (DEFICIENCY), March 31, 2010	$ 441,658	$ 194,471	$ 84,468	$ (10,582)

The accompanying notes are part of these financial statements.

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED MARCH 31, 2010
(thousands of dollars)

	2010	2009 restated, note 3

The accompanying notes are part of these financial statements.

Summary of Significant Accounting Policies and Reporting Practices (Continued)

c) Financial Instruments

The University's financial assets and liabilities are generally classified and measured as follows:

The University's financial instruments are recognized on their trade date and transaction costs related to all financial instruments are expensed as incurred. Valuations of publicly traded securities are based on quoted market bid prices at the close of business on the statement of financial position date. For securities where market quotes are not available, estimation techniques are used to determine fair value. Estimation techniques used include discounted cash flows, internal models that ut

Summary of Significant Accounting Policies and Reporting Practices (Continued)

f) Revenue Recognition

The financial statements record the following items as revenue - at the following times:

- Unrestricted contributions - when received or receivable, if the amount can be reasonably estimated and collection is reasonably assured.
- Operating grants - when received or receivable, or where a portion of the grant relates to a future period, it is deferred and recognized in the subsequent period.
- Unrestricted investment income - when earned; this includes interest, dividends, realized and unrealized gains and losses.
- Pledges - when collected.
- Revenues received for services and products - when the services or products are substantially provided.
- Tuition fees - when the instruction is delivered.
- Donation of materials and services – are recorded at fair value when a fair value can be reasonably determined and when materials and services would otherwise have been purchased.
- Restricted contributions - based on the deferral method.

Deferral method

Contributions, including investment income on the contributions, which are restricted for purposes other than endowment or capital asset acquisitions, are deferred and recognized as revenue when the conditions of the contributions are met.

NOTES TO THE FINANCIAL STATMENTS
FOR THE YEAR ENDED MARCH 31, 2010
(thousands of dollars)

Summary of Significant Accounting Policies and Reporting Practices (Continued)

Supplementary retirement plans
The pension expense for defined benefit supplementary retirement plans is actuarially determined using the projected benefit method prorated on service. Actuarial gains or losses in excess of 10% of the accrued benefit obligation are amortized over the expected service lifetime for each plan participant.

i) Capital Disclosures

The University defines its capital as the amounts included in deferred contributions (note 10), endowment net assets (note 12) and unrestricted net assets. A significant portion of the University's capital is externally restricted and the University's unrestricted capital is funded primarily by The Ministry of Advanced Education and Technology. The University has investment policies (note 5), spending policies and cash management procedures to ensure the University can meet its capital obligations.

Under the *Post-secondary Learning Act*, the University must receive ministerial approval for a deficit budget, borrowing and the sale of any land or buildings.

j) Contributed Services

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Volunteers as well as members of the staff of the Universr2ll a16.2t13 Tc o-8(no)5(v)17(icn)-(mem222s un.n-10(e)bE,f t)]2mmT

(thousands of dollars)

Changes in Accounting Policies (Continued)

	2009			
	As previously recorded	Adjustment recorded - Change in policy from Consolidated to Unconsolidated Financial Statements	Adjustment recorded - Change in policy for internal endowments	As restated
Increase (decrease) in:				
Statement of Financial Position				
Assets	$ 2,006,703	$ (2,074)	$ -	$ 2,004,629
	2,006,703	(2,074)	-	2,004,629
Liabilities	1,445,430	(2,074)	-	1,443,356
Net Assets				
Endowments	340,552	(449)	-	340,103
Investment in capital assets and collections	202,435	(2,291)	-	200,144
Internally restricted (note 14)	77,654	970	-	78,624
Unrestricted Net Assets (Deficit)	(59,368)	1,770	-	(57,598)
	$ 2,006,703	$ (2,074)	$ -	$ 2,004,629
Statement of Revenue and Expense				
Revenues*	$ 945,772	$ (4,444)	$ 12,873	$ 954,201
Expenses	949,963	(4,444)	-	945,519
Excess (Deficiency) of Revenue over Expense	$ (4,191)	$ -	$ 12,873	$ 8,682

*As a result of the change in accounting policy for internal endowments, investment income has increased by $12,873 since endowment losses have been removed from net income and recorded as direct decreases to endowment net assets. This is included in the change in revenues noted above.

4. **Cash and Cash Equivalents**

Cash and cash equivalents, with a maximum maturity of 90 days at date of purchase are as follows:

	2010	2009
Cash	**$ 5,948**	$ (10,816)
Money market funds, short-term notes and treasury bills	**570,114**	467,459
	$ 576,062	$ 456,643

(thousands of dollars)

Investments (Continued)

Note Type	Face Value	Estimated fair value	Scheduled repayment	Maturity
Synthetic Assets	$ 46,549	$ 31,126	7 years	July 15, 2056
IA Tracking Notes	11,059	718	3 - 30 years	3 - 30 years
Total	$ 57,608	$ 31,844		

Synthetic Assets are considered investment grade, rated BBB or higher, with the exception of C notes that are rated BB for which the University holds $1.4 million in face value.

In the absence of a well-functioning market for floating rate notes, the University has estimated the fair value of these investments using a discounted cash flow valuation model. The model involves assumptions regarding the difference between the expected yield, based on similarly rated securities adjusted for illiquidity and market complexity, and the appropriate market-discount attributable to such investments. The spread between the expected yield and the estimated discount rate ranges from 422 basis points for the Class A-1 notes and 682 basis points for the Class C notes. An increase in spread of 100 basis points would result in a reduction to the fair value of $3,113.

IA Tracking Notes are generally unrated and therefore have been valued at the current

NOTES TO THE FINANCIAL STATMENTS
FOR THE YEAR ENDED MARCH 31, 2010
(thousands of dollars)

Other Long-term Assets (Continued)

	University Technologies Group		Arctic Institute of North America		Canada School of Energy and Environment	
	2010	2009	**2010**	2009	**2010**	2009
Assets	**$ 4,933**	$ 5,101	**$ 2,238**	$ 2,542	**$ 4,557**	$ 6,318
Liabilities	**1,163**	11,949	**365**	380	**4,557**	6,318
Equity (Accumulated Deficit)	**3,770**	(6,848)	**1,873**	2,162	**-**	-
Revenues	**8,186**	2,415	**895**	932	**1,651**	969
Expenses	**2,800**	4,070	**1,172**	1,173	**1,651**	969
Net Income (loss)	**5,386**	(1,655)	[redacted]	(241)	**-**	-
Cash provided (used in) operating activities	**5,098**	(359)	**(121)**	(118)	**(2,221)**	6,404
Cash provided (used in) financing activities	**(3,824)**	22	**15**	43	**-**	-
Cash provided (used in) investing activities	**(715)**	(474)	**(116)**	34	**-**	-
Increase (decrease) in cash	**$ 559**	$ (811)	**$ (222)**	$ (41)	**$ (2,221)**	43

(thousands of dollars)

8. **Employee Future Benefit Liabilities**

Employee future benefit liabilities are comprised of the following:

	2010	2009
Universities Academic Pension Plan (UAPP)	**$ 58,321**	$ 38,720
Long-term Disability	**403**	365
Supplemental Retirement Pension Plan	**4,967**	4,635
Balance, end of the year	**$ 63,691**	$ 43,720

a) Defined Benefit

Multi-Employer Pension Plans
The UAPP is a multi-employer contributory joint defined benefit pension plan for academic staff members. An actuarial valuation of the UAPP was carried out as at December 31, 2008. This was then extrapolated to the University's year end of March 31, 2010.

The PSPP is a multi-employer contributory defined benefit pension plan for support staff members and is accounted for on a defined contribution basis. An actuarial valuation of the PSPP was carried out as at December 31, 2008 and was then extrapolated to December 31, 2009. The pension expense recorded in these financial statements is $11,578 (2009 - $8,993).

The deficits reported below represent the unfunded position of the plans as a whole and not the University's share:

	2010		2009	
	31-Mar-10	**31-Dec-09**	31-Mar-09	31-Dec-08
UAPP				
Post 1991	**$ 277,859**	**$ 305,020**	$ 442,750	$ 303,034
Pre 1992	**646,208**	**665,980**	857,110	752,437
Total	**$ 924,067**	**$ 971,000**	$ 1,299,860	$ 1,055,471
PSPP	**n/a**	**$ 1,729,196**	n/a	$ 1,187,538

The University's portion of the UAPP deficiency disclosed below has been allocated based on its percentage of the plan's total employer contributions for the year.

Employee Future Benefit Liabilities (Continued)

b) Supplementary retirement (defined benefit)

The University provides non-contributory defined supplementary retirement benefits to current and past executives. An actuarial valuation of these benefits was carried out at March 31, 2010. The valuation showed an aggregate liability of $4,967 (2009 -$4,99raggr.

Employee Future Benefit Liabilities (Continued)

The significant actuarial assumptions used to meas

(thousands of dollars)

9. **Long-term Liabilities**

	Collateral	Maturity date	Interest rate %	Amount outstanding 2010	2009
Debentures payable to Alberta Capital Finance Authority*:					
Debenture for Cascade Hall	1	May 2025	6.250%	**$ 13,129**	$ 13,600
Debenture for Human Performance Lab	1	March 2011	4.349%	**892**	1,745
Debenture for Health Renovation Innovation Centre/Parkade	1	April 2031	4.935%	**5,485**	5,625
Debenture for Child Development Centre/Parkade	1	June 2032	5.249%	**1,848**	1,890
Debenture for International Residence House	1	September 2032	4.689%	**24,984**	25,600
Debenture for International Residence House	1	June 2039	5.100%	**29,400**	-
Debenture for Residence Renewal Program	1	September 2026	4.429%	**5,700**	-
Debenture for Phase VI Residence	1	March 2040	4.734%	**30,000**	

Mortgages paya March 2040Centre/Parkade -0.0002 Tw 7150(March)-7(:T0 15915.361342 0 Td1304 30,000)-7( )]TJeside53.0473.84 22.5 ref486.9

(thousands of dollars)

10. **Deferred Contributions**

Deferred contributions represent unspent externally restricted grants and donations. Changes in the deferred contributions balances are as follows:

	2010		**2009**	
	Capital	**Research and other**	Capital	Research and other
Balance, beginning of year	**$ 185,458**	**$327,125**	$ 120,656	$ 288,642
Grants, contributions, donations, and investment income	**186,521**	**355,308**	201,168	312,095
Recognized as revenue	**(188)**	**(253,411)**		

(thousands of dollars)

Endowments (Continued)

In any year, if the investment income earned on endowments is insufficient to fund the spending allocation, the spending allocation is funded from the cumulative capitalized income. However, for individual endowment funds without sufficient cumulative capitalized income, endowment principal is used in that year. This amount is expected to be recovered by future investment income.

The composition of endowments is as follows:

	2010	2009
Balance, beginning of year	**$ 340,103**	$ 425,578
Gifts of endowment principal	**42,403**	20,856
Transfer to endowments	**1,208**	190
Endowment spending allocation including fees	**(18,075)**	(19,411)
Investment gain (loss)	**76,019**	(87,110)
Balance, end of year	**$ 441,658**	$ 340,103
Cumulative contributions	**$ 340,515**	$ 296,905
Cumulative capitalized income	**101,143**	43,198
	$ 441,658	$ 340,103

In 2009, cumulative capitalized income of $106,521 was required to cover the investment income loss on endowments of $87,110 and the approved endowment spending allocation of $19,411.

(thousands of dollars)

13. **Investment in Capital Assets and Collections**

Net assets invested in capital assets and collections represent the carrying amount (net book value) of capital assets and collections less unamortized deferred capital contributions and any related debt.

	2010	2009
Capital assets and collections at net book value (note 7)	**$ 1,209,195**	$ 969,846
Less amounts financed by:		
Unamortized deferred capital contributions (note 11)	**(902,374)**	(708,170)
Long-term liabilities related to capital expenditures	**(112,350)**	(61,532)
Investment in capital assets and collections, end of year	**$ 194,471**	$ 200,144

	2010	2009
The changes during the year are as follows:		
Investment in capital assets and collections, beginning of year	**$ 200,144**	$ 209,373
Acquisition of capital assets and collections	**73,367**	44,696
Long-term liabilities - repayment	**4,830**	1,577
Long-term liabilities - new financing	**(55,648)**	(26,689)
Amortization of investment in capital assets	**(28,608)**	(28,917)
Net change in investment in capital assets	**(6,059)**	(9,333)
Contributions of assets not subject to amortization	**386**	104
(Decrease) for the year	**(5,673)**	(9,229)
Investment in capital assets and collections, end of year	**$ 194,471**	$ 200,144

14. **Internally Restricted Net Assets**

Internally restricted net assets represent amounts set aside by the University's Board of Governors for specific purposes. Internally restricted net assets are summarized as follows:

	2010	2009
Subsidiaries	**$ 5,643**	$ 2,128
Internally Restricted for Future Commitments and Strategic Reinvestments	**53,598**	71,048
Faculty and Departmental	**25,227**	5,448
Balance, end of the year	**$ 84,468**	$ 78,624

(thousands of dollars)

15. **Contingent Liabilities**

(a) The University is a defendant in a number of legal proceedings. While the ultimate outcome and liability of these proceedings cannot be reasonably estimated at this time, the University believes that any settlement will not have a material adverse effect on the financial position or the results of operations of the University. Administration has concluded that none of the claims meet the criteria for being recorded under GAAP.

(b) At March 31, 2010 the University had entered into agreements that provide guarantees on employee housing loans in the amount of $1,589 (2009 - $2,078).

16. **Contractual Obligations**

The University has contractual obligations which are commitments that will become liabilities in the future when the terms of the contracts or agreements are met.

		2010		2009
Service contracts	**$**	**52,600**	$	59,800
Capital projects		**155,516**		169,180
	$	**208,116**	$	228,980

Included in service contracts are contracts to purchase electricity and natural gas. The University has entered into a five-year contract expiring December 31, 2011, to purchase blocks of electricity in order to manage its exposure to volatility in electrical prices. As a subset of this contract, the University entered a three-year fixed-price contract which expires March 31, 2011. The approximate contractual obligation for electricity is $17,200 (2009 - $20,850). To manage its risk exposure to natural gas, the University has entered into an Energy Purchase Agreement, expiring September 30, 2013, based on an index (floating on the spot market) price with an option to hedge any portion of the requirement at any time. At March 31, 2010, the University had hedged a portion of this contract by fixing the price on a portion of its estimated consumption. Using best estimates of future consumption and forward market prices on March 31, 2010, the approximate contractual obligation for natural gas including executed hedge contracts is $35,400 (2009 - $38,950).

The University's commitments for operating leases for the next five year are as follows: 2011- $2,720; 2012 - $3,709; 2013 - $3,460; 2014 - $3,425; 2015 - $3,216.

The University is one of 58 members of CURIE, the Canadian Universities Reciprocal Insurance Exchange, a self-insurance reciprocal established to share the insurable property, liability, and errors and omissions risks of member universities. The projected cost of claims against the exchange is based on actuarial projections and is funded through members' premiums. As at December 31, 2009 CURIE had a surplus of $32,032 (2008 - $17,748). This surplus is an accumulation of five different underwriting periods, of which the University's pro rata share is approximately 5.84% (2008 – 5.88%). This surplus is not recorded in the financial statements.

NOTES TO THE FINANCIAL STATMENTS

(thousands of dollars)

18. **Investment Income**

	2010	2009 restated
Gain (Loss) on investments held for endowments	**$ 76,019**	$ (87,110)
Gain on other investments	**13,258**	20,932
Recovery (write-down) on Floating Rate Notes (ABCP)	**2,986**	(11,934)
Loss from subsidiaries and joint venture	**(424)**	(1,927)
	91,839	(80,039)
Investment income capitalized to endowments	**(57,944)**	-
Investment loss charged to cumulative capitalized endowment earnings	**-**	87,110
Amounts deferred	**(2,385)**	(35)
Investment income	**$ 31,510**	$ 7,036

(thousands of dollars)

19. **Related Party Transactions**

a) The University operates under the authority and statutes of the Province of Alberta. Transactions between the University and the Government of Alberta (GOA) are measured at the exchange amount and summarized below.

	2010	2009
Revenue from GOA		
Advanced Education and Technology:		
Operating grants	**$ 360,724**	$ 333,541
EPE grants	**65,708**	57,235
Capital grants	**193,656**	199,407
Research grants	**16,006**	12,410
Access to the Future Fund (matching grants)	**1,319**	1,479
Alberta Innovates Bio Solutions	**241**	35
Alberta Innovates Energy and Environment	**1,187**	-
Alberta Innovates Health Solutions	**27,685**	25,970
Alberta Innovates Technology Futures	**14,246**	15,013
Other	**12,619**	4,063
Total Advanced Education and Technology	**693,391**	649,153
Other GOA departments and agencies grants:		
Alberta Health and Wellness	**15,808**	13,847
Alberta Health Services	**11,474**	16,368
Other	**2,398**	2,547
Total other GOA departments and agencies	**29,680**	32,762

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(thousands of dollars)

Related Party Transactions (Continued)

		2010		2009
The University of Calgary pays to AHS in the normal course of operations amounts related to utilities; salaries and benefits; and materials, supplies and overheads. Expenditures incurred:	$	18,678	$	23,215
The University of Calgary receives from AHS in the normal course of operations amounts related to physicians; research projects, studies and grants, programs; and support services. Revenues included in income:	$	55,639	$	40,496
Net receivable to the University of Calgary by AHS:	$	8,344	$	5,211

The University leases land to AHS for a parkade at the Foothills Medical Centre and the Alberta Children's Hospital. Effective September 2003 the University and AHS entered into a 25-year agreement for AHS to lease space in the University Research Centre Building. This lease has been accounted for as a capital lease. At March 31, 2010, the carrying value of the lease receivable is $14,737 (2009 - $15,014). During the year the University received $1,384 in lease payments (2009 - $1,356), $1,107 of which was recognized as interest income (2009 - $1,126).

20. Salary and Employee Benefits

Treasury Board Directive 12-98 under the *Financial Administration Act* of the Province of Alberta requires the disclosure of certain salary and employee benefits information.

	2010				2009
	Base salary (1)	Other cash benefits (2)	Other non-cash benefits (3) (6)	Total	Total
Governance (4)					
Chair of the Board of Governors	$ -	$ -	$ -	$ -	$ -
Members of the Board of Governors	-	-	-	-	-
Executive					
President - Incumbent (5) (10)	126	-	1	127	-
President - Past Incumbent (5) (7)	316	-	408	724	2,463
Vice-Presidents:					
Provost and Vice-President Academic (7)	326	-	162	488	459
Vice-President Research (8)	367	-	83	450	430
Vice-President Finance and Services – Incumbent (5) (10)	203	10	74	287	-
Vice-President Finance and Services - Past Incumbent (5) (10)	75	-	.664v259.,9nce		

Salary and Employee Benefits (continued)

4. The Chair and Members of the Board of Governors receive no remuneration for participation on the Board.
5. During the fiscal year, the President - Incumbent and President - Past Incumbent positions were occupied for three and nine months respectively. During the fiscal year, the VP Finance and Services - Incumbent and the VP Finance and Services - Past Incumbent positions were occupied for nine and three months respectively.
6. Under the terms of the supplementary retirement plan (SRP), the executive may receive supplemental retirement payments. Retirement arrangement costs as detailed below are not cash payments in the period but are period expenses for rights to future compensation. Costs shown reflect the total estimated cost to provide annual pension income over an actuarially determined post employment period. The SRP provides future pension benefits to participants based on years of service and earnings. The cost of these benefits is actuarially determined using the projected benefit method pro-rated on services, a market interest rate, and management's best estimate of expected costs and the period of benefit coverage. Net actuarial gains and losses in excess of 10% of the benefit obligations are amortized over the average remaining service life with respect to each plan participant. Current service cost is the actuarial present value of the benefits earned in the current year. Prior service and other costs include amortization of past service costs on plan initiation, amortization of actuarial gains and losses, and interest accruing on the actns be-8(e)10.0he 2-8(e)10.0ndiv6.853duuariale and

21. **Comparative Figures**

Certain 2009 figures have been reclassified to conform to the presentation adopted in the 2010 financial statements.

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