



What is service without trust?

What is trust without service?

What is life without both?



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- Standards development
- Printed and electronic codes and standards
- Seminars and training
- Membership services
- Advisory services



- Management systems registration
- Training and seminars



- Product testing
- Certification services



- Consumer Product Testing
- Data Management
- Consulting Services

Service and Trust

What is service without trust?

What is trust without service?

What is life without both?

At CSA Group, we care about...

Delivering excellent SERVICE through the collective expertise of more than 9,000 members, 1,200 employees, and a network of highly qualified partners around the world.

Helping you earn and keep the TRUST of those you serve, through standards solutions that help you design better products and practices...

Services that advance business excellence...

Product testing that enhances customer confidence and expands trading opportunities.

We are proud to present our ACHIEVEMENTS from 2004/05 in:

Public Health and Safety

Facilitating Trade

The Environment

Quality of Life

Landmark standards and services protect the public

Improving Canada's health system

According to a recent survey, one in five Canadians said they would be more likely to donate blood knowing there was a national standard in place. In 2004, CSA launched the first comprehensive standard to encompass Canada's blood system, from vein to vein.

The new standard sets out management requirements for facilities that collect, process, store and use human blood and blood components for transfusion. It aims to make blood transfusion safer and more effective for recipients. It also aims to protect facility workers and others exposed to blood and blood components.

"This standard is a superb achievement, and one that aligns with the recommendations of the Krever Inquiry. We believe it will have a profound effect on the safety and efficiency of the blood system."

– Dr. Gilles Delage, Vice President, Medical Affairs, Héma-Québec

Safer for spectators

A new standard published in 2004 will help those who design, build and operate indoor sporting arenas to reduce the risk of injury to spectators. Supported by the Canada Safety Council, and endorsed by the Canadian Recreation Facilities Council, the standard is the first of its kind in the world.

Countering hazards

CSA established alliances with leading law firms to help detect, expose and punish unauthorized use of our certification marks on counterfeit products. Counterfeit products often pose safety risks if they fail to comply with safety and performance standards.

Opening doors throughout Asia

Helping to advance business excellence

Strict quality control is essential to competitiveness. Use of ISO standards is expected to grow exponentially in the coming years, with 25 per cent of the world's certificates being issued in China.

To respond to the emerging need, QMI signed an agreement with China Certification & Inspection Group Co., Ltd. (CCIC) enabling QMI to serve its clients through 20 CCIC hub offices across China with more than 300 auditors.

“Japanese manufacturers exporting their products to North America can choose from a number of qualified testing and certification organizations by comparing factors such as service, cost, experience, location and reputation. Fujitsu products displaying the CSA C/US mark have been successfully exported to the U.S. for more than 11 years.”

– Masao Kaku, Product Safety Project Manager, Quality Assurance Promotion Division, Fujitsu Limited

Expanding in Asia

To respond to rising demand, CSA International has built a presence in Asia, increased revenue from China, and set an expansion strategy to meet the growing business needs of our clients. Redeployment and hiring of local staff, securing testing facilities and increasing awareness of CSA International marks and services are just some of the initiatives underway in the Far East.

Better products

OnSpeX, our new consumer product evaluation service, was successfully launched in 2004, testing everything from tools, pools and trampolines to appliances, housewares and garden products. OnSpeX was selected as one of only two global service providers to Canadian Tire. OnSpeX also opened a business center in Shanghai.

Solutions for climate change

Serving the interests of industry... and our planet

To meet the challenges of climate change, industry needs standards, methods and materials for built environments, intelligent building systems, the hydrogen economy and supporting infrastructure, district heating and cooling, clean coal and management of greenhouse gases.

To spearhead its work in this area, CSA opened a Climate Change office in Ottawa and directed a team of senior CSA staff to review current activities and identify the most promising business opportunities.

“CSA International’s certification for our Direct FuelCell® (DFC®) power plants reduces the time, expense and complexity for getting our clean and efficient distributed generation products installed at customer sites. The streamlining of all facets of delivery and operation of our DFC products will enhance our ability to develop sustainable markets in the U.S. and throughout the world.”

– R. Daniel Brdar, Vice President of Product Development of FuelCell Energy, Inc.

Greenhouse gas tools

On January 1, 2005, CSA acquired the highly successful Web-based greenhouse gas registry systems and associated expertise developed by Canada’s Voluntary Challenge and Registry (VCR). CSA Climate Change, GHG Registries, provides industry and government with tools to measure, report and manage greenhouse gas emissions, reductions and removals.

Managing environmental impacts

CSA published a practical handbook and offered seminars to help users apply new environmental management standards from the International Organization for Standardization. The ISO 14000 family of standards was developed by an international committee of environmental experts, administered by CSA on behalf of the Standards Council of Canada.

Championing the everyday needs of people

Enhanced service for people with disabilities

One in eight Canadians has some form of disability. The 4 million Canadians with disabilities represent some \$25 billion in annual consumer spending.

In 2004, the Ontario Government asked CSA to develop new resources for organizations and businesses to improve customer service for people with disabilities. CSA has developed practical implementation and training tools related to CSA's Customer Service Standard for People with Disabilities. These are now being piloted in retail organizations.

"CSA's experience in developing barrier-free design, improved customer service, and accessible transit bus standards for people with disabilities makes it an excellent choice for EnAbling Change. We are pleased that organizations like CSA continue to act as catalysts in supporting our commitment to make Ontario's communities strong, vital and accessible to people of all abilities."

– Dr. Marie Bountrogianni, Ontario's Minister of Citizenship and Immigration

Socially responsible

With a new guide from CSA, organizations can identify the scope of corporate social responsibility (CSR) issues, and establish, implement and maintain a CSR management system. Taking a page from our own book, CSA Group and its employees helped make a difference in 2004/05, through support to many causes including United Way, the Red Cross Tsunami relief appeals, and Habitat for Humanity, a not-for-profit organization that builds homes in partnership with families in need.

Driving performance

More people are benefiting from the application of quality management standards that drive customer service and performance. In 2004, QMI registered the basic forces, administration and stadium of the Mexican Football Federation (FMF) soccer team, known as Monarcas Morelia. It is the first international-level soccer team to earn such a distinction. QMI also registered the Municipality of Fredericton, New Brunswick, the first North American city of its size – population 50,000 – to be registered to ISO 9001:2000. City management believes the certification communicates to citizens that their tax dollars are being well spent.

Message

A Message from Douglas G. Hatch, Chair of the Board and Robert M.Griffin, President & CEO

Fulfilling the promise of service and trust

Today, we operate in a social climate increasingly marked by an absence of trust. Corporations, government, religious and health care institutions have all suffered a loss of confidence in the eyes of their stakeholders.

Inappropriate behaviours or unethical practices are exposed by the media and instantly transmitted around the globe through information technology. There is no place to hide in today's world!

Creating trust and excellent service requires unrelenting attention to good governance, management system standards, auditing to ensure compliance, and transparent measurement and reporting. Against these fundamentals, CSA Group continues to play a vital role in fulfilling its purpose of making standards work for people and business. The work of our 1,200 employees and 9,000 members continues to expand in scope, reflecting the increasing - and, at times, conflicting - demands of society and business for safety and health, quality of life, a clean and sustainable environment, and vigorous trade.

The results of service

The growth of CSA Group is represented by a year on year revenue increase of 3.5% (7.1% at constant exchange rate).

This growth has come from all four of CSA Group's divisions. CSA earned the confidence of many new stakeholders who increasingly look to it for leadership in the development of new standards and the creation of education and related training materials. QMI acquired a competing registrar (QCB), and is better positioned to serve its clients. CSA International has enjoyed significant growth as its fast, flexible but always thorough product certification services have attracted many new customers previously served

by competitors. The creation of our newest business division, OnSpeX, has been very well received by major retailers and is already contributing to CSA Group's growth.

In all aspects of our business, we remain focused on providing excellent service. Through regular surveys and other feedback mechanisms, our customers and members tell us we are delivering, with satisfaction scores ranging from 81 to 95 percent! We continue to generate positive media response. Our public relations activities yielded a significant increase in coverage, and our brand awareness remained at an all time high level.

CSA Group measures achievement against its purpose through the use of nine selected key performance indicators (Purpose KPIs). To see continuous improvement in these measures is both encouraging and rewarding.

Serving our purpose

Engaging and earning the trust of stakeholders is a key dimension of our work. CSA's work with Health Canada is a fine example of the public health and safety improvements that can be achieved through positive collaboration among stakeholders. We expect our new management system standard for blood and blood components will be referenced in legislation by 2007. In the meantime, certain provincial authorities are already expressing interest in having blood labs accredited to this new standard.

Our partnership with Ontario's Ministry of Citizenship and Immigration has yielded new standards designed to improve the quality of life for people with disabilities. We have supplemented new guidelines for customer service with training tools for managers and front line sales staff. These are now being piloted by leading retailers.

In our effort to preserve the environment, we have taken steps to help Canadians respond to the federal government's commitment to the Kyoto accord. CSA's new Ottawa based Climate Change office, our hiring of a Director of Climate Change, and our newly acquired greenhouse gas registry business are important milestones as we move ahead to effectively serve this emerging market.

The launch of OnSpeX is a major initiative designed to facilitate trade. This division helps both retailers and manufacturers manage risk across the entire supply chain. Working from facilities in Canada, the U.S. and

China, OnSpeX is well-equipped to perform specification development and design consulting, vendor qualification and social accountability audits, pre-shipment inspections, full product performance testing, and data management.

Entrusted to make a difference

As CSA Group moves forward, the breadth of our mandate will continue to expand.

The organization is positioning itself to be a "full solutions provider" in areas as diverse as life itself. Utilizing core competencies gained over 86 years of developing standards, CSA is now offering services for clients needing assistance in managing stakeholder engagement for their business. And our standards are increasingly accompanied by related application products and resources, including classroom and on site training.

In 2005/06, we will concentrate on health care and climate change, two subjects very much on the public agenda today.

CSA Group will also establish a greater presence in China over the months ahead. CSA, in partnership with three other leading standards development organizations, will open a Beijing office early in the fiscal year. From this base, we will liaise with Chinese authorities and work to facilitate trade through standards harmonization.

CSA International, OnSpeX and QMI are all currently busy with adding to our capacity to provide local service for existing and new clients.

Corporate Audits & Investigation services will continue to build an international network of partners focused on applying a zero-tolerance policy to fraudulent and counterfeit products bearing CSA marks. Our job is to protect the integrity of the CSA marks that the public has come to know and trust.

While applying ourselves to the purpose of making standards work for people and business, CSA Group will continue to take appropriate measures toward corporate social responsibility. In 2004/05, the company and its employees responded generously to the United Way and the Red Cross Tsunami relief appeals. Locally, Toronto employees volunteered their time in building a home through our alliance with Habitat for Humanity.

Our business is all about life. We want to make a difference where people live, work and play. And that involves a passion to serve, with care, integrity and excellence in everything we do. CSA Group appreciates the trust our stakeholders place in us, and we will make sure we continue to earn it.

A handwritten signature in dark ink, reading "Douglas Hatch". The signature is fluid and cursive, with a long horizontal stroke at the end.

Douglas G. Hatch
Chair of the Board

A handwritten signature in dark ink, reading "RM Griffin". The signature is cursive and somewhat stylized, with a large initial "R" and "M".

Robert M. Griffin
President and CEO



Board of Directors 1

left to right

**Denotes Executive Committee of the Board*

Douglas V. Baldwin*
Gormley, ON

Greg Wilson
Senior Vice President
& Chief Information Officer
TransAlta
Calgary, AB

Julia Hill
Executive Director
Regulatory Affairs
& Orders in Council
Secretariat
Privacy Council Office
Ottawa, ON

Douglas G. Hatch*
Chair of the Board, CSA Group
President, Core Learning Ltd.
Toronto, ON

Robert M. Griffin*
President and CEO
CSA Group, Toronto, ON

Robert Bowen
Executive Director
Institute for Research in Construction
National Research Council
Ottawa, ON

Susan Gamm
Deputy Ombudsman
TD Financial Group
Toronto, ON

Yves Brissette
(resigned Oct 14, 2004)
Vice-presidence aux relations
avec les clientèles et les partenaires
Commission de la santé et de
la sécurité de travail
Montreal, QC

Gregory Thomas
Executive Director
The Alliance International, LLC
Fort Wayne, Indiana - USA

Elizabeth Marie Crown
Professor Department of Human Ecology
University of Alberta
Edmonton, AB

John Cowen
Vice-President & General Manager
Noma Cable Tech
Stouffville, ON

Absent at time of photography:

Linda Anne Lusby
Associate Professor,
Environment Science
Acadia University
Wolfville, NS

David S. Grubbe*
DMG Consulting
Medicine Hat, AB

Richard L. Bunn
Berwyn, PA - USA

Diane MacDiarmid
Senior Vice-President,
Human Resources
Bentall Capitas LP
Toronto, ON

Daniel Gagnier
Sr. Vice-President,
Corporate and External Affairs
Alcan, Inc.
Montreal, QC



Board of Directors 2

left to right

**Denotes Executive Committee of the Board*

V. Lynne Pearson*

Past Chair of the Board, CSA Group
Dean, College of Commerce
University of Saskatchewan
Saskatoon, SK

Robert J. ("RJ") Falconi

Vice President, General Counsel
& Corporate Secretary
CSA Group, Toronto, ON

Mel Ydreos

Vice President, Asset Operations
Union Gas Limited
Chatham, ON

William E. Watchorn

President and CEO
ENSIS Management Inc.
Winnipeg, MB

Allan Gibbins

President & CEO
Hubbell Canada Inc.
Pickering, ON

Roger N. Wolff*

Faculty of Business
University of Victoria
Victoria, BC

Gregory L. Sevick

Vice President,
Development & Services
Enbridge Pipelines Inc.
Calgary, AB

Sondra Bruni

Winnipeg, MB

Robert A. Cook

President & CEO
Nova Scotia Association of
Health Organizations
Bedford, NS

Brian J. McQueen*

(resigned Mar 14, 2005)
Vice Chair of the Board, CSA Group
President and CEO
CWB Group - Industry Services
Mississauga, ON

Paul Straus

Vice President and CEO
Home Hardware Stores Limited
St. Jacobs, ON

Absent at time of photography:

Linda Anne Lusby

Associate Professor,
Environment Science
Acadia University
Wolfville, NS

David S. Grubbe*

DMG Consulting
Medicine Hat, AB

Richard L. Bunn

Berwyn, PA - USA

Diane MacDiarmid

Senior Vice-President,
Human Resources
Bentall Capitas LP
Toronto, ON

Daniel Gagnier

Sr. Vice-President,
Corporate and External Affairs
Alcan, Inc.
Montreal, QC



Executive Leadership Team

left to right

Patricia Burns

Vice President,
Human Resources
CSA Group

Duncan Cowie

Vice President, Finance
CSA Group

Grant Carter

Vice President,
Marketing & Communications
CSA Group

Wendy Tilford

President, QMI

Randall Luecke

President,
CSA International,
OnSpeX

Robert M. Griffin

President and CEO
CSA Group

Pat Keindel

President, Standards
Canadian Standards Association

Robert J. ("RJ") Falconi

Vice President,
General Counsel &
Corporate Secretary
CSA Group

Karen Gaiger

Vice President,
Information Technology
CSA Group

Management's Responsibility for Financial Information

The accompanying consolidated financial statements and all information in the Annual Report have been prepared by management and approved by the Board of Directors of the Canadian Standards Association. The consolidated financial statements were prepared in accordance with Canadian generally accepted accounting principles ["GAAP"] and, where appropriate, reflect management's best estimates and judgments. Management is responsible for the accuracy, integrity and objectivity of the consolidated financial statements within reasonable limits of materiality.

To assist management in the discharge of these responsibilities, the Association maintains a system of internal controls designed to provide reasonable assurance that its accounting records are reliable and its assets are safeguarded.

The Audit Committee, which is composed exclusively of outside directors, is appointed by the Board of Directors. The Audit Committee meets with management as well as with external auditors to satisfy itself that management is properly discharging its financial reporting responsibilities and to review the consolidated financial statements and the independent auditors' report. The Audit Committee reports its findings to the Board of Directors for consideration in approving the consolidated financial statements for presentation to the membership. The external auditors have direct access to the Audit Committee of the Board of Directors.

The consolidated financial statements have been independently audited by Ernst & Young LLP on behalf of the membership, in accordance with Canadian GAAP. Their report outlines the nature of their audit and expresses their opinion on the consolidated financial statements of the Association.



Robert M. Griffin
President and CEO
April 29, 2005



Duncan H. Cowie
Vice President, Finance
April 29, 2005

Auditors' Report

To the Members of Canadian Standards Association

We have audited the consolidated statement of financial position of Canadian Standards Association as at March 31, 2005 and the consolidated statements of operations, changes in net assets and cash flows for the year then ended. These financial statements are the responsibility of the Association's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we 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 our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Association as at March 31, 2005 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles. As required by the Canada Corporations Act, we report that, in our opinion, these principles have been applied on a basis consistent with that of the preceding year.



Ernst & Young LLP
Chartered Accountants
Toronto, Canada
April 29, 2005

Financial Position

Consolidated Statement of Financial Position

As at March 31
[in thousands of Canadian dollars]

2005
\$

2004
\$

ASSETS

Current

Cash	12,388	14,596
Short-term investments [note 5(a)]	5,401	–
Accounts receivable, net	33,213	28,934
Inventory [note 3]	3,874	3,608
Prepaid expenses	3,499	4,210
	58,375	51,348
Deferred expenses, net	4,034	5,361
Property, plant and equipment, net [note 4]	33,343	33,509
Long-term investments [note 5(b)]	32,119	41,481
Accrued pension benefit asset [note 9]	26,822	23,115
Intangible assets and goodwill, net [note 6]	4,034	–
	158,727	154,814

LIABILITIES AND NET ASSETS

Current

Accounts payable and accrued liabilities	28,518	31,254
Deferred revenue	19,622	18,234
Customer deposits	12,456	12,223
	60,596	61,711
Accrued other retirement and post-employment benefit liability [note 9]	14,027	10,423
	74,623	72,134
Contingencies and commitments [notes 8 and 10]		

Net Assets


Invested in property, plant and equipment	33,343	33,509
Internally restricted for specific purposes	47,379	45,797
Unrestricted	3,382	3,374
Total Net Assets	84,104	82,680
	158,727	154,814

See accompanying notes



On behalf of the Board:

Douglas G. Hatch
Chair of the Board



Douglas V. Baldwin
Chair of the Audit Committee

Net Assets

Consolidated Statement of Changes in Net Assets

Year ended March 31
[in thousands of Canadian dollars]

	2005		2004		
	Unrestricted	Internally restricted	Invested in property, plant and equipment	Total	Total
	\$	\$	\$	\$	\$
Balance, beginning of year	3,374	45,797	33,509	82,680	84,643
Excess (deficiency) of revenue over expenses for the year	20,576	(13,538)	(5,614)	1,424	(1,963)
Investments in property, plant, and equipment, net	(5,448)	—	5,448	—	—
Transfers for future expenditures	(15,120)	15,120	—	—	—
Balance, end of year	3,382	47,379	33,343	84,104	82,680

See accompanying notes

Operations

Consolidated Statement of Operations

	2005	2004
<i>Year ended March 31</i>	\$	\$
<i>[in thousands of Canadian dollars]</i>		
Revenue	181,820	175,658
EXPENSES		
Direct	85,777	82,109
Selling, general and administrative	82,911	85,144
Depreciation	5,615	5,365
Amortization of deferred expenses and intangible assets	2,109	1,379
Project expenditures	4,906	7,087
	181,318	181,084
Gain (loss) from operations	502	(5,426)
Investment income	2,077	3,104
Foreign exchange gain (loss)	(1,155)	359
Excess (deficiency) of revenue over expenses for the year	1,424	(1,963)

See accompanying notes

Cash Flows

Consolidated Statement of Cash Flows

<i>Year ended March 31</i>	<i>2005</i>	<i>2004</i>
<i>[in thousands of Canadian dollars]</i>	<i>\$</i>	<i>\$</i>
OPERATING ACTIVITIES		
Excess (deficiency) of revenue over expenses for the year	1,424	(1,963)
Add (deduct) items not involving cash		
Depreciation and amortization	7,724	6,744
Loss on disposal of property, plant and equipment	50	42
Gain on sale of investments	(766)	(1,601)
Increase in accrued pension benefit asset	(3,707)	(3,362)
Increase in accrued other retirement and post-employment benefit liability	3,604	2,872
Foreign exchange loss	829	2,493
Net change in non-cash working capital balances <i>[note 7]</i>	(4,949)	3,347
Cash provided by operating activities	4,209	8,572
INVESTING ACTIVITIES		
Deferred expenses	(715)	(3,108)
Purchase of property, plant and equipment	(5,507)	(3,710)
Proceeds on disposal of property, plant and equipment	8	9
Purchase of investments	(40,537)	(58,555)
Proceeds on sale of investments	45,264	56,999
Business acquisition	(4,101)	–
Cash used in investing activities	(5,588)	(8,365)
Net increase (decrease) in cash during the year	(1,379)	207
Effect of exchange rate changes on cash	(829)	(2,493)
Cash, beginning of year	14,596	16,882
Cash, end of year	12,388	14,596

See accompanying notes

Notes to Consolidated Financial Statements

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Notes to Consolidated Financial Statements

1. NATURE OF OPERATIONS

The Canadian Standards Association [the “Association”] is incorporated without share capital by letters patent dated January 21, 1919 under the laws of Canada. The Association is a not-for-profit organization engaged in the development of consensus standards in the areas of safety, quality and performance as well as the assessment, certification and registration of conformance to various standards.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Year-end dates

The Association's year-end occurs on the last Friday of March. For the current year, the actual year-end date was March 25, 2005 and for the prior year, the year-end date was March 26, 2004. For the purpose of these consolidated financial statements, March 31 will refer to the actual dates mentioned above.

Basis of presentation

These consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles [“GAAP”] and include the accounts of the Association and its subsidiaries. All significant inter-company balances and transactions have been eliminated on consolidation.

Use of estimates

The preparation of these consolidated financial statements, in conformity with GAAP, requires management to make estimates and assumptions. These estimates affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the consolidated financial statements, and the reported amounts of revenue and expenses during the year. Actual results could differ from those estimates.

Cash and cash equivalents

Cash and cash equivalents include cash on deposit and money market securities with an original term to maturity that is less than 90 days on the date of purchase. These securities are carried on the consolidated statement of financial position at cost plus accrued interest, which approximates market value.

Investments

Short-term and long-term investments are recorded at cost. Interest and dividends are reported as earned and gains when realized. Purchase premiums or discounts are amortized over the

remaining term to maturity. Investments are written down in the year where there is deemed to be an impairment in value which is other than temporary.

Inventory

Inventory is valued at the lower of cost and net realizable value.

Deferred expenses

The Association incurs certain project-specific direct costs associated with major development projects. These costs are amortized as deferred expenses on a straight-line basis over the specific term of the project, generally three to five years.

Property, plant and equipment

Property, plant and equipment are carried in the accounts at cost less accumulated depreciation.

Depreciation, which is recorded from the year the asset is placed in service, is provided over the estimated useful lives of the property, plant and equipment as follows:

Buildings	5% declining balance
Leasehold improvements	over term of the lease plus one renewal period
Equipment	20% declining balance
Computer equipment and major application software	3 years straight-line

Gains and losses arising on the disposal of individual assets are recognized in income in the year of disposal.

Intangible assets

The Association follows the standard issued by The Canadian Institute of Chartered Accountants' ["CICA"] Handbook Section 3062, "Goodwill and other Intangible Assets". This standard eliminates the amortization of goodwill and intangible assets with indefinite lives, but requires an annual test for impairment of the unamortized carrying values.

Goodwill represents the excess of the purchase price, including acquisition costs, over the fair value of the net identifiable assets of businesses acquired.

Intangible assets are stated at their assigned value and amortized on a straight-line basis over their estimated useful lives. The intangible assets also require an annual test for impairment.

Retirement benefit plans

The current service cost of pensions and other post-employment benefit plans [such as medical and dental care] is charged to income annually. Cost is calculated on an actuarial basis using the projected benefits method and based on management's best estimates of investment yields, salary escalation and other factors. Future salary levels and inflation affect the amount of future pensions. Adjustments resulting from plan amendments, experience gains and losses, or changes in assumptions are amortized over the remaining average service term of active employees. Cumulative gains and losses in excess of 10% of the greater of the accrued benefit

obligation and the market-related value of plan assets are amortized over the expected average remaining service of active members expected to receive benefits under the plans. The expected return on pension plan assets is based on the fair value of plan assets. The non-pension post-employment benefit plan is a defined benefit plan funded on a cash basis by the Association.

The Association applied the recommendations of Section 3461 of the CICA Handbook prospectively and elected to amortize the transitional asset/obligation on a linear basis from April 1, 2000 over the average remaining service period of active members expected to receive benefits under the plans.

[Lease inducements](#)

Lease inducements represent leasehold improvements paid for by the landlord and the value of rent-free periods. Lease inducements are amortized on a straight-line basis over the term of the lease and the amortization is recorded as a reduction of rent expense.

[Revenue recognition](#)

Revenue is recognized under the completed contract method. Revenue from testing, certification, registration and other services is recorded when the related service is completed. Revenue from the sale of goods is recognized when they are shipped. Annual fees are recorded as revenue in the period to which they apply. Amounts received for services not yet rendered, or annual fees relating to a future period, are included in current liabilities as customer deposits or deferred revenue.

[Foreign currency translation](#)

Foreign operations are considered integrated and are translated using the temporal rate method. Monetary assets and liabilities are translated using the exchange rate in effect at year end, and revenue and expenses are translated at the average rate of the month the transaction is recorded. Non-monetary assets, liabilities, depreciation and amortization are translated at historical rates of exchange.

Foreign currency denominated monetary assets and liabilities of Canadian operations are translated at the exchange rate prevailing at year end, and revenue and expenses at average rates of the month the transaction is recorded.

Exchange gains and losses arising on the translation of the accounts are included in the results of operations in the current year.

[Financial instruments and risk management](#)

The Association is exposed to foreign exchange risk from fluctuations in foreign currency rates. Increases or decreases in foreign currency rates could impact the Association's margin. This risk is minimized through having a portion of revenue and expenses denominated in foreign currencies, and through the Association instituting a foreign currency cash flow hedging program. The Association hedges up to 50% of its U.S. dollar denominated cash flow, with forward contracts, which provide for the sale of U.S. dollars to offset the foreign currency exposure.

The Association formally documents its risk management objective and strategy for undertaking forward contracts. The Association does not enter into forward contracts for trading or speculative purposes. Any gains or losses on the hedging instruments are recognized in the same period as the hedged transaction.

Internally restricted net assets

Certain net assets are restricted by the Board of Directors for specific purposes relating to the development of standards, research projects and new standards applications.

March 31, 2005

[in thousands of Canadian dollars]

3. INVENTORY

Inventory consists of the following:

	2005 \$	2004 \$
Work in progress	2,914	2,623
Inventory for resale	960	985
	3,874	3,608

4. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment consist of the following:

	2005			2004		
	Cost	Accumulated depreciation	Net book value	Cost	Accumulated depreciation	Net book value
	\$	\$	\$	\$	\$	\$
Land	4,357	–	4,357	4,357	–	4,357
Buildings	28,907	13,690	15,217	28,270	13,008	15,262
Leasehold improvements	2,696	1,665	1,031	1,740	1,440	300
Equipment	48,344	38,929	9,415	46,828	37,369	9,459
Computer equipment and major application software	26,849	23,526	3,323	25,315	21,184	4,131
	111,153	77,810	33,343	106,510	73,001	33,509

March 31, 2005
[in thousands of Canadian dollars]

5. INVESTMENTS

[a] Short-term investments consist of the following:

	Carrying value		Market value	
	2005	2004	2005	2004
	\$	\$	\$	\$
Government bonds which bear interest at 8.75% and mature within 12 months	5,401	—	5,595	—

[b] Long-term investments consist of the following:

	Due in 1-5 years	Carrying value		Market value	
		2005	2004	2005	2004
	\$	\$	\$	\$	\$
Government bonds	23,080	23,080	32,546	23,031	33,515
Weighted average interest rate					
Stated	7.15%				
Effective	7.13%				
Equities		6,352	5,644	5,788	5,554
Cash and cash equivalents					
held by brokers		2,687	3,291	2,687	3,291
		32,119	41,481	31,506	42,360

6. INTANGIBLE ASSETS AND GOODWILL

Intangible assets and goodwill consist of the following:

	2005	2004
	\$	\$
Customer lists, net of amortization of \$67	933	—
Goodwill	3,101	—
	4,034	—

On July 31, 2004, the Association completed the acquisition of an Alberta quality registration business known as Quality Certification Bureau for cash consideration of \$4,101. The acquisition has been accounted for using the purchase method. The excess of the purchase price and acquisition costs of \$380 over the fair value of net tangible assets of \$380 has been allocated to goodwill and intangible assets. Amounts allocated to intangible assets as customer lists are amortized on a straight-line basis over 10 years.

7. CONSOLIDATED STATEMENT OF CASH FLOWS

The net change in non-cash working capital balances related to operations consists of the following:

	2005 \$	2004 \$
Accounts receivable	(4,279)	(3,819)
Inventory	(266)	882
Prepaid expenses	711	319
Accounts payable and accrued liabilities	(2,736)	8,218
Deferred revenue	1,388	(1,346)
Customer deposits	233	(907)
	(4,949)	3,347

8. CONTINGENCIES

The Association has been named in a number of legal actions in the normal course of operations. In the opinion of management and legal counsel, the outcome of these actions cannot be determined with a reasonable degree of assurance at this time. The Association carries insurance for such actions, and any loss, to the extent it is not fully covered by these insurance policies, is charged to operations in the period in which the liability is determined.

9. RETIREMENT BENEFIT PLANS

The Association sponsors various post-employment benefit plans including one defined contribution and five defined benefit pension plans, and plans that provide extended health care coverage to employees. Pension benefits are based on length of service and final average earnings. Pension payments for all plans except one are partially indexed to cost of living increases after retirement.

The Association's contributions to the defined contribution pension plan are expensed when due. The expense for the defined contribution pension plan for 2005 was \$476 [2004 - \$502].

March 31, 2005
[in thousands of Canadian dollars]

Information about the Association's defined benefit pension plans, in aggregate, is as follows:

	2005 \$	2004 \$
Accrued benefit obligation	149,936	132,559
Fair value of plan assets	172,970	150,892
Funded status - plan surplus	23,034	18,333
Accrued benefit asset	26,822	23,115

	2005 \$	2004 \$
Components of net periodic pension cost		
Current service cost [employer portion]	4,194	4,121
Interest cost	8,585	7,978
Actual return on plan assets	(18,780)	(20,758)
Actuarial loss	5,528	11,955
Plan amendments	–	1,793
Costs (recovery) arising in the year	(473)	5,089
Differences between costs arising in the year and costs recognized in the year in respect of:		
Return on plan assets	8,099	10,790
Actuarial gain	(4,268)	(10,377)
Past service costs (recovery)	781	(1,036)
Transitional asset	(3,623)	(3,623)
Net periodic pension cost	516	843

	2005 \$	2004 \$
Changes in accrued benefit obligation		
Benefit obligation, beginning of year	132,559	111,991
Current service cost [employer portion]	4,194	4,121
Interest cost	8,585	7,978
Employee contributions	1,984	1,934
Plan amendments	–	1,793
Actual benefits paid	(2,914)	(1,759)
Net transfers out	–	(5,454)
Actuarial loss	5,528	11,955
Accrued benefit obligation, end of year	149,936	132,559

March 31, 2005
[in thousands of Canadian dollars]

	2005 \$	2004 \$
Change in plan assets		
Market value of plan assets, beginning of year	150,892	131,334
Actual return on plan assets	18,780	20,758
Employer contributions	4,228	4,079
Employee contributions	1,984	1,934
Actual benefits paid	(2,914)	(1,759)
Net transfers out	–	(5,454)
Fair value of plan assets, end of year	172,970	150,892

The fair value of the assets of the defined benefit pension plans has been used to determine the net pension expense for the years ended March 31, 2005 and 2004.

Plan assets by asset category are as follows:

	2005 %	2004 %
Equity securities	65.1	66.2
Fixed income	28.8	29.3
Other	6.1	4.5
	100.0	100.0

	2005 \$	2004 \$
Reconciliation of funded status		
Funded status - plan surplus	23,034	18,333
Employer contributions after measurement date	975	991
Unamortized transitional asset	(32,483)	(36,106)
Unamortized past service costs	7,697	8,478
Unamortized net actuarial loss	27,599	31,419
Accrued benefit asset	26,822	23,115
Unamortized transitional increase in valuation allowance	–	–
Valuation allowance	–	–
Accrued benefit asset, net of valuation allowance	26,822	23,115

March 31, 2005
[in thousands of Canadian dollars]

Defined benefit pension plans	<i>Last actuarial valuation date</i>	<i>Next actuarial valuation date</i>
Salaried Employees	December 31, 2001	December 31, 2004
Members of Local 967 of The Canadian Union of Public Employees	December 31, 2001	December 31, 2004
Members of Local 4559 of The Canadian Union of Public Employees	December 31, 2002	December 31, 2005
Designated Executive Employees	December 31, 2001	December 31, 2004

The significant actuarial assumptions adopted in measuring the Association's accrued benefit obligation and costs are as follows [weighted average assumptions]:

Defined benefit pension plans	<i>2005</i> %	<i>2004</i> %
Accrued benefit obligation		
Discount rate for pension cost	6.25	6.75
Discount rate for accrued benefit obligation	6.00	6.25
Expected long-term rate of return on plan assets	7.00	7.50
Rate of compensation increase	4.00	4.00

Other information about the Association's defined benefit pension plans is as follows:

	<i>2005</i> \$	<i>2004</i> \$
Employer contributions	4,228	4,079
Employee contributions	1,984	1,934
Benefits paid	(2,914)	(1,759)

Information about the Association's other retirement and post-employment benefit plans, in aggregate, is as follows:

	<i>2005</i> \$	<i>2004</i> \$
Accrued benefit obligation	30,115	25,937
Fair value of plan assets	—	—
Funded status - plan deficit	(30,115)	(25,937)
Accrued benefit liability	(14,027)	(10,423)

March 31, 2005
[in thousands of Canadian dollars]

	2005 \$	2004 \$
Components of net periodic benefit cost		
Current service cost	1,467	992
Interest cost	1,771	1,510
Actuarial loss	1,487	2,207
Costs arising in the year	4,725	4,709
Differences between costs arising in the year and costs recognized in the year in respect of:		
Actuarial gain	(1,417)	(2,207)
Transitional obligation	844	844
Net periodic benefit cost recognized	4,152	3,346

	2005 \$	2004 \$
Change in accrued benefit obligation		
Accrued benefit obligation, beginning of year	25,937	21,658
Current service cost	1,467	992
Interest cost	1,771	1,510
Benefits paid	(547)	(430)
Actuarial loss	1,487	2,207
Accrued benefit obligation, end of year	30,115	25,937

	2005 \$	2004 \$
Reconciliation of funded status to accrued benefit liability		
Plan deficit, end of year	(30,115)	(25,937)
Employer contributions during the year from measurement date to fiscal year end	131	130
Unamortized transitional obligation	10,971	11,815
Unamortized net actuarial loss	4,986	3,569
Accrued benefit liability	(14,027)	(10,423)

March 31, 2005
[in thousands of Canadian dollars]

The significant actuarial assumptions adopted in measuring the Association's accrued benefit obligation and costs are as follows [weighted average assumptions]:

	2005 %	2004 %
Weighted-average assumptions for expense		
Discount rate	6.50	6.75
Rate of compensation increase	3.00	4.50
Initial prescription drug trend rate	10.00	5.00
Ultimate prescription drug trend rate	5.00	5.00
Year ultimate rate reached	2013	
Initial semi-private hospital and other medical costs trend rate	5.00	5.00
Ultimate semi-private hospital and other medical costs trend rate	5.00	5.00
Initial dental care trend rate	5.00	5.00
Ultimate dental care trend rate	5.00	5.00
Initial weighted average health care trend rate	6.66	5.00
Ultimate weighted average health care trend rate	5.00	5.00
Year ultimate rate reached	2013	
Weighted-average assumptions for disclosure		
Discount rate	6.25	6.50
Rate of compensation increase	3.00	3.00
Initial prescription drug trend rate	9.50	10.00
Ultimate prescription drug trend rate	5.00	5.00
Year ultimate rate reached	2013	
Initial semi-private hospital and other medical costs trend rate	5.00	5.00
Ultimate semi-private hospital and other medical costs trend rate	5.00	5.00
Initial dental care trend rate	5.00	5.00
Ultimate dental care trend rate	5.00	5.00
Initial weighted average health care trend rate	6.53	6.66
Ultimate weighted average health care trend rate	5.00	5.00
Year ultimate rate reached	2013	

March 31, 2005
[in thousands of Canadian dollars]

A 1% increase or decrease in the health care cost trend rates would result in a \$6,089 increase or \$4,757 decrease in the accrued benefit obligation as at March 31, 2005 and a \$778 increase or \$592 decrease in the service and interest cost for the year ended March 31, 2005.

Information about the Association's other retirement and post-employment benefit plans is as follows:

	2005 \$	2004 \$
Employer contributions	547	474
Employee contributions	—	—
Benefits paid	547	474

10. COMMITMENTS

The Association has commitments in respect of leases for its equipment and premises as follows:

	\$
2006	1,609
2007	1,613
2008	1,755
2009	1,748
2010	1,738
Thereafter	7,203
	15,666

The Association has signed a new 15-year lease effective June 1, 2005. Under the terms of this lease, the Association will receive lease inducements, including rent-free periods, of approximately \$1,844 which the Association will amortize over the term of the lease. The Association has also agreed to issue a letter of credit to the landlord for \$500 in return for a \$635 loan, repayable in equal monthly installments over the next 10 years. The letter of credit will decline by predetermined amounts over the next six years upon satisfaction of certain conditions. The Association has not received any of the lease inducements or loan proceeds as at March 31, 2005.

11. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Financial instruments

As at March 31, 2005, the Association had foreign exchange forward contracts to sell a total of US\$20,250 over the next nine months at rates ranging from CDN\$1.17 to CDN\$1.24.

Credit risk

The Association is exposed to credit risk from customers in the normal course of business. Management addresses this exposure through the Association's credit policy and makes adequate provision in the allowance for doubtful accounts.

Fair value

Due to the short period to maturity of current assets and current liabilities, the carrying values as presented in the consolidated statement of financial position are reasonable estimates of their market value. The market value of investments [note 5] is determined using independent third party confirmations.

Foreign exchange risk

The Association operates globally with significant revenue and expenses denominated in U.S. dollars. This gives rise to the risk that some of its earnings and cash flows may be impacted by fluctuations in foreign exchange rates between the U.S. and Canadian dollar. As at March 31, 2005, the consolidated statement of financial position includes amounts denominated in U.S. currency, which represent 49% [2004 - 60%] of current assets, 24% [2004 - 19%] of long-term investments and 19% [2004 - 16%] of current liabilities.

12. COMPARATIVE CONSOLIDATED FINANCIAL STATEMENTS

The comparative consolidated financial statements have been reclassified from statements previously presented to conform to the presentation of the 2005 consolidated financial statements.

Purpose KPIs

Performance against our purpose

Our Key Performance Indicators

CSA's purpose is to make standards work for people and business. We regularly track our performance against key indicators to demonstrate the impact we have on the world around us... just another example of Service.

Of course, standards and certification are just two influences on our world, albeit important ones. Matters of public safety, the environment and international trade are also affected by regulations, education, new technology and better ways of doing things.

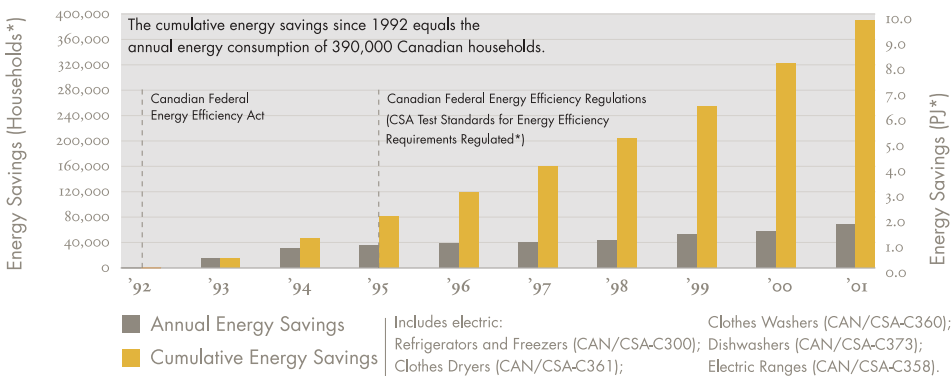
Efficiency

We help consumers save precious energy

Since the 1980s, CSA has developed energy efficiency standards and related certification and testing programs for major household products. Referenced in Canadian regulations and supported by manufacturers' product innovations, these standards have contributed to significant energy savings since the Canadian Federal Energy Efficiency Act in 1992 - enough to power more than 390,000 households for 1 year.

Energy Savings from the Use of Energy Efficient Residential Appliances in Canada

[Source NRCan, 2003]



* 1 petajoule (PJ) is equal to the average electrical power consumed by 27,800 Canadian households each year.

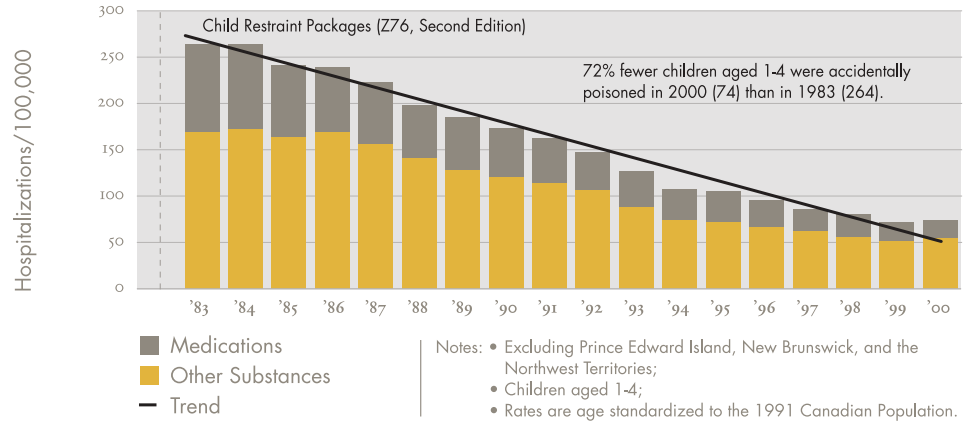
Protection

We help improve people's health and safety

In 1979, CSA published a standard for child-resistant packaging. In 1982, we introduced a certification program. Since then, the rate of young children being hospitalized for poisoning from medications has declined 72%.

Children Hospitalized from Accidental Poisonings in Canada

(Source: Health Canada, analysis of data from the Canadian Institute for Health Information, 2001)



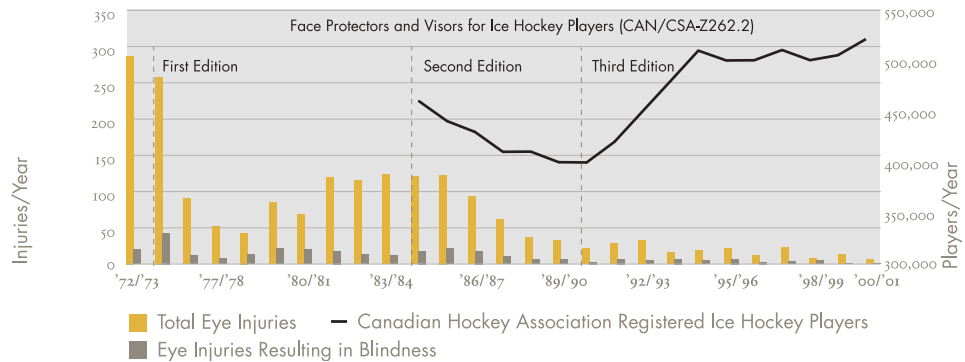
Defence

We contribute to the reduction of recreational injuries

It is estimated that 90% of all sports eye injuries can be prevented with proper use of the right equipment. Since CSA published standards for face protectors and visors for hockey players, the number of reported eye injuries dropped from about 290 per year to less than 10 today. CSA has been certifying hockey helmets and visors for more than 25 years.

Ice Hockey Eye Injuries in Canada

(Sources: Dr. T. Pashby, 2002; Canadian Hockey Association, 2002)



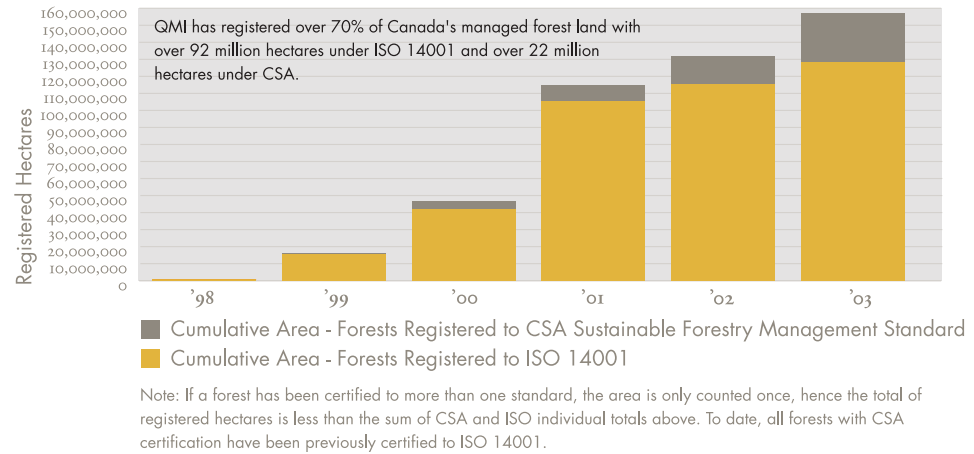
Sustainability

We make a difference to the environment

Over the past decade, CSA has played a leading role in developing environmental management standards, among them a national sustainable forest management standard that embraces public participation and allows for independent audits. Since 1996, QMI has registered over 70% of Canada's managed forestland to these standards - enough to fill all of Alberta and more.

Forestry Registrations by QMI in Canada

(Source: QMI, 2004)



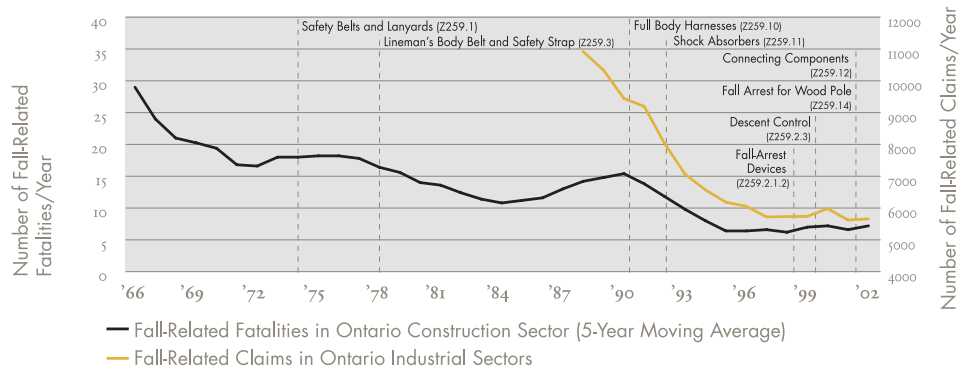
Control

We help reduce the number of workplace accidents

CSA first published a standard for safety belts and lanyards in 1974. It has been followed, since 1991, by standards for full-body harnesses, shock absorbers, fall arrest for wood pole, descent control and connecting components, as well as related certification programs. The frequency of fall-related accidents and claims has dramatically declined.

Worker Fall-Related Fatalities and Claims

(Sources: Workplace Safety and Insurance Board (Ontario), 2002; Construction Safety Association of Ontario, 2002)



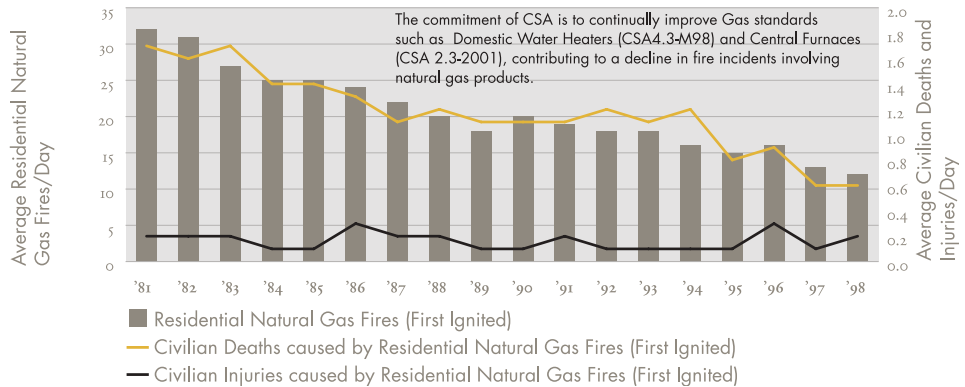
Commitment

We help prevent residential fires

CSA publishes an entire family of standards and certifies a wide range of products relating to electrical and gas products such as, household appliances, luminaries, gas water heaters and central furnaces. In the past 10 years, the number of household fires involving electrical or gas products in Canada and the U.S. have declined, resulting in significantly fewer injuries.

Residential Fires from Natural Gas in U.S.A.

(Source: National Fire Protection Association, 2001)



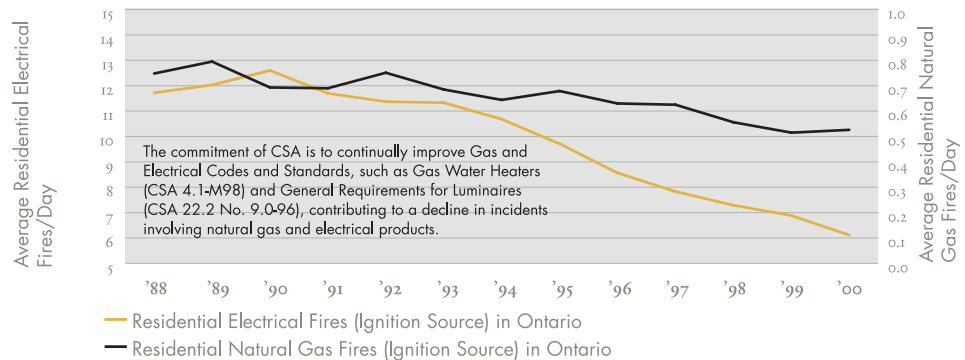
Prevention

We help prevent residential fires

CSA publishes an entire family of standards and certifies a wide range of products relating to electrical and gas products such as, household appliances, luminaries, gas water heaters and central furnaces. In the past 10 years, the number of household fires involving electrical or gas products in Canada and the U.S. have declined, resulting in significantly fewer injuries.

Residential Fires from Electrical and Natural Gas

(Source: Ontario Fire Marshall's Office, 2002)



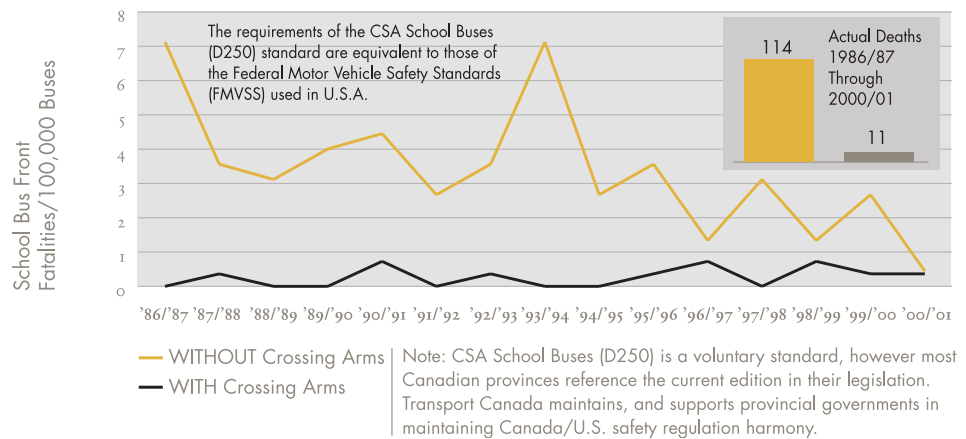
Safeguarding

We help save lives

Since the 1970's, CSA has developed school bus standards that now include an option for crossing arms on the front of the vehicle. CSA's front crossing arm requirement is equivalent to those contained in the U.S. Federal Motor Vehicle Safety standards. In the past 15 years, the number of deaths from buses equipped with crossing arms in the U.S. has been one-tenth the number caused by buses without the safety equipment.

Fatalities in Front of School Buses With or Without Crossing Arms in U.S.A.

(Source: Kansas Department of Transportation, 2002)



Globalization

We facilitate trade

As tariffs and quotas have decreased with increasing globalization, manufacturers require their products to be tested, certified and recognized internationally. Standards harmonization supports this effort. Since 1990, CSA has adopted more than 1,400 international standards.

CSA Adoption of International Standards

(Source: CSA, 2004)



Global Network

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