CSA Group

Annual Report 2014-2015

SAFETY, SUSTAINABILITY, GLOBAL TRADE

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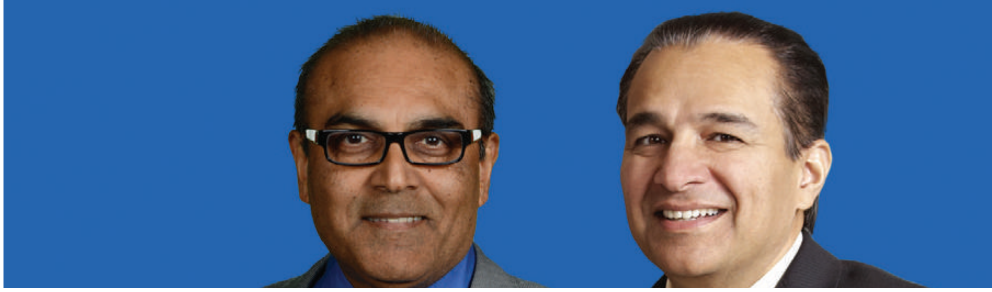
CHAIR & CEO MESSAGE



Advancing Today, Anticipating Tomorrow

CSA Group has always been about *"Advancing Today, Anticipating Tomorrow"* in the interests of members, customers, employees, and society at large.

We are proud to offer in-demand services that respond to global challenges. Our solutions help ensure safety and performance for products that travel long and complex supply chains. They advance sustainability and responsible environmental practices among businesses, consumers and governments. And, most importantly, they contribute to social good and quality of life.

Business Results

Throughout the year, we improved member services and satisfaction; made significant investments in our facilities worldwide; and launched 265 standards including the 2015 *Canadian Electrical Code (CE Code), Part 1*, with more than 200 updates and revisions, and a new interactive version that gives users enhanced ability to locate, interpret and calculate requirements of the code on a tablet or phone. We also enhanced employee engagement and broadened our management team and capacity.

During 2014/2015, our work was driven by a very strong financial performance. Revenues during this fiscal year totaled $315 million, an increase of 8% against the previous year and growth well above the industry average. All our global operations contributed to this excellent result, and to a healthier bottom line. We are pleased to report again that all regions, business units and corporate functions achieved their business objectives over the past year.

Our strong performance has enabled us to make critical improvements to our offerings, our workplaces and our organization.

Expanding Globally

We opened new facilities in Dallas, Vancouver, North Wales, Milan, Frankfurt, Bangalore, Edmonton, Taipei, Singapore and Seoul. And we achieved new accreditations that extend our service offerings. All of these investments allow us to serve customers locally, as they seek to move their products safely and sustainably around the world.

Advancing Sustainability

We are proudly leading the way on sustainability. For example, our participation under the Standards Council of Canada's Northern Infrastructure Standardization Initiative has resulted in four ground-breaking standards that will help governments, planners, engineers, builders and others address the impact of climate change.

Consumers have a significant influence on sustainability. Our collaborative work in the consumer appliances sector is bearing fruit with standards that take a lifecycle approach to appliances. And our sustainability mark is a visible indicator of a responsible choice.

At the same time, we are empowering businesses to move to carbon neutrality with a suite of GHG management services and public registries that record and validate progress and accomplishments.

Improving Safety

Of course, safety is a hallmark of our organization, and in 2014/2015 we took steps to consolidate our leadership. Our reputation for testing and certifying equipment used in hazardous locations is second to none, and our investments in Europe, Canada, the U.S. and China are helping local companies meet required standards. Health and medical is another field where we see good growth opportunities, and we have bolstered our offering for medical device testing and homecare equipment.

CSA Group has a long and admired history in nuclear safety. We were proud to release Canada's first national standard on nuclear emergency management programs and to be taking a leading role in advancing collaboration and innovation in rail safety.

For many years, CSA Group has been advocating for greater vigilance and enforcement with respect to counterfeit products, many of which pose significant threats to safety. We are pleased that Canada passed the Combating Counterfeit Products Act (Bill C-8) into law in 2014, which we supported through the consultation process of the Canadian Anti-Counterfeiting Network (CACN), parliamentary ministers and members, the Canadian Chamber of Commerce, as well as U.S. and international efforts.

Promoting Engagement

Our greatest strength lies in our people, who pursue so passionately a vision of a better, safer, more sustainable world. We continue to invest into our employees through continuous learning activities. We continue to enhance stakeholder engagement. For example, we experienced more than 55% growth in the number of members in our CSA Communities of Interest (COI) in the past year. The COIs are an innovative technology platform whereby members can obtain information, collaborate and share ideas, review and comment on documents, and access training.

We also ushered in a culture to build customer loyalty, launching a distinct customer loyalty channel and undertaking a number of initiatives to increase customer satisfaction.

We continue to build a world-class organization with a positive work culture, one that can attract the best and the brightest. In 2014, we launched a global committee to nurture employee-driven innovation. This new cross-functional committee is empowering each and every employee to participate in innovation. CSA Group Senior Leadership Team undertook a comprehensive global survey conducted by Hay Group and based on the results, we rated in the top 10% of the over 2000 companies surveyed globally.

Many of our employees generously support charities in their personal time, a real testament to their commitment to social good. As an organization, CSA Group is committed to contribute 1% of operating margin to charitable organizations that improve people's lives. In the past year, we made charitable donations to Habitat for Humanity, the United Way, the Salvation Army, Dragon Boat teams, breast cancer research, UNICEF for the fight against Ebola, and other worthy causes.

Strategic Priorities

One of our key strategic priorities is to accelerate market penetration and expansion globally in all of our offerings. For this reason, we have strengthened our management team and ushered in a new Global Operations (GO) team, which is responsible for identifying and leveraging business opportunities in our chosen industries and regions, and working to align and coordinate services globally.

CSA Group will continue to modernize our service delivery methods with investments in technology, global facilities and social media tools. We are launching a new Standards strategy that will globalize standards in selected countries and leverage our certification and testing capabilities. There are so many exciting areas in which standards can make a difference, and we are eager to pursue them, and forge a stronger competitive position.

As an organization, we benefit from the wise counsel of our Board members, the strong support of our customers, the dedication of our members, and the talents and commitment of our employees. We thank them all. Together, we see the promise of a better, safer, more sustainable world through standards… and together we will continue to deliver on that promise.

Dr. H. Roland Hosein
Chair of the Board
CSA Group

Ash Sahi
President and CEO
CSA Group

CEO Reflections

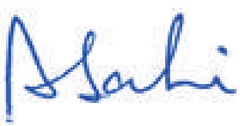
When I joined CSA Group six years ago, I was struck by its well-deserved reputation for technical excellence, the credentials and passion of its people, and its vision of safety, sustainability and social good. I feel privileged to have been associated with this great brand and to have had the opportunity to work with members, customers and employees to take it to new heights. I was proud to lead the drive to a single unified CSA Group, competing globally, pursuing excellence… a brand that in the last few years has been refined, sharpened, promoted and applauded around the world.

Many of the steps we have taken together mark my proudest moments. Since 2009, our revenues have grown from $226.9M to $315M. Our strong financial position has enabled us to reinvest in facilities, offices, services and resources to better serve our customers around the world. Our capacity for innovation has been well proven with new technology platforms and streamlined work processes. We have acquired and integrated eight companies and opened more than 20 new offices and labs, extending the scope of our capabilities. We have published landmark standards in such subject areas as workplace mental health, climate change, nanomaterials, sustainability, and more — standards that have broken through the barriers of "traditional standards" and are leading to positive change. We have worked on employee engagement, improving customer satisfaction and fostering a culture of excellence and innovation. What's more, we have adopted rigorous metrics and entrenched quality and accountability in all that we do.

These are all tremendous achievements, but at the end of the day, our work comes down to:

- A consumer who demands a safe product
- A business that wants to enter new markets
- Workers who deserve safe conditions and best practices
- Governments that seek practical solutions to support policy/regulations
- Employees who want to make a difference
- A planet that needs protection and preservation
- And everywhere, people who care about a better, safer, more sustainable world

This is the true CSA Group legacy, and I am honoured to have made a contribution, as the organization advances, with a bright and prosperous future, towards a century of success in 2019.



Ash Sahi
President and CEO
CSA Group

SAFETY

People and businesses need to count on safe products and quality practices.
CSA Group's testing services help prevent accidents, injuries and disease.

Investing in Hazardous Locations

CSA Group's world leadership in hazardous locations testing is more robust than ever. We opened a premium test laboratory in North Wales, a facility in Edmonton, a state-of-the-art lab in Dallas; and launched a brand new service in China to help local companies meet safety and performance standards required by global markets. The first Chinese certificate was presented to Honeywell, a Fortune world top 100 enterprise.

Towards Nuclear Safety

In a move that helps advance nuclear safety, we released Canada's first national standard on nuclear emergency management programs. It addresses all components of emergency management, including preparedness, response and recovery, and is particularly unique for requiring recovery plans for both the community and the nuclear power plant.

Innovating for Health

Supporting new health care delivery methods, three of our North American labs have been accredited to test and certify home healthcare medical equipment to the international standard IEC 60601-1-11. This gives manufacturers more service options while helping to ensure that their equipment performs safely in people's homes.

Addressing Niche Needs

Our new on-site safety evaluation service is a first for Europe. It helps manufacturers of small volumes of electrical equipment, prototypes or specialized made-to-order products to demonstrate safety and gain access to the North American market… quickly, easily and affordably.

SUSTAINABILITY

Climate change is an urgent priority for governments, businesses and people.
CSA Group inspires innovative solutions that preserve our planet.

Building Green

Our alliance with Canada Green Building Council (CaGBC) has created a dual force for sustainable building practices: CaGBC's certification to LEED® v4 and CSA Group's Environmental Product Declaration (EPD) program. The Leadership in Energy and Environmental Design (LEED) rating system is recognized as the international mark of excellence for green building in 150 countries. EPDs provide a standard way to measure the environmental impact of a product or system.

Addressing Climate Change

Published ahead of schedule and under budget, four new national standards address climate change in Canada's North. They cover requirements for thermosyphon foundations for buildings in permafrost; moderating the effects of permafrost degradation on existing foundations; managing changing snow load risks for buildings; and planning, designing and maintaining community drainage systems. The standards were developed under the Standards Council of Canada's Northern Infrastructure Standardization Initiative (NISI) supported by the Government of Canada's Clean Air Agenda.

Helping Consumers

Two additional sustainability standards were published as a result of our collaboration with the Association of Home Appliance Manufacturers (AHAM) and UL Environment. These standards help manufacturers, governments, retailers and consumers identify appliances that are environmentally responsible based on a lifecycle approach. Leading manufacturers are already using these sustainability standards and earning CSA Group's sustainability mark for their appliances, in addition to our certification mark.

GLOBAL TRADE

Today, commerce transcends borders and products travel the world.
CSA supports growing trade through local services for global clients.

Expanding in Europe

At our European headquarters in Frankfurt, we opened a highly advanced lab to test and certify medical devices such as microscopes, sterilizers and electrical measuring and laboratory devices as well as industrial equipment and household appliances. Starting an exciting new chapter in Italy, we opened an office in Milan to conduct factory inspections, field evaluation testing, and testing and certification of various appliances, HVAC/R equipment, audio/video equipment and industrial plumbing products.

Advancing in Asia

Our new lab in Bangalore provides sophisticated testing and certification services to help Indian manufacturers gain access, acceptability and competitiveness in the global marketplace. In Taiwan, global tech companies and local electrical and electronic companies can now take advantage of specialized testing and certification for power tools bound for world markets, thanks to our expanded lab in New Taipei City. We also broadened services in China with two new labs in Guangzhou. And in Japan, our new office in Tokyo's innovation hub enhances service to various industries including medical devices, healthcare, IT/AV, hazardous locations, automotive and industrial control.

Supporting Trade

We continue our commitment to international alliances and schemes that provide streamlined services for clients. We have teamed up with KTC, a national certification body in Korea, to expand one-stop testing and certification of electronics and electrical components, equipment and products. We performed our first certification project for the new tri-national (CSA/UL/ANCE) dehumidifiers made by Midea Group in China.

BOARD OF DIRECTORS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1. **Robert J. ('RJ') Falconi -** Corporate Secretary, CSA Group Bradford, ON*
2. **Dr. David Fung -** Vice Chair, CSA Group Board of Directors; Chair, Standards Policy Board; Chairman & CEO, ACDEG Group | West Vancouver, BC
3. **Richmond ("Dick") Graham -** President and CEO, Regina Airport Authority I Regina, SK
4. **Dr. Roland Hosein -** Chair, CSA Group Board of Directors; Chair, Corporate Governance & Nominating Committee; Principal, Driftwood I Unionville, ON
5. **Jimmy LaValley -** Senior Partner, Brimstone Consulting Group; Principal, Integrated People Solutions | Cedaredge, CO
6. **Norma McCormack -** President, Corporate Health Works I Winnipeg, MB
7. **Dr. Robert Page -** Director, Alberta Environmental Monitoring, Evaluation & Assessment Agency I Calgary, AB
8. **Nathalie Pilon -** President, Canada, Thomas & Betts Canada | St-Jean Richelieu, QC
9. **Jeremy Rakusin -** Vice President, Strategy & Corporate Development, FirstService Corporation | Toronto, ON
10. **Ash Sahi -** President and CEO, CSA Group | Caledon, ON
11. **Gregory Thomas -** Director, CSA Group I Fort Wayne, IN
12. **David Warner, CPA, CA -** Director, CSA Group Board of Directors | Mississauga, ON
13. **Greg Weeres -** Chair, Human Resources & Compensation Committee, CSA Group; President, Pacific Northern Gas Ltd. | Vancouver, BC

** Ex-offico (non-voting) capacity*

EXECUTIVE OPERATIONS COMMITTEE


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1. **Gianluca Arcari -** Executive Director, Standards & Vice President, CSA Group
2. **Claudia Chan -** Regional Vice President, North/Southeast Asia, CSA Group
3. **Esteban de Bernardis -** Executive Vice President, Finance & Administration, CSA Group
4. **Magali Depras -** Chief Operating Officer, CSA Group
5. **Robert J. ('RJ') Falconi -** Executive Vice President, Government Relations, General Counsel & Corporate Secretary, CSA Group
6. **Yi ('JY') Jiang -** Regional Vice President, China & Hong Kong, CSA Group
7. **Nashir Jiwani -** Regional Vice President, Canada, CSA Group
8. **Paul Keane -** Executive Vice President, Human Resources, CSA Group
9. **Ash Sahi -** President and CEO, CSA Group
10. **Ralf Schunk -** Regional Vice President, Europe
11. **Hélène Vaillancourt -** Executive Vice President, Science & Engineering, CSA Group
12. **Rich Weiser -** Regional Vice President, U.S. & Mexico, CSA Group

FINANCIALS

Management's Statement of Responsibility

The accompanying consolidated financial statements of the Canadian Standards Association (the Association) have been prepared by management in accordance with International Financial Reporting Standards (IFRS).

Financial statements are not precise, since they include certain amounts based on estimates and judgments. When alternative methods exist, management has chosen those which it deems most appropriate in the circumstances in order to ensure that the consolidated financial statements are presented fairly, in all material respects, in accordance with IFRS.

Management maintains adequate systems of internal accounting and administrative controls consistent with reasonable cost. Such systems are designated to provide reasonable assurance that the financial information is relevant and reliable, and that the Association's assets are appropriately accounted for and adequately safeguarded. The Board of Directors ensures that management fulfils its responsibilities for financial reporting and internal control through an audit, finance and risk committee. This committee meets periodically with management and the external auditors to discuss internal controls, auditing matters, and financial reporting issues, and to satisfy itself that each party is properly discharging its responsibilities. The committee reviews the consolidated financial statements, and reports to the Board of Directors. The external auditors have full and direct access to the audit committee.

Signed,

Esteban de Bernardis
Executive Vice President,
Finance & Administration
CSA Group

May 22, 2015

Independent Auditor's Report

To the Members of
Canadian Standards Association

We have audited the accompanying consolidated financial statements of the Canadian Standards Association and its subsidiaries, which comprise the consolidated statement of financial position as at March 31, 2015 and the consolidated statements of changes in net assets, income, comprehensive income and cash flows for the year then ended, and the related notes, which comprise a summary of significant accounting policies and other explanatory information.

Management's responsibility for the consolidated financial statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

PricewaterhouseCoopers LLP
PwC Centre, 354 Davis Road, Suite 600, Oakville, Ontario, Canada L6J 0C5
T: +1 905 815 6300, F: +1 905 815 6499

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Canadian Standards Association and its subsidiaries as at March 31, 2015 and their financial performance and their cash flows for the year then ended in accordance with International Financial Reporting Standards.

PricewaterhouseCoopers LLP

Chartered Professional Accountants, Licensed Public Accountants

Canadian Standards Association

Consolidated Statement of Financial Position

As at March 31, 2015

(in thousands of Canadian dollars, except as otherwise noted)

	2015 $	2014 $
Assets		
Current assets		
Cash and cash equivalents	29,410	18,374
Restricted cash (note 5)	21	8,331
Trade and other receivables (note 6)	75,961	66,535
Inventories (note 7)	635	497
Prepaid expenses and other assets	7,449	6,511
Short-term investments (note 8)	121,907	135,932
	235,383	236,180
Non-current assets		
Property, plant and equipment (note 9)	124,719	92,760
Accrued pension benefit asset (note 22)	1,826	9,810
Investment in associate (note 10)	-	110
Intangible assets (note 11)	31,800	30,763
Goodwill (note 12)	22,114	25,773
	415,842	395,396
Liabilities		
Current liabilities		
Trade and other payables (note 15)	64,453	49,127
Deferred revenue	42,690	39,400
Customer deposits	7,690	13,762
Provisions	4,183	1,771
Finance leases	215	204
Bank loans (note 14)	5,206	6,342
	124,437	110,606
Non-current liabilities		
Employee future benefits (note 22)	88,832	70,760
Finance leases	269	460
Deferred lease inducement	-	95
Bank loans (note 14)	24,444	29,753
	237,982	211,674
Net Assets		
Invested in property, plant and equipment	124,719	92,760
Internally reserved for specific purposes	98,005	98,005
Unreserved	(6,335)	11,373
	216,389	202,138
Non-controlling interest	3,813	2,825
Accumulated other comprehensive income (loss)	(42,342)	(21,241)
	177,860	183,722
	415,842	395,396

Contingencies, commitments and guarantees (note 25)

Approved by the Board of Directors

______________________ Director ______________________ Director

The accompanying notes are an integral part of these consolidated financial statements.

Canadian Standards Association

Consolidated Statement of Changes in Net Assets

For the year ended March 31, 2015

(in thousands of Canadian dollars, except as otherwise noted)

2015

	Unreserved $	Internally reserved $	Invested in property, plant and equipment $	Accumulated other comprehensive income (loss) $	Total attributable to the Association $	Non-controlling interest $	Total $
Balance - Beginning of year	11,373	98,005	92,760	(21,241)	180,897	2,825	183,722
Net income (loss) for the year	24,051	-	(9,800)	-	14,251	988	15,239
Investment in property, plant and equipment - net	(41,759)	-	41,759	-	-	-	-
Transfers for future expenditures	-	-	-	-	-	-	-
Other comprehensive income (loss)	-	-	-	(21,101)	(21,101)	-	(21,101)
Balance - End of year	(6,335)	98,005	124,719	(42,342)	174,047	3,813	177,860

2014

	Unreserved $	Internally reserved $	Invested in property, plant and equipment $	Accumulated other comprehensive income (loss) $	Total attributable to the Association $	Non-controlling interest $	Total $
Balance - Beginning of year	18,470	83,401	74,479	(20,475)	155,875	3,201	159,076
Net income (loss) for the year	54,915	(20,896)	(8,231)	-	25,788	736	26,524
Investment in property, plant and equipment - net	(26,512)	-	26,512	-	-	-	-
Transfers for future expenditures	(35,500)	35,500	-	-	-	-	-
Other comprehensive income (loss)	-	-	-	(766)	(766)	-	(766)
Dividend paid (note 23)	-	-	-	-	-	(1,112)	(1,112)
Balance - End of year	11,373	98,005	92,760	(21,241)	180,897	2,825	183,722

The accompanying notes are an integral part of these consolidated financial statements.

Canadian Standards Association

Consolidated Statement of Income

For the year ended March 31, 2015

(in thousands of Canadian dollars, except as otherwise noted)

	2015 $	2014 $
Revenue	314,861	290,649
Operating expenses		
Salaries and benefits	188,450	173,065
Professional, agency and consulting	32,973	29,042
Travel	19,270	17,654
Property related costs	18,275	14,860
Sales, marketing and communication	6,977	6,542
Depreciation	9,800	8,231
Office, laboratory and computer	7,587	6,787
Material costs	3,819	6,371
Amortization	1,981	1,835
Other operating expenses (note 16)	12,810	16,162
	301,942	280,549
Income from operations	12,919	10,100
Non-operating income (expense)		
Finance income (note 17)	20,795	19,797
Finance costs (note 18)	(808)	(677)
Share of loss in associate	(172)	(1,011)
Restructuring costs (note 19)	(15,819)	-
Foreign income taxes	(1,676)	(1,685)
Net income for the year	15,239	26,524
Net income attributable to		
The Association	14,251	25,788
Non-controlling interests	988	736
	15,239	26,524

The accompanying notes are an integral part of these consolidated financial statements.

Canadian Standards Association

Consolidated Statement of Comprehensive Income

For the year ended March 31, 2015

(in thousands of Canadian dollars, except as otherwise noted)

	2015 $	2014 $
Net income for the year	15,239	26,524
Other comprehensive income (loss)		
Other comprehensive income (loss) that may be reclassified to profit or loss in subsequent periods		
Exchange differences on translation of net assets of foreign operations	(295)	4,257
Other comprehensive income (loss) that will not be reclassified to profit or loss in subsequent periods		
Actuarial loss on employee future benefits (note 22)	(20,806)	(5,023)
Total other comprehensive income (loss)	(21,101)	(766)
Total comprehensive income (loss) for the year	(5,862)	25,758
Comprehensive income (loss) attributable to		
The Association	(6,850)	25,022
Non-controlling interest	988	736
	(5,862)	25,758

The accompanying notes are an integral part of these consolidated financial statements.

Canadian Standards Association

Consolidated Statement of Cash Flows

For the year ended March 31, 2015

(in thousands of Canadian dollars, except as otherwise noted)

	2015 $	2014 $
Cash provided by (used in)		
Operating activities		
Net income for the year	15,239	26,524
Add (deduct): Items not involving cash		
Share of loss in associate	281	1,011
Depreciation	9,800	8,231
Amortization of intangible assets	1,981	1,835
Impairment writedowns	3,426	-
Gain on short-term investments	(15,955)	(18,238)
Pension and employee future benefit expense	14,745	13,838
Amortization of lease inducement	(95)	(26)
Foreign exchange rate differences	(2,111)	318
	27,311	33,493
Net change in non-cash working capital balances related to operations (note 21)	4,553	(1,266)
Pension plan contributions	(7,862)	(6,046)
Employee future benefit payments	(1,633)	(1,408)
	22,369	24,773
Investing activities		
Purchase of property, plant and equipment	(42,067)	(19,367)
Purchase of intangible assets	(4,197)	(3,028)
Proceeds from short-term investments	30,000	14,801
Decrease (increase) in restricted cash	8,310	(8,331)
Acquisition of additional shares in subsidiary (note 10)	(109)	(18,873)
	(8,063)	(34,798)
Financing activities		
Repayment of finance leases	(180)	(325)
Proceeds from new bank loan (note 14)	-	17,763
Repayment of bank loans (note 14)	(5,182)	(3,522)
Dividend to non-controlling interest	-	(1,112)
	(5,362)	12,804
Effect of exchange rate changes on cash and cash equivalents	2,092	1,404
Increase in cash and cash equivalents during the year	11,036	4,183
Cash and cash equivalents - Beginning of year	18,374	14,191
Cash and cash equivalents - End of year	29,410	18,374

The accompanying notes are an integral part of these consolidated financial statements.

(in thousands of Canadian dollars, except as otherwise noted)

1 General information

The consolidated financial statements of the Canadian Standards Association (the Association) and its subsidiaries (together, CSA Group) for the year ended March 31, 2015 were approved in accordance with a resolution of the Board of Directors dated May 22, 2015. The Association is domiciled in Canada. The registered head office is located at 178 Rexdale Boulevard, Toronto, Ontario, Canada, M9W 1R3.

The Association was originally incorporated by letters patent dated January 21, 1919 under the federal laws of Canada and was continued under the Canada Not-for-profit Corporations Act (the Act) pursuant to a Certificate of Continuance issued on August 17, 2012. The Association is an independent membership based corporation without share capital, shareholders or other owners that is governed by the Act.

CSA Group is engaged in the development of consensus based standards in the areas of safety, quality and performance as well as the testing and certification of conformance to various standards that serve business, industry, government and consumers. Testing and certification services extend worldwide to medical, electrical, mechanical, plumbing, gas, hazardous locations, automotive, and a variety of other products. Similarly, consumer product evaluation, inspection and advisory services are provided for retailers and manufacturers.

CSA Group's vision and purpose is "a better, safer, more sustainable world where standards work for people and business."

2 Summary of significant accounting policies

Basis of preparation

The Association prepares its consolidated financial statements in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) and International Financial Reporting Interpretations Committee (IFRIC) as issued as of May 19, 2015.

The consolidated financial statements have been prepared on an historical cost basis, except for derivative financial instruments and short-term investments, which are measured at fair value.

The Association's year-end occurs on the last Friday of March. For the current year, the actual year-end date is March 27, 2015. For the prior year, the year-end date was March 28, 2014. For the purposes of these consolidated financial statements, March 31 will refer to the actual dates mentioned above.

Basis of consolidation

The consolidated financial statements comprise the financial statements of the Association and its subsidiaries. Subsidiaries are those entities the Association controls. The Association controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is obtained by the Association and de-consolidated from the date control ceases. Intercompany transactions, balances, income and expenses, and profits and losses are eliminated.

(in thousands of Canadian dollars, except as otherwise noted)

Non-controlling interests represent equity interests in subsidiaries owned by outside parties. The share of net assets of subsidiaries attributable to non-controlling interests is presented as a component of net assets. Their share of net income and other comprehensive income is recognized directly in net assets. Changes in the parent company's ownership interest in subsidiaries that do not result in a loss of control are accounted for as equity transactions.

Foreign currency translation

The Association's consolidated financial statements are presented in Canadian dollars (presentation currency), which is also the Association's functional currency.

The financial statements of subsidiaries that have a functional currency different from that of the Association are translated into Canadian dollars as follows: assets and liabilities - at the closing rate at the date of the consolidated statement of financial position; and income and expenses - at the average rate for the period (as this is considered a reasonable approximation of the actual rates prevailing at the transaction dates). All resulting foreign exchange gains and losses on translation are recognized in other comprehensive income as cumulative translation adjustments.

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Monetary assets and liabilities are translated at the exchange rate prevailing as at the consolidated statement of financial position date. Foreign exchange gains and losses resulting from the settlement of foreign currency transactions and from the translation of monetary assets and liabilities denominated in currencies other than the entities' functional currency are recognized in the consolidated statement of income.

Business combinations

CSA Group follows the acquisition method of accounting for acquisitions. The cost of an acquisition is measured as the fair value of the assets given and liabilities incurred or assumed at the date of exchange. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are initially measured at fair value at the acquisition date. The excess of the cost of acquisitions over the fair value of the Association's share of the identifiable net assets acquired, if any, is recorded as goodwill. If the cost of an acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognized directly in the consolidated statement of income. Transaction costs are expensed as they are incurred and are included in other operating expenses within the consolidated statement of income.

Cash and cash equivalents

Cash and cash equivalents in the consolidated statement of financial position comprise cash at banks and on hand, money market securities, and short-term deposits with an original maturity of three months or less.

(in thousands of Canadian dollars, except as otherwise noted)

Inventories

Inventories, which consist mainly of labels and printed copies of standards, are stated at the lower of cost, determined on a first-in, first-out basis, and net realizable value. Net realizable value is the estimated selling price less estimated selling expenses incurred in the ordinary course of business.

Financial instruments

Financial assets and liabilities are recognized when CSA Group becomes a party to the contractual provisions of the financial instrument. Financial assets are derecognized when the rights to receive cash flows from the assets have expired or have been transferred and CSA Group has transferred substantially all risks and rewards of ownership. Financial liabilities are derecognized when the obligation specified in the contract is discharged, cancelled or expires.

CSA Group's financial assets include cash and cash equivalents, restricted cash, short-term investments, trade and other receivables and derivative financial instruments.

CSA Group's financial liabilities include trade and other payables, bank loans, finance leases and derivative financial instruments.

At initial recognition, CSA Group classifies its financial instruments in the following categories:

a) Financial assets and liabilities at fair value through profit or loss: A financial asset or liability is classified in this category if acquired principally for the purpose of selling or repurchasing in the short-term. This category includes forward foreign exchange contracts entered into by CSA Group that are not designated as hedging instruments in hedge relationships and are classified as held-for-trading. CSA Group has designated its short-term investments at fair value through profit or loss with the changes charged to the consolidated statement of income.

   Financial instruments in this category are recognized initially and subsequently at fair value. Transaction costs are expensed in the consolidated statement of income. Gains and losses arising from changes in fair value are presented in the consolidated statement of income in the period in which they arise. Non-derivative financial assets and liabilities recognized at fair value through profit or loss are classified as current except for the portion expected to be realized or paid beyond 12 months of the consolidated statement of financial position date, which are classified as long-term.

b) Loans and receivables: Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. CSA Group's loans and receivables comprise trade and other accounts receivable and cash and cash equivalents, and are included in current assets and liabilities due to their short-term nature. Loans and receivables are initially recognized at the amount expected to be received, less, when material, a discount to reduce the loans and receivables to fair value. Subsequently, loans and receivables are measured at amortized cost using the effective interest method less a provision for impairment.

(in thousands of Canadian dollars, except as otherwise noted)

c) Financial liabilities at amortized cost: Trade and other payables, bank loans and refundable customer deposits are initially recognized at the amount required to be paid, less, when material, a discount to reduce the financial liabilities at amortized cost to fair value. Subsequently, financial liabilities at amortized cost are measured at amortized cost using the effective interest method. Financial liabilities are recognized initially at fair value, net of any transaction costs incurred, and subsequently at amortized cost using the effective interest method. These financial liabilities are classified as current if payment is due within 12 months. Otherwise, they are presented as non-current liabilities.

Impairment of financial assets at amortized cost

At each reporting date, CSA Group assesses whether there is objective evidence that a financial asset is impaired.

The criteria used to determine objective evidence of an impairment loss include:

- significant financial difficulty of the obligor;
- delinquencies in interest or principal payments; or
- the probability the borrower will enter bankruptcy or other financial reorganization.

If such evidence exists, CSA Group recognizes an impairment loss as the difference between the amortized cost of the loan or receivable and the present value of the estimated future cash flows, discounted using the instrument's original effective interest rate. The carrying amount of the asset is reduced by this amount either directly or indirectly through the use of an allowance account. Impairment losses on financial assets carried at amortized cost are reversed in subsequent periods if the amount of the loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized.

Impairment of non-financial assets

CSA Group assesses at each reporting date whether there is an indication that a non-financial asset may be impaired. If any indication exists, or when annual impairment testing for a non-financial asset is required, CSA Group estimates the asset's recoverable amount. For the purpose of measuring recoverable amounts, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash generating units or CGUs). An asset's recoverable amount is the higher of its fair value less costs to sell and its value in use. Where the carrying amount of a non-financial asset exceeds its recoverable amount, the non-financial asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, a discounted cash flow model may be used. Impairment losses are recognized in the consolidated statement of income in those expense categories consistent with the function and nature of the impaired asset.

(in thousands of Canadian dollars, except as otherwise noted)

Investments in associates

Associates are entities over which the Association has significant influence, but not control. The Association accounts for its investment in associates using the equity method. The Association's share of profits or losses and of other comprehensive income of associates is recognized in income from operations and in other comprehensive income, respectively.

Unrealized gains on transactions between the Association and an associate are eliminated to the extent of the Association's interest in the associate. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Dilution gains and losses arising from changes in interests in investments in associates are recognized in the consolidated statement of income.

Property, plant, and equipment

Property, plant and equipment are stated at cost, net of accumulated depreciation and/or accumulated impairment losses, if any. Cost includes expenditures that are directly attributable to the acquisition of the asset. When significant parts of property, plant and equipment are required to be replaced in intervals, CSA Group derecognizes and recognizes such parts as individual assets with specific useful lives and depreciation, respectively. All repair and maintenance costs are recognized in the consolidated statement of income as incurred.

Depreciation is calculated over the estimated useful life of the asset as follows:

Buildings	5 to 50 years straight-line
Leasehold improvements	straight-line over expected lease term
Equipment	10% to 30% declining balance, 5 to 10 years straight-line
Computer equipment	3 to 8 years straight-line

An item of property, plant and equipment is derecognized on disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the consolidated statement of income when the asset is derecognized.

The assets' residual values, useful lives and methods of depreciation are reviewed at each financial year-end and adjusted prospectively, if appropriate.

Leases

Finance leases, which transfer to CSA Group substantially all of the risks and benefits incidental to ownership of the leased item, are capitalized at the commencement of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognized in the consolidated statement of income.

Leased assets are depreciated over the shorter of the useful life of the asset and the lease term.

(in thousands of Canadian dollars, except as otherwise noted)

Operating lease payments are recognized as an expense in the consolidated statement of income on a straight-line basis over the lease term.

Lease inducements

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

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that take a substantial period of time to get ready for their intended use, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use. All other borrowing costs are recognized in the consolidated statement of income in the period in which they are incurred.

Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less accumulated amortization and accumulated impairment losses. Internally generated intangible assets are capitalized if certain criteria, including technical feasibility, availability for use and probable future economic benefit, are met. Accreditation agreements are subject to regular compliance inspections and audits and requalification audits. Accreditations can be revoked in instances of unaddressed non-conformance, which have a very low probability of occurring. Hence, these assets are considered to have an indefinite life.

Definite-lived intangible assets	
Customer relationships and lists	straight-line over expected useful lives ranging from 15 to 22 years
Agency agreements	straight-line over expected useful life of 5 years
Non-compete contracts	straight-line over expected useful lives ranging from 2 to 5 years
Computer software	straight-line over expected useful lives ranging from 3 to 10 years
Proprietary technology	25% declining balance
Indefinite-lived intangible assets	
Accreditation agreements	indefinite life

Goodwill

Goodwill represents the excess of the cost of an acquired entity over the fair value of the identifiable assets acquired and liabilities assumed less any subsequent writedowns for impairment. Goodwill is allocated to each CGU unit or group of CGUs that are expected to benefit from the related business combination. Goodwill is subject to an annual impairment test or whenever events or circumstances indicate the carrying amount may not be recoverable. Goodwill impairment is assessed based on a comparison of the recoverable amount (the higher of the fair value less cost to sell or value in use) of a CGU to the underlying carrying value of the CGU's net assets, including goodwill. When the carrying amount of the CGU exceeds its recoverable amount, the recoverable amount of the CGU's goodwill is compared with its carrying amount to measure the amount of impairment, if any.

(in thousands of Canadian dollars, except as otherwise noted)

Provisions

Provisions are recognized when CSA Group: (i) has a present obligation, legal or constructive, as a result of a past event; (ii) it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and (iii) a reliable estimate can be made of the amount of the obligation. Where CSA Group expects some or all of a provision to be reimbursed, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain. The provision is presented in the consolidated statement of income net of any reimbursement. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

Present obligations arising under onerous contracts are recognized and measured as provisions. An onerous contract is considered to exist where CSA Group has a contract under which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received.

Foreign income taxes

The Association and its US subsidiary are not subject to income taxes, while other foreign subsidiaries are subject to income tax in their respective jurisdictions.

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to foreign taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, by the reporting date, in foreign jurisdictions where CSA Group operates and generates taxable income.

Current income tax relating to items recognized directly in net assets or other comprehensive income is recognized in net assets or other comprehensive income and not in the consolidated statement of income. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

In general, deferred income tax is recognized in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. Deferred taxes are recognized for all taxable temporary differences, except where the deferred taxes arises from an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit or loss nor taxable profit or loss. Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associates, except, in the case of subsidiaries, where the timing of the reversal of the temporary difference is controlled by CSA Group and it is probable the temporary difference will not reverse in the foreseeable future.

Deferred income tax is determined on a non-discounted basis using tax rates and laws that have been enacted or substantively enacted at the consolidated statement of financial position date and are expected to apply when the deferred tax asset is realized or liability is settled. Deferred tax assets are recognized to the extent that it is probable the future taxable profit will be available against which the deductible temporary differences can be utilized.

(in thousands of Canadian dollars, except as otherwise noted)

Revenue recognition

Revenue, which is principally from testing, certification, registration and other services, is recorded when the amount of revenue can be reliably measured, if it is probable that future economic benefits will flow to the entity, or when specific criteria have been met for each of the activities as described below. Revenue from the sale of goods is recognized when they are shipped. Annual fees are recorded as revenue in the period to which they relate. Standards development and other revenues are recognized based on percentage of completion. Amounts received and receivable for services not yet rendered, or annual fees relating to a future period, are included in current liabilities as customer deposits or deferred revenue, respectively, and are recognized as revenue when earned according to the Association's revenue recognition policy.

CSA Group assesses its revenue arrangements against specific criteria in order to determine whether it is acting as principal or agent. CSA Group has concluded it is acting as a principal in all of its revenue arrangements.

The following specific recognition criteria must also be met before revenue is recognized:

- CSA Group has transferred to the buyer the significant risks and rewards of ownership of the goods or services;
- CSA Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods or services sold;
- the amount of revenue can be measured reliably;
- there is probability that the economic benefits associated with the transaction will flow to CSA Group; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Investment income, which consists of interest, dividends and realized and unrealized gains and losses, is recorded as finance income in the consolidated statement of income.

Interest income

Interest income is recognized as interest accrues using the effective interest rate method, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument to the net carrying amount of the financial asset.

Dividend income

Dividend income is recognized when declared.

(in thousands of Canadian dollars, except as otherwise noted)

Pensions and employee future benefits

CSA Group operates defined benefit pension plans and defined contribution pension plans that require contributions to be made of them. The cost of defined contribution pension plans is charged to the consolidated statement of income as they are earned by the beneficiary. The cost of providing benefits under the defined benefit plans is determined using the projected unit credit method. The related pension asset or liability recognized in the consolidated statement of financial position is the present value of the defined benefit obligation at the consolidated statement of financial position date less the fair value of plan assets. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high quality corporate bonds that have terms to maturity approximating the terms of the related pension liability.

Actuarial gains and losses are recognized in full in the period in which they occur, in other comprehensive income. Current service costs, past-service costs and net interest expense (income) arising on the net defined benefit liability (asset) are included in the consolidated statement of income.

For funded plans, surpluses are recognized only to the extent the surplus is considered recoverable. Recoverability is primarily based on the extent to which CSA Group can unilaterally reduce future contributions to the plan.

CSA Group has also agreed to provide post-employment health-care benefits to certain employees. These post-employment health-care benefits are unfunded.

Employee compensated balances, such as sick leave, that accumulate but do not vest are recognized in the period in which employees have earned the related benefits in return for their service. The accumulated benefit is discounted to determine its present value as at the consolidated statement of financial position date.

Internally reserved 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. Income generated from the internally reserved net assets is included in unreserved net assets.

3 Significant accounting judgments, estimates and assumptions

The preparation of the Association's consolidated financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the applicable asset or liability in future periods.

The key estimates and assumptions concerning the future and other key sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(in thousands of Canadian dollars, except as otherwise noted)

Business combinations - allocation of purchase price

In business combinations, the Association acquires assets and liabilities of an acquired entity. The allocation of the purchase price involves judgment in determining the fair value of identifiable assets acquired and liabilities and contingent liabilities assumed, if any. The determination of these fair values involves a variety of estimates and assumptions including revenue growth rates, expected operating margins and discount rates. These estimates and assumptions determine the amount allocated to other identifiable intangible assets and goodwill, as well as the amortization period for identifiable intangible assets with finite lives.

Impairment of non-financial assets

CSA Group reviews goodwill and indefinite-lived intangible assets at least annually and other non-financial assets when there is any indication the asset might be impaired. CSA Group has estimated the value in use for any non-financial asset or CGU to which goodwill is allocated or where there is an indication of impairment. The value in use calculation is based on a discounted cash flow model, which requires assumptions about future cash flows, margins and discount rates. Refer to note 12 for more details about methods and assumptions used in these models.

Employee future benefits

The cost of defined benefit pension plans and other post-employment medical benefits and the present value of pension obligations are determined using actuarial valuations. An actuarial valuation involves making various assumptions. These assumptions include the determination of the discount rate, future salary increases, mortality rates, medical cost trend rate and future pension increases. Due to the complexity of the valuation, the underlying assumptions and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions.

In determining the appropriate discount rate, management considers the interest rates of corporate bonds in Canada with at least an AA rating, with extrapolated maturities corresponding to the expected duration of the defined benefit obligation. The underlying bonds are further reviewed for quality, and those having excessive credit spreads are removed from the population of bonds on which the discount rate is based, on the basis that they do not represent high quality bonds.

The mortality rate is based on publicly available mortality tables for Canada. Future salary increases and pension increases are based on expected future inflation rates for Canada and on management's best estimates. Refer to note 22 for more details on these assumptions.

Allowance for doubtful accounts

CSA Group must make an assessment of whether trade receivables and unbilled revenues are recoverable from clients. The allowance estimate is based on management's best assessment of the collectibility of the accounts taking into consideration client creditworthiness, current economic trends and past experience. If future collections differ from estimates, future earnings would be adjusted accordingly.

(in thousands of Canadian dollars, except as otherwise noted)

Revenue recognition

In determining the percentage of completion, management must estimate total contract costs to complete in order to assess the progress of the project, the estimated outcome and whether a provision is necessary to reflect anticipated contract losses. The estimates influence the timing of revenue recognition. The estimated costs to complete are determined using management's best estimates of the outcome of projects.

4 Accounting standards issued and adopted

Future accounting policies

Certain pronouncements were issued by the IASB or the IFRIC that are mandatory for accounting periods on or after April 1, 2015 or later periods. Many are not applicable or do not have a significant impact on the Association and have been excluded. The following have not yet been adopted and are being evaluated to determine their impact on the Association:

a) IFRS 9 - Financial Instruments, effective for annual periods beginning on or after January 1, 2018, addresses the classification, measurement and recognition of financial assets and financial liabilities. IFRS 9 was issued in November 2009, October 2010 and December 2013. It replaces the parts of International Accounting Standard (IAS) 39 that relate to the classification and measurement of financial instruments. IFRS 9 requires financial assets to be classified into two measurement categories: those measured as at fair value and those measured at amortized cost. The determination is made at initial recognition. The classification depends on the entity's business model for managing its financial instruments and the contractual cash flow characteristics of the instrument. For financial liabilities, the standard retains most of IAS 39's requirements. The main change is that, in cases where the fair value option is taken for financial liabilities, the part of a fair value change due to an entity's own credit risk is recorded in other comprehensive income, unless this creates an accounting mismatch. Certain parts of hedge accounting have also been revised under IFRS 9. As part of IFRS 9 the IASB has introduced a new, expected loss impairment model that will require more timely recognition of expected credit losses. Specifically, the new standard requires entities to account for expected credit losses from when financial instruments are first recognized and it lowers the threshold for recognition of full lifetime expected losses. The Association is yet to assess IFRS 9's full impact.

b) IFRS 15 - Revenue from Contracts with Customers deals with revenue recognition and establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. Revenue is recognized when a customer obtains control of a good or service and thus has the ability to direct the use and obtain the benefits from the good or service. The standard replaces IAS 18, Revenue, and IAS 11, Construction Contracts, and related interpretations. The standard is effective for annual periods beginning on or after January 1, 2017 and earlier application is permitted. The IASB recently announced a proposal to delay the effective date to annual periods beginning on or after January 1, 2018.

c) The IASB published narrow scope amendments to IAS 19, Employee Benefits, entitled Defined Benefit Plans: Employee Contributions (Amendments to IAS 19) on November 21, 2013. The narrow scope amendments apply to contributions from employees or third parties to defined benefit plans. The objective

(in thousands of Canadian dollars, except as otherwise noted)

of the amendments is to simplify the accounting for contributions that are independent of the number of years of employee service, for example, employee contributions that are calculated according to a fixed percentage of salary. The issue originated from two submissions to the IFRS Interpretations Committee, which recommended that the IASB amend the standard. The amendments are effective from July 1, 2014 with earlier application permitted.

d) Disclosure Initiative - In December 2014 the IASB published the final standard Disclosure Initiative (Amendments to IAS 1). These amendments to IAS 1, Presentation of Financial Statements, address some of the concerns expressed about existing presentation and disclosure requirements and ensure that entities are able to use judgment when applying IAS 1. The final standard Disclosure Initiative (Amendments to IAS 1) is effective for annual periods beginning on or after January 1, 2016 with earlier application permitted.

The Association has not yet assessed the impact of the above standards and amendments.

There were other pronouncements issued and not yet effective, for which there is no impact for the Association.

Accounting policies effective this year

During the year, the Association adopted the following IFRS standards and amendments to the standards:

a) IAS 32 - Financial Instruments: Presentation, was amended by the IASB in December 2011 to clarify certain aspects of the requirements on offsetting. The amendments focus on the criterion that an entity currently has a legally enforceable right to set off the recognized amounts and the criterion that an entity intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously. The Association adopted this standard as of April 1, 2014 and it had no impact on the consolidated financial statements.

b) IAS 36 - Impairment of Assets, was amended by the IASB in May 2013 to clarify the requirements to disclose the recoverable amounts of impaired assets and require additional disclosures about the measurement of impaired assets when the recoverable amount is based on fair value less costs of disposal, including the discount rate when a present value technique is used to measure the recoverable amount. The Association adopted this standard as of April 1, 2014 and it had no impact on the consolidated financial statements.

c) IFRIC 21 - Levies, was issued in May 2013. IFRIC 21 provides guidance on the accounting for levies within the scope of IAS 37, Provisions, Contingent Liabilities and Contingent Assets. IAS 37 sets out criteria for the recognition of a liability, one of which is the requirement for the entity to have a present obligation as a result of a past event (obligating event). IFRIC 21 clarifies that the obligating event giving rise to a liability to pay a levy is the activity described in the relevant legislation that triggers the payment of the levy. The Association adopted this standard as of April 1, 2014 and it had no significant impact on the consolidated financial statements.

Certain other IFRS, annual improvement projects, and IFRIC were issued or amended and they were not relevant to the Association.

(in thousands of Canadian dollars, except as otherwise noted)

5 Restricted cash

Restricted cash represents GBP11,000 (2014 – GBP4,526,000) held in escrow in respect of the construction of a new building in the United Kingdom.

6 Trade and other receivables

	2015 $	2014 $
Trade and other receivables	67,191	56,249
Unbilled services	8,538	8,964
Other receivables	1,914	2,772
Foreign exchange option contracts	-	(482)
Receivable from related party (note 23)	-	496
Allowance for doubtful accounts	(1,682)	(1,464)
	75,961	66,535

The reconciliation for the allowance for doubtful accounts is as follows:

	2015 $	2014 $
Opening balance	1,464	1,552
Additions to provisions	1,299	780
Amount written off	(1,081)	(868)
	1,682	1,464

The aging analysis of trade receivables past due but not impaired is as follows:

	31 to 60 days $	61 to 90 days $	Over 90 days $	Total $
2015	15,886	7,241	8,206	31,333
2014	15,558	4,110	5,431	25,099

The aging analysis of the allowance for doubtful accounts is as follows:

	31 to 60 days $	61 to 90 days $	Over 90 days $	Total $
2015	125	150	1,407	1,682
2014	100	200	1,164	1,464

(in thousands of Canadian dollars, except as otherwise noted)

7 Inventories

	2015 $	2014 $
Labels and standards	635	497

The cost of inventories recognized as an expense and included in the consolidated statement of income was $751 (2014 - $1,502).

8 Short-term investments

	2015 $	2014 $
Pooled funds	121,781	133,886
Cash held by brokers	126	2,046
	121,907	135,932

9 Property, plant and equipment

Property, plant and equipment in the consolidated statement of financial position are as follows:

	Land $	Buildings $	Leasehold improvements $	Equipment $	Computer equipment $	Total $
Year ended March 31, 2014						
Opening net book value	9,153	26,170	3,407	33,276	2,473	74,479
Additions	831	3,836	426	13,743	851	19,687
Business combinations (note 13)	-	-	-	6,674	-	6,674
Disposals	-	(180)	(19)	(61)	(60)	(320)
Depreciation	-	(1,931)	(847)	(4,660)	(793)	(8,231)
Exchange differences	-	-	4	419	48	471
Closing net book value	9,984	27,895	2,971	49,391	2,519	92,760
At March 31, 2014						
Cost or valuation	9,984	33,302	4,856	61,661	4,889	114,692
Accumulated depreciation	-	(5,407)	(1,885)	(12,270)	(2,370)	(21,932)
Closing net book value	9,984	27,895	2,971	49,391	2,519	92,760
Year ended March 31, 2015						
Opening net book value	9,984	27,895	2,971	49,391	2,519	92,760
Additions	-	11,977	4,451	23,791	2,208	42,427
Disposals	-	(9)	-	(336)	(15)	(360)
Depreciation	-	(2,272)	(821)	(6,001)	(706)	(9,800)
Exchange differences	15	198	36	(536)	(21)	(308)
Closing net book value	9,999	37,789	6,637	66,309	3,985	124,719

(in thousands of Canadian dollars, except as otherwise noted)

	Land $	Buildings $	Leasehold improvements $	Equipment $	Computer equipment $	Total $
At March 31, 2015						
Cost or valuation	9,999	45,463	9,152	84,419	6,865	155,898
Accumulated depreciation	-	(7,674)	(2,515)	(18,110)	(2,880)	(31,179)
Closing net book value	9,999	37,789	6,637	66,309	3,985	124,719

Included in equipment as at March 31, 2015 was an amount of $17,780 (2014 - $7,192) relating to an expenditure for plant equipment in the course of construction. These assets under construction relate to various projects for renovations and building of new laboratory equipment. No depreciation was provided on these assets since they were not available-for-use.

10 Investment in associate

During the year, the Association acquired an additional 37.5% of the shares of CFV Solar Test Laboratory Inc. (CFV), a US company, for $109 (US$100) cash. This share purchase brings the total ownership in this entity to 75%. The Association has been fully consolidating the assets, liabilities and results of operations of CFV from September 1, 2014, following acquisition of control of this entity. These consolidated financial statements include a net loss of $385 from CFV operations from September 1, 2014 to March 31, 2015.

The following summarizes the Association's 37.5% share of assets, liabilities, revenues and loss of CFV for the prior year:

	$
Assets	1,013
Liabilities	282
Revenues	297
Loss	(391)

The investment in CFV was written down by $618 as at March 31, 2014 to reflect an impairment in this investment.

(in thousands of Canadian dollars, except as otherwise noted)

11 Intangible assets

Intangible assets in the consolidated statement of financial position were as follows:

	Customer lists $	Computer software $	Other $	Accreditation agreements $	Total $
Year ended March 31, 2014					
Opening net book value	9,585	5,014	815	8,523	23,937
Additions	-	2,849	-	-	2,849
Business combinations (note 13)	1,692	-	846	-	2,538
Amortization	(625)	(615)	(595)	-	(1,835)
Exchange differences	1,514	22	142	1,596	3,274
Closing net book value	12,166	7,270	1,208	10,119	30,763
As at March 31, 2014					
Cost or valuation	13,875	8,959	3,463	10,119	36,416
Accumulated amortization	(1,709)	(1,689)	(2,255)	-	(5,653)
Closing net book value	12,166	7,270	1,208	10,119	30,763
Year ended March 31, 2015					
Opening net book value	12,166	7,270	1,208	10,119	30,763
Additions	-	3,913	284	-	4,197
Amortization	(670)	(940)	(371)	-	(1,981)
Impairment writedowns	(368)	(16)	(76)	-	(460)
Exchange differences	(711)	(13)	(18)	23	(719)
Closing net book value	10,417	10,214	1,027	10,142	31,800
As at March 31, 2015					
Cost or valuation	12,647	12,769	3,605	10,142	39,163
Accumulated amortization	(2,230)	(2,555)	(2,578)	-	(7,363)
Closing net book value	10,417	10,214	1,027	10,142	31,800

Included in computer software as at March 31, 2015 was an amount of $4,703 (2014 - $2,773), relating to expenditures for software under development. The software under development is not being amortized as it is not available-for-use.

(in thousands of Canadian dollars, except as otherwise noted)

12 Goodwill

Goodwill in the consolidated statement of financial position is as follows:

	2015 $	2014 $
Opening balance	25,773	15,603
Adjustment - fiscal 2013 acquisition	-	179
Acquired through business combinations	-	7,192
Impairment writedown	(2,966)	-
Exchange gains (losses) on translation	(693)	2,799
	22,114	25,773

Goodwill has been allocated to the following CGUs:

	2015 $	2014 $
Sira group of companies	4,992	4,902
CSA Bayern	8,069	8,940
Lighting and wiring	-	3,660
Mi Technologies Group (MiTG)	7,484	7,349
Other CGUs	1,569	922
	22,114	25,773

Following a corporate restructuring in August 2014, $2,966 of goodwill in the lighting and wiring CGU were written down and the remaining assets in this unit were realigned to another CGU.

In assessing the intangible assets and goodwill for impairment as at March 31, 2015 and 2014, CSA Group compared the aggregate recoverable amount of the assets included in the above CGUs to their respective carrying amounts. Recoverable amounts for CGUs tested have been determined based on the value in use of the CGUs using discounted cash flow projections approved by management. Key assumptions included the following:

	2015			2014	
	Sira %	CSA Bayern %	MiTG %	Sira %	CSA Bayern %
Average growth rate < five years	8.4	5.9	10.0	6.2	3.7
Average growth rate > five years	2.0	2.0	2.0	2.0	2.0
Discount rate	12.0	12.0	12.0	12.0	12.0

The above impairment tests resulted in no impairment as at March 31, 2015 and 2014.

(in thousands of Canadian dollars, except as otherwise noted)

13 Business combinations

There were no significant business combination activities in the current year, except for the additional interest acquired in CFV as described in note 10.

On July 28, 2013, the Association through its subsidiary, CSA Certification UK Limited, acquired 100% of the common shares of Mi Technology Investments Limited, based in Leyland, United Kingdom, for cash consideration of $18,161 (GBP10,735,000). The company acquired, which operates under Mi Technologies Group (MiTG), delivers analysis, development and testing services to global manufacturers and suppliers, primarily in the automotive industry. This strategic acquisition is expected to increase the Association's presence in the automotive market and to provide synergies and cross-service opportunities with existing and new customers within the CSA Group.

On July 31, 2013, the Association through its subsidiary, CSA Europe GmbH, acquired certain assets, representing the testing business of BSI Group Deutschland GmbH, based in Germany, for cash consideration of $712 (522,000 euro).

A summary of the fair value of assets acquired and liabilities assumed at the dates of these prior year acquisitions is as follows:

	$
Current assets and liabilities - net	2,850
Property, plant and equipment	6,674
Finance lease liabilities	(381)
Intangible assets	
Customer relationships	1,692
Proprietary technology	846
Goodwill	7,192
Total assets acquired - net	18,873

CSA Group incurred acquisition costs of $955, which were expensed in the consolidated statement of income.

An estimate of MiTG's revenue and income for the period from April 1, 2013 to July 28, 2013 was $4,784 and $599, respectively.

The comparative consolidated statement of income for the year ended March 31, 2014 includes revenues and net income of $10,400 and $778, respectively, for this subsidiary since acquisition.

14 Bank loans

During fiscal 2014, the Association and its subsidiaries entered into a GBP10,500,000 term loan with its principal bankers to assist in the acquisition of MiTG and other assets (note 13). Quarterly repayments of GBP328,100 are required over the eight-year term of the loan. Interest is charged at the rate of Libor plus 2%.

(in thousands of Canadian dollars, except as otherwise noted)

In 2011, the Association and its subsidiaries entered into a 16,000,000 euro non-revolving reducing term loan with its principal banker to assist in the acquisition of strategic companies. Quarterly repayments of 500,000 euro are required over the eight-year term of the loan. Interest is charged at the rate of Euribor plus an agreed margin. Both of the above loans are secured by a general security agreement and a first charge on the Association's head office building located in Toronto, Canada.

Under the terms of the credit facility agreement with its lender, the Association must comply with certain financial covenants. The Association had notified its lender that it was not in compliance with one of these covenants as at September 30, 2014, December 31, 2014 and March 31, 2015, as defined in the credit facility agreement, and indicated that the Association would be compliant with this covenant during fiscal year 2016. The lender acknowledged that the Association had defaulted on this financial covenant and its plan to remediate the default. The lender has approved the Association's plan to remediate the default notwithstanding its rights arising from the default and under the credit facility agreement. As at March 31, 2015, other than the non-compliance mentioned above, the Association was in compliance with all other financial covenants. No reclassification of the bank loans to current liabilities is considered necessary at this time.

15 Trade and other payables

	2015 $	2014 $
Trade payables	21,277	18,571
Accrued expenses	43,176	30,556
	64,453	49,127

16 Other operating expenses

	2015 $	2014 $
Insurance	2,521	2,466
Bad debts	1,369	712
Operating tools and supplies	1,076	971
Bank and credit card charges	1,037	1,049
Other recoveries	(4,840)	-
Other expenses	11,647	10,964
	12,810	16,162

17 Finance income

	2015 $	2014 $
Interest income	45	120
Net foreign exchange gains	5,260	1,999
Gain on short-term investments, net of investment manager fees	15,490	17,678
	20,795	19,797

(in thousands of Canadian dollars, except as otherwise noted)

18 Finance costs

	2015 $	2014 $
Interest on borrowings	795	662
Interest on finance leases	13	15
	808	677

19 Restructuring costs

Following the corporate restructuring during the year, the Association incurred $15,819 of restructuring costs, which are comprised as follows:

	$
Severance and outplacement costs	8,387
Impairment of goodwill and intangible assets	3,426
Onerous lease liability	3,081
Other	925
	15,819

20 Fair values

Due to short-term maturities and variable interest rates, the fair value of the financial assets and liabilities (except those measured at fair value) approximates carrying value.

Fair value hierarchy

The Association uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

- Level 1 - quoted (unadjusted) prices in active markets for identical assets or liabilities;
- Level 2 - inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices); and
- Level 3 - inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

				2015
	Level 1 $	Level 2 $	Level 3 $	Total $
Short-term investments	20	121,887	-	121,907

(in thousands of Canadian dollars, except as otherwise noted)

				2014
	Level 1 $	Level 2 $	Level 3 $	Total $
Short-term investments	2,046	133,886	-	135,932
Foreign exchange option contracts	-	482	-	482
	2,046	134,368	-	136,414

21 Net change in non-cash working capital balances related to operations

	2015 $	2014 $
Trade and other receivables	(5,819)	(7,510)
Inventories	(135)	374
Prepaid expenses	(773)	(1,993)
Trade and other payables	14,334	6,133
Deferred revenue	1,323	1,322
Customer deposits	(6,762)	469
Provisions	2,385	(61)
	4,553	(1,266)
Supplemental cash flow information		
Income taxes paid	1,438	1,576
Interest paid	769	496

22 Employee future benefits

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

The amounts recognized in the consolidated statement of financial position and consolidated statements of income and comprehensive income are as follows:

	2015 $	2014 $
Consolidated statement of financial position		
Accrued pension benefit asset	1,826	9,810
Employee future benefit liability	88,832	70,760
Consolidated statements of income and comprehensive income		
Defined benefit pension plans	15,846	(126)
Defined contribution pension plans	1,234	1,010
Employee future benefit plans	19,705	18,986

(in thousands of Canadian dollars, except as otherwise noted)

The amounts recognized in the consolidated statement of financial position are determined as follows:

	2015		2014	
	Defined benefit pension plans $	**Other benefit plans $**	**Defined benefit pension plans $**	**Other benefit plans $**
Present value of obligations	(349,516)	(88,832)	(290,739)	(70,760)
Fair value of plan assets	364,793	-	328,269	-
Effect of pension asset limit	(13,451)	-	(27,720)	-
	1,826	(88,832)	9,810	(70,760)

The movement in the accrued pension benefit asset (employee future benefits liability) over the year is as follows:

	2015		2014	
	Defined benefit pension plans $	**Other benefit plans $**	**Defined benefit pension plans $**	**Other benefit plans $**
Opening balance	9,810	(70,760)	3,639	(53,182)
Current service cost	(7,522)	(4,211)	(7,520)	(3,448)
Interest cost	674	(3,214)	310	(2,258)
Employer contributions	7,862	-	6,046	-
Remeasurements				
Return on plan assets (excluding interest income)	28,953	-	34,282	-
Effect of changes in				
Demographic assumptions	(5,847)	-	(17,810)	(10,031)
Financial assumptions	(45,869)	(12,057)	12,340	3,616
Experience adjustments	(1,299)	(223)	(503)	(6,865)
Benefits paid	-	1,633	-	1,408
Past service costs	(472)	-	(922)	-
Effect of pension asset limit - excluding interest	15,536	-	(20,052)	-
	1,826	(88,832)	9,810	(70,760)

(in thousands of Canadian dollars, except as otherwise noted)

The movement in the defined benefit obligation over the year is as follows:

	2015		2014	
	Defined benefit pension plans $	**Other benefit plans $**	**Defined benefit pension plans $**	**Other benefit plans $**
Opening balance	290,739	70,760	275,385	53,182
Current service cost	6,797	4,211	6,950	3,448
Past service cost	472	-	922	-
Interest cost	13,044	3,214	11,627	2,258
Benefits paid	(16,424)	(1,633)	(12,028)	(1,408)
Employee contributions	1,873	-	1,910	-
Remeasurements				
Effect of changes in				
Demographic assumptions	5,847	-	17,810	10,031
Financial assumptions	45,869	12,057	(12,340)	(3,616)
Experience adjustments	1,299	223	503	6,865
	349,516	88,832	290,739	70,760

The movement in the fair value of plan assets over the year is as follows:

	Defined benefit pension plans	
	2015 $	**2014 $**
Opening balance	328,269	286,377
Interest income	14,985	12,252
Remeasurements		
Return on plan assets - excluding interest income	29,530	34,834
Employer contributions	7,862	6,046
Employee contributions	1,873	1,910
Benefits paid	(16,424)	(12,028)
Administration expenses	(1,302)	(1,122)
	364,793	328,269

(in thousands of Canadian dollars, except as otherwise noted)

The amounts recognized in the consolidated statement of income are as follows:

	2015		2014	
	Defined benefit pension plans $	**Other benefit plans $**	**Defined benefit pension plans $**	**Other benefit plans $**
Current service cost	7,522	4,211	7,520	3,448
Interest cost	(674)	3,214	(310)	2,258
Past service cost	472	-	922	-
	7,320	7,425	8,132	5,706

The amounts recognized in the consolidated statement of comprehensive income are as follows:

	2015		2014	
	Defined benefit pension plans $	**Other benefit plans $**	**Defined benefit pension plans $**	**Other benefit plans $**
Actuarial (gain) loss	24,062	12,280	(28,309)	13,280
Limit on pension asset	(15,536)	-	20,052	-
	8,526	12,280	(8,257)	13,280

The principal actuarial assumptions used were as follows:

	2015		2014	
	Defined benefit pension plans %	**Other benefit plans %**	**Defined benefit pension plans %**	**Other benefit plans %**
Discount rate	3.59	3.70	4.59	4.60
Inflation rate	2.20	n/a	2.20	n/a
Pension increases	0.20	n/a	0.20	n/a
Future salary increases	3.50	3.50	3.50	3.50
Ultimate health-care cost trend rate	n/a	4.50	n/a	4.50
Mortality table used: 90% of CPM2014 (2013 - UP94 generational)				

(in thousands of Canadian dollars, except as otherwise noted)

Defined benefit plan assets comprise the following:

	2015 %	**2014 %**
Equity instruments	68	69
Debt instruments	30	30
Cash and cash equivalents	2	1
	100	100

The Association's risk management program seeks to minimize adverse effects of risk on the defined benefit plan assets. Defined benefit plan assets are well diversified, such that the failure of any single investment would not have a material impact on the overall value of assets.

The effect of a 0.25% change in the composite discount rate for all pension plans would increase or decrease the defined benefit obligation by $11,403 or $(10,793), respectively.

The effect of a 0.25% change in the rate of inflation would increase or decrease the defined benefit obligation by $10,930 or $(9,037), respectively.

The effect of a 0.45% increase in the pension growth rate for all pension plans would increase the defined benefit obligation by $7,640.

The effect of a 1% change in the health-care cost trend rate on the employee future benefits would increase or decrease the related liability by $17,547 or $(13,910), respectively.

The addition of one year to the mortality rate would increase the defined benefit obligation by $6,088.

Estimated employer contributions and payments for the year ending March 31, 2015 are $7,852 for the defined benefit pension plans and $1,633 for the other benefit plans.

	Next actuarial valuation date	**Last actuarial valuation date**
Defined benefit pension plans		
Salaried employees	December 31, 2016	December 31, 2013
Members of Local 967 of the Canadian Union of Public Employees	December 31, 2016	December 31, 2013
Members of Local 4559 of the Canadian Union of Public Employees	December 31, 2016	December 31, 2013
Designated executive employees	December 31, 2016	December 31, 2013

(in thousands of Canadian dollars, except as otherwise noted)

23 Related party disclosures

The consolidated financial statements include the financial statements of the Association, its subsidiaries and an associated company. The major operating entities are:

	Incorporation country	Functional currency	% Ownership 2015 %	% Ownership 2014 %
Canadian Standards Association	Canada	CAD	-	-
CSA America, Inc.	United States	CAD	100.0	100.0
OnSpeX, Inc.	United States	CAD	100.0	100.0
CFV Solar Test Laboratory, Inc.	United States	USD	75.0	37.5
Canadian Standards Association de Mexico S.A. de C.V.	Mexico	CAD	100.0	100.0
CSA Servicios, S.A. de C.V.	Mexico	CAD	100.0	100.0
CSA India Private Limited	India	CAD	100.0	100.0
Canadian Standards Association (Far East Operations) Ltd.	Hong Kong	CAD	100.0	100.0
OnSpeX Shanghai Co., Ltd.	China	CAD	100.0	100.0
CCIC-CSA International Certification Co., Ltd.	China	CAD	65.0	65.0
CSA Certification UK Ltd.	United Kingdom	GBP	100.0	100.0
Sira Consulting Limited	United Kingdom	GBP	100.0	100.0
Sira Test and Certification Limited	United Kingdom	GBP	100.0	100.0
Sira Environmental Limited	United Kingdom	GBP	100.0	100.0
Sira Certification Service	United Kingdom	GBP	100.0	100.0
CSA Group Capital UK Limited	United Kingdom	GBP	100.0	100.0
CSA Group Switzerland GmbH	Switzerland	Swiss franc	100.0	100.0
CSA Group Europe GmbH	Germany	Euro	100.0	100.0
CSA Group Italy S.r.l.	Italy	Euro	100.0	100.0
CSA Group Bayern GmbH (formerly mikes-testing partners GmbH and emitel GmbH)	Germany	Euro	100.0	100.0
MI Technology Investments Limited	United Kingdom	GBP	100.0	100.0
MI Technology Group Holdings Limited	United Kingdom	GBP	100.0	100.0
MI Automotive Technology Limited	United Kingdom	GBP	100.0	100.0
MI Technology Group Limited	United Kingdom	GBP	100.0	100.0
CSA Group Test and Certification Singapore Pte. Ltd	Singapore	Singapore Dollar	100.0	n/a
CSA Group Japan Ltd.	Japan	Japanese yen	100.0	n/a

During the prior year, CCIC-CSA International Certification Co. Ltd. paid a dividend, of which $1,112 was paid to the non-controlling party. There were no dividends paid by this entity in the current year.

As at March 31, 2014, the Association had an interest bearing US$475,000 secured loan to an associated company, repayable on demand in accordance with specific repayment terms, as set out in the respective loan agreement

(in thousands of Canadian dollars, except as otherwise noted)

Executive management compensation

Aggregate compensation paid to executives of CSA Group who have the authority and responsibility for planning, directing and controlling the activities of CSA Group was $12,401 (2014 - $7,419).

24 Financial risk management objectives and policies

CSA Group's activities are exposed to a variety of financial risks: market risk (including interest rate risk, foreign currency risk and other price risk), credit risk and liquidity risk. The Association's overall risk management program seeks to minimize potential adverse effects of risk on CSA Group's financial performance.

Market risk

Market risk is the risk the fair value or future cash flows of a financial instrument will fluctuate due to changes in market conditions. The market comprises several types of risk: interest rate risk, foreign currency risk and other price risk.

- Interest rate risk

  Interest rate risk refers to the effect on the fair value or future cash flows of an investment due to fluctuations in interest rates. CSA Group's variable interest bank loan is exposed to interest rate risk. CSA Group is not exposed to significant interest rate risk on its other monetary current assets and current liabilities due to their short-term maturities. During the year ended March 31, 2014, all short-term investments in bonds were converted into pooled funds, thereby reducing interest rate risk.

  CSA Group invests surplus cash in bank deposits and short-term money market securities which, due to their short-term nature, do not expose the Association to significant interest rate risks.

  - Interest rate sensitivity

    The following table demonstrates the sensitivity to a reasonably possible change in interest rates on the bank loan. With all other variables held constant, the Association's consolidated statement of income is affected through the impact on bank interest as follows:

	Increase/ decrease %	**Effect on net income and net assets $**
March 31, 2015		
Variable interest rate	+1	(297)
Variable interest rate	-1	297
March 31, 2014		
Variable interest rate	+1	(361)
Variable interest rate	-1	361

(in thousands of Canadian dollars, except as otherwise noted)

The assumed movement in basis points for the interest rate sensitivity analysis is based on the currently observable market environment.

- Foreign currency risk

Foreign currency risk is the risk the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Exposure to the risk of changes in foreign exchange rates relates primarily to CSA Group's operating activities, when revenue or expenses are denominated in a different currency from the Association's functional currency. CSA Group operates globally with significant revenue and expenses denominated mainly in US dollars, Great British pounds and euro. This gives rise to the risk that some of its revenue and cash flows may be impacted by fluctuations in foreign exchange rates between these currencies and the Canadian dollar. CSA Group uses derivative financial instruments as part of its overall risk management policy to manage exposures to foreign exchange risk that result from operations. As at March 31, 2015, the consolidated statement of financial position includes amounts denominated in US dollars, Great British pounds and euro, which represent the following percentages of current assets and current liabilities:

	2015 %	2014 %
Current assets		
US dollars	21	15
Great British pounds	3	4
Euro	6	4
Current liabilities		
US dollars	16	14
Great British pounds	2	5
Euro	8	7

As at March 31, 2015, the Association did not have any outstanding forward foreign exchange contracts. As at March 31, 2014, the Association had outstanding forward foreign exchange contracts for a notional amount of US$31,500,000, extending over nine months and convertible into Canadian dollars within fixed ranges of conversion rates from $1.02 to $1.14. During the year, US$14,000,000 of these contracts were exercised, resulting in a net gain in the consolidated statement of income of $195.

The fair value of these forward foreign exchange contracts amounts to an unrealized loss of $482 as at March 31, 2014.

- Foreign currency sensitivity

The following tables demonstrate the sensitivity to a reasonably possible change in the foreign exchange rates of the US dollar, Great British pound and euro with all other variables held constant, of CSA Group's net income (due to changes in the fair value of monetary assets and liabilities including non-designated foreign currency derivatives) and the Association's net assets. CSA Group's exposure to other foreign currencies is not material.

(in thousands of Canadian dollars, except as otherwise noted)

			2015
	US$	**GBP**	**Euro**
+5%	1,562	394	352
-5%	(1,562)	(394)	(352)

			2014
	US$	**GBP**	**Euro**
+5%	1,017	410	113
-5%	(1,017)	(410)	(113)

- Other price risk

CSA Group has exposure to price risk from short-term investments that are invested in pooled funds. Price risk is the risk the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. During the year ended March 31, 2014, all short-term investments in equities were sold and the proceeds reinvested in pooled funds, thereby eliminating price risk related to individual investments owned by the Association.

Price risk exposure relates to pooled funds and equities whose unit values will fluctuate as a result of changes in market prices, principally investment securities.

	Increase/ decrease in market prices %	**Effect on net income and net assets $**
March 31, 2015		
Change in unit price	+5	6,089
Change in unit price	-5	(6,089)
March 31, 2014		
Change in unit price	+5	6,796
Change in unit price	-5	(6,796)

Credit risk

Credit risk on financial instruments is the risk of financial loss occurring as a result of default or insolvency of a customer or counterparty on its obligations to CSA Group. For CSA Group, credit risk arises from cash and cash equivalents on deposit with banks, short-term investments with investment management companies and credit exposure to customers. Credit risk from balances with banks and financial institutions is managed in accordance with the Association's policy. Derivative transactions are executed only with approved banks. Credit risk for short-term investments is managed by dealing only with counterparties that have a minimum investment rating of A as determined by a recognized rating agency and by regular monitoring.

(in thousands of Canadian dollars, except as otherwise noted)

CSA Group monitors and manages its concentration of counterparty risk on an ongoing basis. Counterparty credit limits are reviewed by the Association's Board of Directors on an annual basis, and may be updated throughout the year subject to the approval of the Association's Finance, Audit and Risk Committee. The limits are set to minimize the concentration of risks and therefore mitigate financial loss through potential counterparty failure.

The carrying values of these instruments represent the maximum credit risk exposure at the consolidated financial statement date. Trade receivable credit risk is mitigated through established credit monitoring activities. These activities include conducting financial and other assessments to establish and monitor a customer's creditworthiness, setting customer limits, monitoring exposure against these limits, and in some instances moving the customer to cash-in-advance terms. The requirement for an impairment is analyzed throughout the year on an individual basis for major clients. The calculation is based on actually incurred historical data.

Liquidity risk

Liquidity risk is the risk of being unable to settle or meet commitments as they come due. Liquidity risk is managed first by keeping operational funds separate from investment funds in accordance with the Association's statement of investment policies and procedures. Second, liquidity risk is further managed by ensuring CSA Group invests in high-quality investments easily disposed of in an active market.

The following table summarizes the amount of contractual undiscounted future cash flow requirements for financial instruments as at March 31:

				2015
	Less than 3 months $	**3 months to 1 year $**	**1 year to 5 years $**	**Total $**
Contractual obligations				
Bank loan	1,302	3,904	24,444	29,650
Finance leases	56	159	269	484
Trade and other payables	64,453	-	-	64,453
	65,811	4,063	24,713	94,587

(in thousands of Canadian dollars, except as otherwise noted)

				2014
	Less than 3 months $	**3 months to 1 year $**	**1 year to 5 years $**	**Total $**
Contractual obligations				
Bank loan	1,644	4,698	29,753	36,095
Finance leases	51	153	460	664
Trade and other payables	48,670	-	457	49,127
Foreign exchange option contracts	399	83	-	482
	50,764	4,934	30,670	86,368

Capital management

The Association's objectives when managing capital are to safeguard CSA Group's mission of providing a better, safer and more sustainable environment where standards work for people and business. The capital resources are managed to seek growth through development and expansion of existing assets and programs and to ensure the financial covenants related to its bank loans are met. The Association considers net assets and debt as its capital structure and through the Board of Directors has developed several internal requirements to review and monitor this metric. The overall objectives for managing capital are unchanged from the previous year.

25 Contingencies, commitments and guarantees

Operating lease commitments

The Association has entered into operating leases, as the lessee, requiring rental payments as follows:

	2015 $	**2014 $**
Within one year	8,127	7,278
After one year but not more than five years	24,423	22,419
More than five years	19,316	18,109
	51,866	47,806

Capital commitments

At March 31, 2015, CSA Group had commitments of $2,360 (2014 - $11,100) relating to the purchase and installation of laboratory and test equipment, building and building improvements for the following fiscal year. There are no other capital commitments extending beyond fiscal 2016 as at March 31, 2015.

Litigation and contingent liabilities

CSA Group 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. CSA Group carries insurance for such actions, and any loss, to the extent that it is not

(in thousands of Canadian dollars, except as otherwise noted)

fully covered by these insurance policies, is charged to operations in the period in which the liability is determined.

Guarantees

In accordance with the terms of a lease agreement, the Association has guaranteed the future lease commitment to a lessor with respect to a lease assigned to the purchaser of the QMI division. The lease commitment as at March 31, 2015 amounts to $2,164 (2014 - $2,547) and expires in 2020. The fair value of the guarantee is not determinable.

26 Comparative figures

The comparative consolidated financial statements have been reclassified from the consolidated financial statements previously presented to conform to the presentation of the 2015 consolidated financial statements.

CSA Group - Head Office
178 Rexdale Blvd.
Toronto, Ontario
Canada M9W 1R3
Tel: 416-747-4000

CSA Group is an independent, not-for-profit membership association dedicated to safety, social good and sustainability. Its knowledge and expertise encompass standards development; training and advisory solutions; global testing and certification services across key business areas including hazardous locations and industrial, plumbing and construction, medical, safety and technology, appliances and gas, alternative energy, lighting and sustainability; as well as consumer product evaluation services. The CSA certification mark appears on billions of products worldwide.

We are dedicated to making standards work for people and business.

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