

BRITISH COLUMBIA ASSETS AND LAND CORPORATION

FINANCIAL STATEMENTS


FOR THE YEAR ENDED MARCH 31, 2000

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING


The financial statements of British Columbia Assets and Land Corporation have been prepared by management in accordance with generally accepted accounting principles. The financial statements present fairly the financial position of the company as at March 31, 2000 and the results of its operations and the changes in its financial position for the year then ended.

Management is responsible for the integrity of the financial statements and has established systems of internal control to provide reasonable assurance that assets are safeguarded, transactions are properly authorized and financial records are properly maintained to facilitate the preparation of reliable financial statements in a timely manner.

The Auditor General of British Columbia has performed an independent audit of British Columbia Assets and Land Corporation. The Auditor's Report outlines the scope of this independent audit and expresses an opinion of the financial statements of British Columbia Assets and Land Corporation.



Cassie J. Doyle
President & CEO



H.F. (Hugh) Wilzewski, CA
Executive Financial Officer



Report of the Auditor General of British Columbia

To the Shareholder of British Columbia Assets and Land Corporation:

I have audited the balance sheet of the *British Columbia Assets and Land Corporation* as at March 31, 2000 and the statements of operations and retained earnings and cash flows for the year then ended. These financial statements are the responsibility of the Corporation's management. My responsibility is to express an opinion on these financial statements based on my audit.

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

In my opinion, these financial statements present fairly the financial position of the *British Columbia Assets and Land Corporation* as at March 31, 2000 and the results of its operations and cash flows for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

*Victoria, British Columbia
May 19, 2000*

Wayne Strelieff, CA
Auditor General

BRITISH COLUMBIA ASSETS AND LAND CORPORATION
BALANCE SHEET

(in \$,000)

MARCH 31,

	2000	1999
	\$	\$
ASSETS		
Current assets		
Cash	79,133	13,028
Temporary investments (Note 3)	31,602	17,577
Accounts receivable	10,466	8,108
Work-in-progress	4,422	5,442
	<u>125,623</u>	<u>44,155</u>
Mortgage receivable (Note 4)	1,789	-
Property held for sale	16	16
Capital assets (Note 5)	990	172
	<u>128,418</u>	<u>44,343</u>
LIABILITIES		
Accounts payable & accrued liabilities	4,621	743
Deferred revenue	1,083	2
Due to the Province of British Columbia (Note 6)	105,639	27,619
	<u>111,343</u>	<u>28,364</u>
SHAREHOLDER'S EQUITY		
Share capital (Note 13)	-	-
Contributed surplus	13,278	13,278
Retained earnings	3,797	2,701
	<u>17,075</u>	<u>15,979</u>
	<u>128,418</u>	<u>44,343</u>

Contingent liabilities (Note 14)

APPROVED BY THE BOARD:



 Director



 Director

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

BRITISH COLUMBIA ASSETS AND LAND CORPORATION
STATEMENT OF OPERATIONS AND RETAINED EARNINGS

(in \$,000)

YEAR ENDED MARCH 31,	2000	1999
	\$	\$
REVENUES		
Land and project sales	1,978	-
Fees (Note 7)	21,470	15,256
Recoverable costs (Note 8)	7,391	535
Interest earned (Note 9)	2,040	850
Other revenue	129	138
	<u>33,008</u>	<u>16,779</u>
EXPENSES		
Administration	1,250	683
Amortization	225	62
Contract services	2,416	2,281
Project costs (Note 8)	7,463	608
Rent	995	788
Salaries and benefits	10,850	10,868
Telecommunication and systems	1,713	1,334
	<u>24,912</u>	<u>16,624</u>
NET INCOME FOR THE YEAR	8,096	155
RETAINED EARNINGS - BEGINNING OF YEAR	2,701	2,546
DIVIDEND DECLARED (Note 10)	<u>(7,000)</u>	-
RETAINED EARNINGS - END OF YEAR	<u>3,797</u>	<u>2,701</u>

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

BRITISH COLUMBIA ASSETS AND LAND CORPORATION
STATEMENT OF CASH FLOWS

(in \$,000)

YEAR ENDED MARCH 31,	2000	1999
	\$	\$
OPERATING ACTIVITIES		
Net income	8,096	155
Items not affecting cash:		
Amortization of capital assets	225	62
Net (increase) decrease in non-cash working capital		
Accounts receivable	(2,358)	(7,467)
Work-in-progress	1,020	(5,171)
Mortgage receivable	(1,789)	-
Accounts payable	3,878	505
Deferred revenue	1,081	2
Due to the Province	78,020	26,948
Dividend payable	(7,000)	-
	<u>81,173</u>	<u>15,034</u>
Investing activities		
(Increase) in equipment	(1,043)	(107)
NET INCREASE IN CASH	<u>80,130</u>	<u>14,927</u>
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	30,605	15,678
CASH AND CASH EQUIVALENTS - END OF YEAR	<u><u>110,735</u></u>	<u><u>30,605</u></u>
Cash and cash equivalents consist of:		
Cash	79,133	13,028
Temporary investments	31,602	17,577
	<u><u>110,735</u></u>	<u><u>30,605</u></u>

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

BRITISH COLUMBIA ASSETS AND LAND CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2000
(tabular amounts in \$,000)

1. The Corporation

British Columbia Assets and Land Corporation (the "Corporation"), wholly owned by the Province of British Columbia, was incorporated under the *Company Act of British Columbia*, on January 5, 1983, as W.L.C. Developments Ltd. Effective June 1, 1998, the Corporation's name changed to British Columbia Assets and Land Corporation.

The Corporation's three major divisions and principal objectives are:

- Development and Marketing Division - develop and market Crown lands on behalf of the Province of British Columbia;
- Land Management Division - administer Crown land tenures on behalf of the Province of British Columbia; and
- Business Partnerships Division - manage the marketing of, or public/private partnership arrangements concerning, major government assets or operations on behalf of the Province of British Columbia.

The Corporation is exempt from federal and provincial income taxes.

2. Significant accounting policies

Financial statements are prepared in accordance with generally accepted accounting principles.

Cash and temporary investments include moneys held by the corporation on behalf of the Province of British Columbia from funds received from sales of crown lands and collection of fees that are not part of the corporation's revenues and expenses. These amounts are offset by an amount due to the Province.

Temporary investments consist of units in Province of British Columbia Pooled Investment Portfolios. Units are carried at the lower of cost adjusted by income attributed to the units, and market value. Income attributed to the units represents the unitholder's share of interest earned by the Portfolio and may be realized upon sale of units.

Work-in-progress represents eligible development and marketing expenses incurred to promote the sale of designated Crown land and major government assets. These expenses are recoverable when the Crown land or assets are sold or other arrangements made. Operating or administrative expenses of the Corporation are excluded.

Property held for sale represents Whistler, British Columbia landholdings and improvements recorded at the lower of cost and estimated net realizable value.

Capital assets are recorded at cost and amortized on a straight-line basis over their estimated useful lives. Assets costing less than \$1,000 are expensed in the year purchased.

Computer equipment and software	three years
Furniture and equipment	five years
Leasehold improvements	over the term of the lease

BRITISH COLUMBIA ASSETS AND LAND CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2000
(tabular amounts in \$,000)

2. Significant accounting policies (continued)

Fees are recognized from:

- Land sales when all material requirements related to the transactions have been met and the appropriate cash down payment or appropriate security has been received;
- Crown land tenures when the tenures are due; and
- Government asset sales in accordance with the contractual obligation for the sale of the asset.

Use of estimates The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts and disclosures of work-in-progress at the date of the financial statements. Actual results could differ from these estimates.

3. Temporary investments

	<u>2000</u>	<u>1999</u>
Cost	31,602	17,577
Unrealized gain	3	10
Market Value	<u>31,605</u>	<u>17,587</u>

4. Mortgage receivable

The Corporation accepted a 1st mortgage from Blackcomb Skiing Enterprises Limited Partnership for the sale of land. This is a 30-month mortgage at 4% interest. The principal and interest is payable at maturity.

5. Capital assets

	<u>2000</u>			<u>1999</u>
	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net</u>	<u>Net</u>
Computer equipment and software	855	250	605	115
Furniture and equipment	243	35	208	54
Leasehold improvements	<u>200</u>	<u>23</u>	<u>177</u>	<u>3</u>
	<u>1,298</u>	<u>308</u>	<u>990</u>	<u>172</u>

6. Due to the Province of British Columbia

The Corporation, pursuant to a number of different agreements, collects moneys on behalf of the Province of British Columbia and remits to the Province their portion.

During the past year the Corporation has not remitted to the Province their portion of land sales or land tenure fees collected.

BRITISH COLUMBIA ASSETS AND LAND CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2000
(tabular amounts in \$,000)

6. Due to the Province of British Columbia (continued)

	<u>2000</u>	<u>1999</u>
Due to (from) the Province		
Land sales	68,930	27,868
Land tenure	20,696	(11,383)
Asset disposition	403	-
Interest	1,334	-
Trade	7,276	11,134
Dividend	<u>7,000</u>	<u>-</u>
	<u>105,639</u>	<u>27,619</u>

7. Fees

	<u>2000</u>	<u>1999</u>
Development and Marketing	4,985	2,908
Land Management	12,894	12,292
Business Partnerships	<u>3,591</u>	<u>56</u>
	<u>21,470</u>	<u>15,256</u>

8. Recoverable costs and project costs

On completion of Crown land and asset sales, the Corporation is reimbursed all eligible project costs related to the sale.

9. Interest earned

Interest earned on funds held on behalf of the Province is reported as income of the Corporation as authorized by the Delegation Agreement signed with the Province of British Columbia.

10. Dividends

The Corporation declared a \$7,000,000 dividend on March 30, 2000. As of March 31, 2000 the dividend had not been paid.

11. Related party transactions

The Corporation is related through common ownership to all Province of British Columbia ministries, agencies and Crown corporations. Transactions with these entities, unless disclosed separately, are generally considered to be in the normal course of operations and are recorded at the exchange amount.

The Corporation is economically dependent upon the Province to provide Crown land and major government assets to market and sell, and on the assignment of responsibility for administering Crown land tenures as a means of generating revenue.

BRITISH COLUMBIA ASSETS AND LAND CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2000
(tabular amounts in \$,000)

12. Pension plan

The Corporation and its employees contribute to the Public Service Pension Plan in accordance with the *Pension (Public Service) Act*. The plan is a defined benefit plan and is administered by the Superannuation Commission of the Province of British Columbia. The Province of British Columbia has statutory responsibility for any unfunded liability.

The most recent actuarial valuation (March 31, 1999) has determined the Plan is in a surplus position. During the year, employer contributions of \$384,819 were refunded to the Corporation, which was credited to salaries and wages.

13. Share capital

The Corporation has authorized capital consisting of 10,000 common shares with no share value. The Minister of Agriculture, Food and Fisheries holds the one common share issued as representative of Her Majesty the Queen in right of the Province of British Columbia.

14. Contingent liabilities

The Corporation is the defendant in legal actions and it is not expected that the ultimate outcome of these claims will have a material effect on the financial position of the Corporation.

15. Commitments

The Corporation has entered into facilities leases for office space expiring on various dates to 2005. Future minimum payments under these leases are as follows:

2001	1,278
2002	1,291
2003	1,326
2004	1,286
2005	<u>1,140</u>
Total	<u>6,321</u>

16. Comparative figures

Certain 1999 comparative figures have been reclassified to conform to the presentation adopted in the current year.