

Auditors' Report and Financial Statements of

BRITISH COLUMBIA TRADE DEVELOPMENT CORPORATION

March 31, 2003

Deloitte & Touche LLP
P.O. Box 49279
Four Bentall Centre
2800 - 1055 Dunsmuir Street
Vancouver, British Columbia
V7X 1P4

Tel: 604-669-4466
Fax: 604-685-0395
www.deloitte.ca

**Deloitte
& Touche**

Auditors' Report

To the Lieutenant Governor in Council,
Province of British Columbia

We have audited the balance sheet of British Columbia Trade Development Corporation as at March 31, 2003 and the statements of revenues, expenditures and unappropriated equity and cash flows for the year then ended. These financial statements are the responsibility of the Corporation's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Corporation as at March 31, 2003 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

The financial statements as at March 31, 2002 and for the year then ended were audited by other auditors who expressed an opinion without reservation on those statements in their report dated May 9, 2002.

Deloitte & Touche LLP

Chartered Accountants
Vancouver, British Columbia
April 30, 2003

Deloitte
Touche
Tohmatsu

BRITISH COLUMBIA TRADE DEVELOPMENT CORPORATION

Balance Sheet

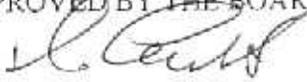
March 31, 2003

(Amounts in thousands of dollars)

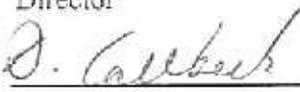
	<u>2003</u>	<u>2002</u>
ASSETS		
CURRENT		
Cash and short-term investments	\$ 5,941	\$ 2,891
Accounts receivable	2	-
	<u>5,943</u>	<u>2,891</u>
LOAN GUARANTEE RESERVE FUND (Note 3)	-	2,500
INVESTMENT	50	50
	<u>\$ 5,993</u>	<u>\$ 5,441</u>
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities	\$ 7	\$ 24
LOAN GUARANTEE RESERVE LIABILITIES (Note 3)	-	2,500
	<u>7</u>	<u>2,524</u>
UNAPPROPRIATED EQUITY	5,986	2,917
	<u>\$ 5,993</u>	<u>\$ 5,441</u>

CONTINUANCE OF OPERATIONS (Note 1)

APPROVED BY THE BOARD



Director



Director

BRITISH COLUMBIA TRADE DEVELOPMENT CORPORATION
Statement of Revenues, Expenditures and Unappropriated Equity

Year ended March 31, 2003

(Amounts in thousands of dollars)

	<u>2003</u>	<u>2002</u>
REVENUES		
Investment income	\$ 352	\$ 116
Other	138	2
	<u>490</u>	<u>118</u>
EXPENDITURES		
Office and other	8	-
Professional services	7	7
	<u>15</u>	<u>7</u>
	475	111
GAIN ON SALE OF SHARES	94	-
DECREASE IN LOAN GUARANTEE RESERVE (Note 3)	2,500	-
EXCESS OF REVENUES OVER EXPENDITURES	3,069	111
UNAPPROPRIATED EQUITY, BEGINNING OF YEAR	2,917	2,806
UNAPPROPRIATED EQUITY, END OF YEAR	\$ 5,986	\$ 2,917

BRITISH COLUMBIA TRADE DEVELOPMENT CORPORATION

Statement of Cash Flows

Year ended March 31, 2003

(Amounts in thousands of dollars)

	<u>2003</u>	<u>2002</u>
OPERATING ACTIVITIES		
Excess of revenues over expenditures	\$ 3,069	\$ 111
Items not affecting cash		
Gain on sale of shares	(94)	-
Loan guarantee reserve	(2,500)	-
Change in non-cash working capital		
Accounts receivable	(2)	1
Accounts payable and accrued liabilities	(17)	15
	<u>456</u>	<u>127</u>
INVESTING ACTIVITIES		
Decrease in loan guarantee reserve fund	2,500	-
Proceeds from share sale	94	-
	<u>2,594</u>	<u>-</u>
INCREASE IN CASH AND SHORT-TERM INVESTMENTS	3,050	127
CASH AND SHORT-TERM INVESTMENTS, BEGINNING		
OF YEAR	2,891	2,764
CASH AND SHORT-TERM INVESTMENTS, END OF YEAR	\$ 5,941	\$ 2,891

BRITISH COLUMBIA TRADE DEVELOPMENT CORPORATION

Notes to the Financial Statements

Year ended March 31, 2003

(Amounts in thousands of dollars)

1. NATURE OF BUSINESS AND CONTINUANCE OF OPERATIONS

British Columbia Trade Development Corporation (the "Corporation") was established under the Trade Development Corporation Act. The principal role of the Corporation was to promote the sale of British Columbia goods and services to markets outside British Columbia by providing advice and assistance to export enterprises on terms and conditions the Corporation considers advisable. The Corporation is a Crown corporation and is exempt from income taxes. In its 1996 budget, the Province of British Columbia (the "Province") announced the Corporation would be wound up and its existing functions would be amalgamated with the Ministry of Employment and Investment.

In 1996, Bill 17, Section 22 was passed to allow commencement of the orderly wind-up of the Corporation, whereby:

- the Trade Development Corporation Act will be repealed;
- the board of directors will be reduced to not more than three directors;
- the Corporation will continue as a corporation;
- all of the rights, property and assets of the Corporation will be transferred to the Province; and
- all the obligations and liabilities of the Corporation will be assumed by the Province.

These financial statements have been prepared on the going-concern basis which assumes the Corporation will realize its assets and discharge its liabilities in the normal course of business and, to the extent not realized by the time it is dissolved, will transfer its assets and liabilities to the Province at their carrying values. The financial statements do not reflect all of the adjustments in the carrying value of assets and liabilities, the reported revenues and expenditures, and the balance sheet classifications used, that would be necessary if the above assumptions were not appropriate.

As a result of the final resolution of the loan guarantee reserve during 2003 and the sale of various investments, the Corporation will be wound up in its 2004 fiscal year.

2. SIGNIFICANT ACCOUNTING POLICIES

As prescribed by Section 9(6) of the Trade Development Corporation Act, the financial statements of the Corporation are prepared according to Canadian generally accepted accounting principles and include the following significant accounting policies:

(a) Cash and short-term investments

Cash and short-term investments includes short-term money market instruments which, on acquisition, have a term to maturity of three months or less.

BRITISH COLUMBIA TRADE DEVELOPMENT CORPORATION

Notes to the Financial Statements

Year ended March 31, 2003

(Amounts in thousands of dollars)

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(b) *Investment*

Investment consists of the Corporation's 15% (2002 - 15%) interest in Northstar Trade Finance Inc. The investment is accounted for by the cost method as the Corporation does not have significant influence over the operating, financing and investing decisions related to the investment.

(c) *Foreign currency translation*

Assets and liabilities denominated in foreign currencies are translated into Canadian dollars at the rates of exchange at the balance sheet date. Revenues and expenses are translated at the average rates of exchange prevailing during the period. Foreign exchange gains or losses are included in income for the period.

(d) *Investment income*

Investment income is reported net of legal and consulting fees of \$25 (2002 - \$64) related to the administration of the Province's Export Loan Guarantee Program.

(e) *Use of estimates*

The preparation of financial statements in accordance with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingencies at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

(f) *Fair values*

The fair values of the Corporation's cash, amounts receivable, and amounts payable approximate their carrying values.

BRITISH COLUMBIA TRADE DEVELOPMENT CORPORATION

Notes to the Financial Statements

Year ended March 31, 2003

(Amounts in thousands of dollars)

3. LOAN GUARANTEE RESERVE FUND

The Province authorized the Corporation to administer the Province's Export Loan Guarantee Program. Funding for the program is from the operating grant that the Corporation receives from the Province. Commencing in 1997, the Corporation no longer administers this program; therefore, no grants have been received from the Province. Transactions during the year of the Loan Guarantee Reserve Fund are as follows:

	<u>2003</u>	<u>2002</u>
Balance, beginning of year	\$ 2,500	\$ 2,500
Add: Investment income	25	64
Deduct: Legal and consulting fees	(25)	(64)
Decrease in loan guarantee reserve	<u>(2,500)</u>	<u>-</u>
Balance, end of year	\$ -	\$ 2,500

The opening balance in the reserve fund relates to a legal matter that was outstanding at the end of the prior year. In the current year, this matter was settled. As a result, there is no further requirement to maintain the loan guarantee reserve fund since no litigation issues remain and no further payments are required.

4. PENSION PLAN

A pension plan was established by the Corporation for the benefit of its retired employees. However, the related pensioner benefits are paid from the public service pension inflation adjustment account, not by the Corporation, and as a result, no accrued benefit obligation is recorded in these financial statements.