

FINANCIAL STATEMENTS OF THE

INDUSTRY TRAINING AND
APPRENTICESHIP COMMISSION

FOR THE PERIOD FROM APRIL 1, 2003 TO
JANUARY 1, 2004

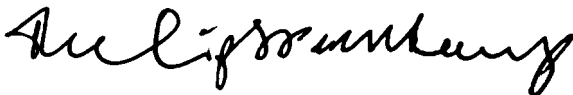
**INDUSTRY TRAINING AND APRENTICESHIP COMMISSION
FINANCIAL STATEMENTS
FOR THE PERIOD FROM APRIL 1, 2003 TO JANUARY 1, 2004**

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The financial statements of the Industry Training and Apprenticeship Commission have been prepared by management in accordance with Canadian Generally Accepted Accounting Principles. The financial statements present fairly the financial position of the Commission as at January 1, 2004, and the results of its operations and the changes in its financial position for the period from April 1, 2003 to January 1, 2004.

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 the Industry Training and Apprenticeship Commission. The Auditor's Report outlines the scope of this independent audit and expresses an opinion of the financial statements of the Industry Training and Apprenticeship Commission.



Philip Steenkamp
Member, Transitional Board
April 8, 2004



Report of the Auditor General of British Columbia

*To the Member of the Transitional Board
of the Industry Training and Apprenticeship Commission, and*

*To the Minister of Advanced Education,
Province of British Columbia:*

I have audited the balance sheet of the *Industry Training and Apprenticeship Commission* as at January 1, 2004 and the statements of revenues and expenses and cash flows for the period from April 1, 2003 to January 1, 2004. These financial statements are the responsibility of the Commission's management. My responsibility is to express an opinion on these financial statements based on my audit.

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

In my opinion, these financial statements present fairly, in all material respects, the financial position of the *Industry Training and Apprenticeship Commission* as at January 1, 2004 and the results of its operations and its cash flows for the period from April 1, 2003 to January 1, 2004, in accordance with Canadian generally accepted accounting principles.

Wayne Strelieff

Wayne Strelieff, FCA
Auditor General

*Victoria, British Columbia
February 20, 2004*

INDUSTRY TRAINING AND APPRENTICESHIP COMMISSION

BALANCE SHEET AS AT JANUARY 1, 2004

	After wind up January 1, 2004 (Note 2)	Before wind up January 1, 2004 (Note 2)	March 31, 2003
Assets			
Balance in the Special Account (Note 4)	\$	\$ 5,361,143	\$ 5,884,979
Accounts Receivable		-	26,927
Capital Assets (Note 5)		484,822	400,469
	<u>\$</u>	<u>\$ 5,845,965</u>	<u>\$ 6,312,375</u>
Liabilities			
Accounts Payable and Accrued Liabilities	\$ -	\$ -	\$ 451,848
Accrued Employee Leave Entitlements (Note 6)	-	-	128,505
Capital Lease	-	13,161	45,050
Deferred Capital Contributions (Note 7)	-	2,466,275	2,334,754
		2,479,436	2,960,157
Accumulated Excess of Revenues over Expenses		3,366,529	3,352,218
	<u>\$</u>	<u>\$ 5,845,965</u>	<u>\$ 6,312,375</u>

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

Approved by the Transitional Board:


Member, Transitional Board

INDUSTRY TRAINING AND APPRENTICESHIP COMMISSION

STATEMENT OF REVENUES AND EXPENSES FOR THE PERIOD FROM APRIL 1, 2003 TO JANUARY 1, 2004

	Period April 1, 2003 to January 1, 2004	Year ended March 31, 2003
Revenues		
Contributions from the Province (Note 11)	\$ 54,010,670	\$ 78,377,000
Other Contributions (Note 8)	-	(1,630,000)
Licences and Permits	124,892	445,667
Amortization of Deferred Contributions (Note 7)	58,479	244,327
	<u>54,194,041</u>	<u>77,436,994</u>
Expenses		
Contributions to Industry Training and Apprenticeship Programs	51,286,109	70,841,475
Salaries and Benefits	1,627,861	4,299,203
Building Occupancy Charges (Note 11)	139,433	637,101
General Office and Business Expenses	86,582	337,226
Information Systems Operating Costs (Note 11)	70,466	258,341
Travel	94,676	257,553
Professional Services	746,735	259,867
Printing, Publications and Marketing	11,373	73,881
Trade Advisory Committees	-	73,133
Board Fees and Expenses	58,016	46,681
Depreciation	58,479	244,327
Wind Up Costs (Note 8)	-	(1,535,675)
	<u>54,179,730</u>	<u>75,793,113</u>
Excess of Revenues over Expenses For the Period	14,311	1,643,881
Accumulated Excess of Revenues over Expenses, Beginning of Period	<u>3,352,218</u>	<u>1,708,337</u>
Accumulated Excess of Revenues over Expenses, End of Period	<u>\$ 3,366,529</u>	<u>\$ 3,352,218</u>

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

INDUSTRY TRAINING AND APPRENTICESHIP COMMISSION

STATEMENT OF CASH FLOWS FOR THE PERIOD FROM APRIL 1, 2003 TO JANUARY 1, 2004

	Period April 1, 2003 to January 1, 2004	Year ended March 31, 2003
Cash Equivalents Used by Operating Activities		
Excess of Revenues over Expenses for the period	\$ 14,311	\$ 1,643,881
Items not affecting Cash Equivalents		
Amortization of Deferred Capital Contributions	(58,479)	(244,327)
Depreciation	58,479	244,327
Decrease in Accounts Receivable	26,927	1,845,415
(Decrease) in Grants and Contributions Payable	-	(3,200,804)
(Decrease) Increase in Accounts Payable and Accrued Liabilities	(451,848)	200,427
(Decrease) in Accrued Employee Leave Entitlements	(128,505)	(212,130)
	<u>(539,115)</u>	<u>276,789</u>
Cash Equivalents Provided by Financing Activities		
Deferred Capital Contribution Received	190,000	850,000
Capital Lease	(31,889)	(38,720)
	<u>158,111</u>	<u>811,280</u>
Cash Equivalents Used by Investing Activities		
Purchase of Capital Assets - Net	(142,832)	(110,354)
	<u>(523,836)</u>	<u>977,715</u>
(Decrease) Increase in Cash Equivalents	(523,836)	977,715
Cash Equivalents, Beginning of Period	5,884,979	4,907,264
Cash Equivalents, End of Period	<u>\$ 5,361,143</u>	<u>\$ 5,884,979</u>
Represented by:		
Balance in the Special Account	<u>\$ 5,361,143</u>	<u>\$ 5,884,979</u>

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

INDUSTRY TRAINING AND APPRENTICESHIP COMMISSION

NOTES TO FINANCIAL STATEMENTS FOR THE PERIOD FROM APRIL 1, 2003 TO JANUARY 1, 2004

Note 1 The Commission

The Industry Training and Apprenticeship Commission (the Commission) was established on November 28, 1997 as a corporation and agent of the Provincial government under the authority of the *Industry Training and Apprenticeship Act*.

The mandate of the Commission was to:

- create an industry driven training and apprenticeship system;
- identify, monitor and assess the needs of the British Columbia labour market for skilled persons;
- expand the number of skilled persons in designated trades and occupations;
- increase the proportion of under-represented groups in designated trades and occupations;
- integrate education and training systems to ensure a smooth transition from school to the workplace;
- promote and encourage continuous skills upgrading, learning and certification;
- develop and expand a system of provincially recognized credentials for designated trades and occupations; and
- ensure efficient and effective use of resources through the coordination and integration of industry training and apprenticeship programs.

Note 2 Wind Up of Commission Operations

As a result of government's Core Services Review of the Commission, the government announced on January 17, 2002 to wind up the affairs of the Industry Training and Apprenticeship Commission. Subsequent to that date, the Industry Training and Apprenticeship Act was amended, providing for the appointment of a transitional board of one member to administer the winding up activities and the transfer of assets and liabilities of the Commission on the direction of the Minister.

On April 30, 2003, the Minister of Advanced Education introduced Bill 34, the Industry Training Authority Act. The Bill provided for the repeal of the Industry Training and Apprenticeship Act and the introduction of the Industry Training Authority Act, under which the Industry Training Authority is established to maintain, develop, monitor and fund training and apprenticeship programs for British Columbia. Effective January 02, 2004, the Industry Training Authority Act was brought into force by Order-In-Council.

Note 9 provides a summary of transfers of assets, liabilities and commitments as a result of the wind up of the Commission. The responsibility for any remaining rights, obligations and contingencies as of the wind up date is assumed by the Province of British Columbia.

INDUSTRY TRAINING AND APPRENTICESHIP COMMISSION

NOTES TO FINANCIAL STATEMENTS FOR THE PERIOD FROM APRIL 1, 2003 TO JANUARY 1, 2004

Note 3 Significant Accounting Policies

(a) Basis of Accounting

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles.

(b) Revenues and Expenses

Contributions received from the Province are recorded as revenue on an accrual basis. Capital funding provided by the Province is recorded as deferred contributions, and recognized as revenue, on the same basis as depreciation expense relating to the capital asset.

Contributions are recognized as expenses in the period that the events giving rise to the contribution occurred, as long as:

- (i) payment has been authorized;
- (ii) eligibility criteria, if any, have been met by the recipient; and
- (iii) a reasonable estimate of the contribution can be made.

(c) Capital Assets

Capital assets are recorded at cost and are depreciated on a straight-line basis over the estimated useful life of the assets as follows:

- Computer Hardware and Software - 5 years;
- System Development Work In Process - not depreciated until completed; and
- Vehicles - lesser of 7 years or term of lease.

Note 4 Balance in the Special Account

The *Industry Training and Apprenticeship Act* established the Industry Training and Apprenticeship Special Account in the general fund of the Province of British Columbia.

This Special Account consisted of:

- money transferred from a vote;
- assessments made on employees or employers for the cost of maintaining an industry training or apprenticeship program;
- fees for services; and
- any other revenues received by the Commission.

INDUSTRY TRAINING AND APPRENTICESHIP COMMISSION

NOTES TO FINANCIAL STATEMENTS FOR THE PERIOD FROM APRIL 1, 2003 TO JANUARY 1, 2004

Note 4 Balance in the Special Account - continued

Money could also be paid out of the Special Account for projects or initiatives undertaken by the Commission, and for the costs of operating and administering the Commission. The Special Account balance was transferred to the General Fund of the Province of British Columbia. (See Note 9)

Note 5 Capital Assets

	January 1, 2004 (before wind up)			March 31, 2003
	Accumulated		Net	Net
	Cost	Depreciation	Book Value	Book Value
Computer Hardware and Software	\$ 369,047	\$ 73,845	\$ 295,202	\$ 78,811
System Software Development In Progress	176,459	-	176,459	276,608
Vehicles	24,955	11,794	13,161	45,050
	<u>\$ 570,461</u>	<u>\$ 85,639</u>	<u>\$ 484,822</u>	<u>\$ 400,469</u>

As part of the wind up of the Commission and its operations, the capital assets were transferred as follows (see Note 9):

Transfer to the Ministry of Advanced Education:

- Self-Registration System – Phase II systems development cost \$ 176,459
- Leased Vehicle 13,161

Transfer to the Industry Training Authority:

- Computer Hardware and Software 295,202
- \$ 484,822

INDUSTRY TRAINING AND APPRENTICESHIP COMMISSION

NOTES TO FINANCIAL STATEMENTS FOR THE PERIOD FROM APRIL 1, 2003 TO JANUARY 1, 2004

Note 6 Accrued Employee Leave Entitlements

The Commission was responsible for the leave entitlements earned by its employees including those that existed prior to its incorporation on November 28, 1997. As a result of wind up of the Commission and its operations, all employees of the Commission and the corresponding accrued employee leave entitlements of \$128,505 were transferred to the Ministry of Advanced Education.

Note 7 Deferred Capital Contributions

The balance is made up of the following:

	January 1, 2004 (before wind up)	March 31 2003
Capital Assets	\$ 471,661	\$ 355,419
Unspent Capital Funding	<u>1,994,614</u>	<u>1,979,335</u>
Total Deferred Capital Contributions	<u>\$ 2,466,275</u>	<u>\$ 2,334,754</u>

Changes in Deferred Capital Contributions are as follows:

Balance, beginning of period	\$ 2,334,754	\$ 1,729,081
Contributions received during the period	190,000	850,000
Amount amortized to revenue	<u>(58,479)</u>	<u>(244,327)</u>
Balance, end of period	<u>\$ 2,466,275</u>	<u>\$ 2,334,754</u>

As a result of wind up of the Commission and its operations, all deferred capital contributions are considered returned to the Province on the transfer of the balance in the Industry Training and Apprenticeship Special Account.

INDUSTRY TRAINING AND APPRENTICESHIP COMMISSION

NOTES TO FINANCIAL STATEMENTS FOR THE PERIOD FROM APRIL 1, 2003 TO JANUARY 1, 2004

Note 8 Wind Up Costs

The 2003 comparatives include the reversal of the wind up costs provision for lease and contract termination and the corresponding receivable from the Province of \$1,630,000, set up in 2002 but that were subsequently not required.

Note 9 Transfers on Wind Up

To the Province of British Columbia:

- Balance in the Industry Training and Apprenticeship Special Account of \$5,361,143, system development costs of \$176,459, and vehicles with a net book value and lease obligations of \$13,161. The Special Account represents a return of unspent deferred capital contribution of \$1,994,614 and the remaining accumulated excess of revenues over expenses of \$3,366,529.
- Responsibility for accrued employee leave entitlement of \$128,505 was transferred prior to the wind up.

To the Industry Training Authority:

- Capital Assets with a net book value of \$ 295,202
- Contractual commitments of \$ 2,434,736

Note 10 Employee Benefit Plans

The Commission and its employees contributed to the Public Service Pension Plan in accordance with the Public Sector Pension Plans Act. The plan is a multi-employer defined benefit plan, and is administered by the British Columbia Pension Corporation on behalf of several public sector organizations.

Under this plan and other collective agreements, the Commission made set contributions to provide for pension, health care and other retirement benefits to its employees. The Commission recognized these contributions as the cost of providing employee benefits, and recorded them as an expense in the year when contribution payments were made.

INDUSTRY TRAINING AND APPRENTICESHIP COMMISSION

NOTES TO FINANCIAL STATEMENTS FOR THE PERIOD FROM APRIL 1, 2003 TO JANUARY 1, 2004

Note 11 Related Party Transactions

- (a) The Commission received \$54,200,670 (March 31, 2003 - \$79,227,000) from the Ministry of Advanced Education. The operating component of \$54,010,670 (March 31, 2003 - \$78,377,000) is reported in the Statement of Revenues and Expenses. The Commission used these revenues to make contributions to industry training and apprenticeship programs at universities, colleges and training schools in British Columbia, and to fund the operations of the Commission. The capital component was \$190,000 in the current period (March 31, 2003 - \$850,000). Deferred Capital Contributions of \$2,466,275 (March 31, 2003 - \$2,334,754) are reported on the Balance Sheet.
- (b) All office facilities were leased through the British Columbia Buildings Corporation. Total lease payments for the period ended December 31, 2003 were \$139,433 (March 31, 2003 - \$637,101).
- (c) The Ministry of Finance provided data processing services to the Commission. Total data processing costs for the period ended December 31, 2003 were \$43,611 (March 31, 2003 - \$215,427).

Note 12 Donated Services

Services for finance and administration, human resources, information management, freedom of information and protection of privacy and communication are provided to the Commission by other ministries. These amounts are not readily quantifiable, so their value has not been included in the financial statements.