

British Columbia Lottery Corporation

# **Consolidated Financial Statements**

Year ended March 31, 2024

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## Statement of Management’s Responsibility for Financial Reporting

The consolidated financial statements of BCLC have been prepared by management in accordance with IFRS Accounting Standards.

The consolidated financial statements present fairly the consolidated financial position of BCLC as at March 31, 2024, and the results of its consolidated financial performance and cash flows for the year then ended.

Management is responsible for the integrity of the consolidated 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 information in a timely manner.

The Board of Directors is responsible for overseeing management in the performance of our financial reporting responsibilities and has approved the consolidated financial statements and other financial information included in this annual report and service plan.

The Audit Committee assists the Board of Directors in discharging its responsibilities. The committee reviews and recommends approval of the consolidated financial statements. It meets periodically with management, and internal and external auditors concerning internal controls and all other matters relating to our financial reporting.

KPMG LLP, Chartered Professional Accountants, have performed an independent audit of BCLC and expressed an unqualified opinion on the consolidated financial statements of BCLC.



**Alan Kerr**

CFO & Vice-President

Finance and Corporate Services



**Pat Davis**

President & CEO

# Independent Auditor's Report

To the Board of Directors of and Minister Responsible for British Columbia Lottery Corporation

## Opinion

We have audited the consolidated financial statements of British Columbia Lottery Corporation (the Entity), which comprise:

- the consolidated statement of financial position as at March 31, 2024
- the consolidated statement of net income and comprehensive income for the year then ended
- the consolidated statement of changes in equity for the year then ended
- the consolidated statement of cash flows for the year then ended
- and notes to the consolidated financial statements, including a summary of material accounting policy information

(Hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the consolidated financial position of the Entity as at March 31, 2024, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board.

## Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the "**Auditor's Responsibilities for the Audit of the Financial Statements**" section of our auditor's report.

We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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

## Responsibilities of Management and Those Charged with Governance for the Financial Statements

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

In preparing the financial statements, management is responsible for assessing the Entity's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity's financial reporting process.

## Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

## Independent Auditor's Report continued

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit 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.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

*KPMG LLP*

Chartered Professional Accountants  
Kamloops, Canada  
June 25, 2024

**Consolidated Statement of Financial Position**

At March 31, 2024 (in thousands of Canadian dollars)

	2024	2023
<b>ASSETS</b>		
Cash and cash equivalents (note 6)	\$ 44,408	\$ 30,893
Accounts receivable (note 7)	89,657	64,528
Prepaid and deferred expenses	21,893	22,824
Inventories (note 8)	10,152	8,916
Commission advances (note 9)	5,140	33,529
Gaming cash floats (note 10)	8,884	47,811
<b>Current assets</b>	<b>180,134</b>	<b>208,501</b>
Prepaid and deferred expenses	3,468	3,433
Commission advances (note 9)	—	1,662
Right-of-use assets (note 11)	55,323	57,376
Property and equipment (note 12)	306,504	298,729
Intangible assets (note 13)	33,787	34,052
Employee benefits (note 14)	82,746	83,990
<b>Non-current assets</b>	<b>481,828</b>	<b>479,242</b>
<b>Total assets</b>	<b>\$ 661,962</b>	<b>\$ 687,743</b>

**Consolidated Statement of Financial Position** continued

At March 31, 2024 (in thousands of Canadian dollars)

	2024	2023
<b>LIABILITIES</b>		
Prizes payable (note 15)	\$ 38,017	\$ 33,589
Accounts payable, accrued and other liabilities (note 16)	116,442	125,203
Short-term financing (note 17)	110,297	140,274
Deferred revenue (note 18)	24,805	23,209
Unsettled wagers (note 19)	6,929	7,110
Lease liabilities (note 11)	5,122	5,799
Due to the Government of British Columbia (note 20)	190,104	177,234
<b>Current liabilities</b>	<b>491,716</b>	<b>512,418</b>
Lease liabilities (note 11)	53,580	54,502
Provisions (note 21)	3,173	3,488
Employee benefits (note 14)	49,772	46,535
<b>Non-current liabilities</b>	<b>106,525</b>	<b>104,525</b>
<b>Total liabilities</b>	<b>598,241</b>	<b>616,943</b>
<b>EQUITY</b>		
Accumulated deficit (note 22)	(17,850)	(17,850)
Accumulated other comprehensive income	81,571	88,650
<b>Total equity</b>	<b>63,721</b>	<b>70,800</b>
<b>Total liabilities and equity</b>	<b>\$ 661,962</b>	<b>\$ 687,743</b>

The accompanying notes are an integral part of these consolidated financial statements.  
Commitments and contingencies are outlined in notes 11, 12 and 26.

Approved on behalf of the Board of Directors:



Greg Moore  
Chair, Board of Directors



Lisa Ethans  
Chair, Audit Committee

**Consolidated Statement of Net Income and Comprehensive Income**

For the year ended March 31, 2024 (in thousands of Canadian dollars)

	2024	2023
<b>Revenue (note 23)</b>	<b>\$ 2,871,296</b>	<b>\$ 2,957,231</b>
<b>Expenses</b>		
Commissions and fees	744,595	771,294
Employee costs	173,525	151,442
Gaming equipment leases and licenses	102,627	96,028
Amortization and depreciation (notes 11, 12 and 13)	74,922	77,428
Systems, maintenance, and ticket distribution	71,305	69,676
Advertising, marketing, and promotions	40,253	39,879
Professional fees and services	15,901	16,771
Ticket printing	15,234	14,453
Cost of premises	6,942	6,663
Net financing costs (note 24)	2,064	1,055
Loss on disposal of property and equipment	799	885
Other	4,209	5,064
	<b>1,252,376</b>	<b>1,250,638</b>
<b>Income from operations before the undernoted</b>	<b>1,618,920</b>	<b>1,706,593</b>
Indirect tax expense (note 28)	70,529	71,051
<b>Net income</b>	<b>1,548,391</b>	<b>1,635,542</b>
<b>Other comprehensive (loss) income</b>		
Item that will never be reclassified to net income:		
Net defined benefit plan actuarial (loss) gain (note 14)	(7,079)	39,454
<b>Total comprehensive income</b>	<b>\$ 1,541,312</b>	<b>\$ 1,674,996</b>

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



**Consolidated Statement of Changes in Equity**

For the year ended March 31, 2024 (in thousands of Canadian dollars)

	Accumulated Deficit	Accumulated Other Comprehensive Income	Total Equity
<b>Balance, April 1, 2022</b>	\$ (17,850)	\$ 49,196	\$ 31,346
Net income	1,635,542	—	1,635,542
Net defined benefit plan actuarial gain (note 14)	—	39,454	39,454
<b>Total comprehensive income</b>	<b>1,635,542</b>	<b>39,454</b>	<b>1,674,996</b>
Payments to the Government of Canada on behalf of the Government of British Columbia (note 25)	(12,026)	—	(12,026)
Distributions to the Government of British Columbia (note 20)	(1,623,516)	—	(1,623,516)
<b>Balance, March 31, 2023</b>	\$ (17,850)	\$ 88,650	\$ 70,800
Net income	1,548,391	—	1,548,391
Net defined benefit plan actuarial loss (note 14)	—	(7,079)	(7,079)
<b>Total comprehensive income</b>	<b>1,548,391</b>	<b>(7,079)</b>	<b>1,541,312</b>
Payments to the Government of Canada on behalf of the Government of British Columbia (note 25)	(12,403)	—	(12,403)
Distributions to the Government of British Columbia (note 20)	(1,535,988)	—	(1,535,988)
<b>Balance, March 31, 2024</b>	\$ (17,850)	\$ 81,571	\$ 63,721

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

**Consolidated Statement of Cash Flows**

For the year ended March 31, 2024 (in thousands of Canadian dollars)

	2024	2023
<b>Cash flows from operating activities:</b>		
Net income	\$ 1,548,391	\$ 1,635,542
Items not involving cash:		
Depreciation (notes 11 and 12)	66,564	64,903
Amortization (note 13)	8,358	12,525
Loss on disposal of property and equipment	799	885
Net benefit plan expense (note 14)	13,057	16,389
Net financing costs (note 24)	2,064	1,055
	<b>1,639,233</b>	<b>1,731,299</b>
Changes in:		
Accounts receivable	(24,948)	2,294
Prepaid and deferred expenses	896	(4,809)
Inventories	(1,236)	1,630
Commission advances	30,051	(1,366)
Gaming cash floats	38,927	(1,150)
Employee benefits	(15,248)	(14,292)
Prizes payable	4,428	(6,821)
Accounts payable, accrued and other liabilities	2,951	4,954
Deferred revenue	1,596	(3,216)
Unsettled wagers	(181)	(7,360)
Provisions	(315)	145
Interest received	4,351	2,970
<b>Net cash from operating activities</b>	<b>1,680,505</b>	<b>1,704,278</b>
<b>Cash flows from financing activities:</b>		
Short-term financing (note 17)	(29,913)	(89)
Interest paid (notes 11 and 17)	(9,561)	(5,119)
Payments on lease liabilities (note 11)	(6,298)	(6,489)
Payments to the Government of Canada on behalf of the Government of British Columbia (note 25)	(12,403)	(12,026)
Distributions paid to the Government of British Columbia (note 20)	(1,523,118)	(1,614,642)
<b>Net cash used in financing activities</b>	<b>(1,581,293)</b>	<b>(1,638,365)</b>
<b>Cash flows from investing activities:</b>		
Additions to property and equipment	(77,892)	(87,102)
Additions to intangible assets	(8,471)	(7,795)
Net proceeds on disposal of property and equipment	666	616
<b>Net cash used in investing activities</b>	<b>(85,697)</b>	<b>(94,281)</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>13,515</b>	<b>(28,368)</b>
Cash and cash equivalents, beginning of year	30,893	59,261
<b>Cash and cash equivalents, end of year (note 6)</b>	<b>\$ 44,408</b>	<b>\$ 30,893</b>

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

## Notes to the Consolidated Financial Statements

For the year ended March 31, 2024 (in thousands of Canadian dollars)

### 1 Corporate information

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British Columbia Lottery Corporation (BCLC or the Corporation) is a crown corporation of British Columbia (B.C.) incorporated under the *Company Act* (B.C.) on October 25, 1984 and continued under the *Gaming Control Act* (B.C.). The Government of British Columbia has delegated BCLC the responsibility to develop, undertake, organize, conduct, manage and operate provincial gaming on behalf of the government. Gaming activities include lottery, casino, bingo, and internet gaming (iGaming).

BCLC is also the B.C. regional marketing organization for national lottery games, which are collective undertakings by the provinces of Canada acting through the Interprovincial Lottery Corporation (ILC).

The address of BCLC's registered office is 74 West Seymour Street, Kamloops, B.C., Canada.

As an agent of the crown, BCLC is not subject to federal or provincial corporate income taxes.

These consolidated financial statements (hereinafter referred to as the 'financial statements') include B.C. Lottotech International Inc., a wholly-owned Canadian subsidiary of BCLC.

These financial statements were authorized for issue by BCLC's Board of Directors (the Board) on June 25, 2024.

### 2 Basis of preparation

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#### (a) Basis of accounting

These financial statements have been prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IFRS).

#### (b) Basis of measurement

These financial statements have been prepared on a historical cost basis except for unsettled wagers and employee benefit plan assets, which are measured at fair value as explained in note 4(b) and note 4(c) respectively.

#### (c) Functional and presentation currency

These financial statements are presented in Canadian dollars, which is the Corporation's functional currency. All financial information has been rounded to the nearest thousand dollars.

## Notes to the Consolidated Financial Statements continued

For the year ended March 31, 2024 (in thousands of Canadian dollars)

### (d) Use of judgments and estimates

The preparation of these financial statements requires management to use judgment in applying accounting policies and to make estimates and assumptions that affect the application of the accounting policies and reported amounts of assets, liabilities, income, and expenses. Actual results may differ from these estimates.

#### i. Judgments

Information about judgments made in applying accounting policies that have the most significant effects on the amounts recognized in the financial statements includes:

- the determination of the presence of control, as defined under IFRS for the basis of consolidation, over gaming facility service providers and lottery retailers (note 4(a));
- whether the Corporation is reasonably certain to exercise extension options under lease agreements (note 4(d)).

#### ii. Estimates

Information about assumptions and estimation uncertainties at the reporting date that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next fiscal year includes:

- key actuarial assumptions used in the measurement of defined benefit obligations for the Corporation's pension and post-retirement benefit plans (note 14(e)(i));
- the valuation of private equity and infrastructure investments in the measurement of plan assets for the Corporation's pension plan (note 14(d)).

Estimates and underlying assumptions are reviewed on an ongoing basis and are consistent with the Corporation's risk management commitments where appropriate. Revisions to accounting estimates are recognized prospectively.

## 3 Changes in material accounting policies

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The Corporation adopted *Disclosure of Accounting Policies* (Amendment to IAS 1 and IFRS Practice Statement 2) from April 1, 2023. Although the amendments did not result in any changes to the accounting policies themselves, they impacted the accounting policy information disclosed in the financial statements.

The amendments require the disclosure of 'material', rather than 'significant', accounting policies. The amendments also provide guidance on the application of materiality to disclosure of accounting policies, assisting the Corporation to provide useful, entity-specific accounting policy information that users need to understand other information in the financial statements.

Management reviewed the accounting policies and made updates to the information disclosed in note 4 Material accounting policies (2023: Significant accounting policies) in line with the amendments.

# Notes to the Consolidated Financial Statements continued

For the year ended March 31, 2024 (in thousands of Canadian dollars)

## 4 Material accounting policies

The Corporation and its subsidiary have consistently applied the following accounting policies to all periods presented in these financial statements:

### (a) Basis of consolidation

Subsidiaries are entities controlled by the Corporation. Control exists when the Corporation is exposed to, or has rights to, variable returns from its involvement with an entity and has the ability to affect those returns through its power over the entity. Intercompany transactions and balances are eliminated on consolidation. The Corporation does not control gaming facility service providers or lottery retailers and therefore these financial statements do not include the financial results of those entities.

### (b) Financial instruments

Financial instrument	Classification	Initial measurement	Subsequent measurement
<b>Financial assets</b>			
Cash and cash equivalents	AC <sup>1</sup>	FV <sup>2</sup>	AC <sup>1</sup>
Accounts receivable	AC <sup>1</sup>	TP <sup>3</sup>	AC <sup>1</sup>
Commission advances	AC <sup>1</sup>	FV <sup>2</sup>	AC <sup>1</sup>
Gaming cash floats	AC <sup>1</sup>	FV <sup>2</sup>	AC <sup>1</sup>
<b>Financial liabilities</b>			
Prizes payable	AC <sup>1</sup>	FV <sup>2</sup>	AC <sup>1</sup>
Accounts payable, accrued and other liabilities	AC <sup>1</sup>	FV <sup>2</sup>	AC <sup>1</sup>
Short-term financing	AC <sup>1</sup>	FV <sup>2</sup>	AC <sup>1</sup>
Unsettled wagers	FVPL <sup>4</sup>	FV <sup>2</sup>	FVPL <sup>4</sup>
Lease liabilities	AC <sup>1</sup>	FV <sup>2</sup>	AC <sup>1</sup>
Due to the Government of British Columbia	AC <sup>1</sup>	FV <sup>2</sup>	AC <sup>1</sup>

<sup>1</sup> For accounting recognition and measurement purposes, classified as amortized cost (AC). Financial assets and financial liabilities are subsequently measured using the effective interest method, less any allowances for expected losses. The effective interest rate is the rate that discounts estimated future cash payments or receipts over the expected life of the financial instrument to the gross carrying amount of the financial asset, or the amortized cost of the financial liability.

<sup>2</sup> For initial recognition purposes, measured at fair value plus or minus transaction costs (FV). Financial assets are initially measured at the present value of future cash flows under the contractual terms plus any directly attributable transaction costs. Financial liabilities are initially measured at fair value less any directly attributable transaction costs.

<sup>3</sup> For initial recognition purposes, measured at transaction price (TP).

<sup>4</sup> For accounting recognition and measurement purposes, classified as fair value through profit or loss (FVPL).

#### i. Financial assets

Financial assets are recognized initially on the trade dates, which is when the Corporation becomes a party to the contractual provisions of the instruments. Financial assets measured at amortized cost are those held in order to collect contractual cash flows that are solely payments of principal and interest on the principal amount outstanding.

## Notes to the Consolidated Financial Statements continued

For the year ended March 31, 2024 (in thousands of Canadian dollars)

Interest income, foreign exchange gains and losses, and impairment are recognized in profit or loss.

The Corporation derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred. Gains or losses on derecognition are recognized in profit or loss.

### ii. Financial liabilities

Financial liabilities are recognized initially on the trade dates, which are the dates the Corporation becomes a party to the contractual provisions of the instruments.

Net gains and losses, including any interest expense and foreign exchange gains and losses, are recognized in profit or loss.

The Corporation derecognizes a financial liability when its contractual obligations expire, are discharged, or are cancelled. On derecognition of a financial liability, the difference between the carrying amount and the consideration paid is recognized in profit or loss.

### iii. Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when the Corporation has a current, legally enforceable right to offset the amounts and intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

## (c) Employee benefits

### Defined benefit plans

The Corporation's obligation in respect of defined benefit plans, as outlined in note 14, is calculated separately for each plan by estimating the amount of the benefit, payable in the future, that employees have earned in return for their service in the current and prior periods. That benefit is then discounted to determine its present value. The calculation of the defined benefit obligation is performed annually by a qualified actuary using the projected unit credit method.

The fair value of any plan assets is deducted from the obligation to determine the net defined benefit liability (asset). When the calculation results in a potential asset for the Corporation, the recognized asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. To calculate the present value of future economic benefits, consideration is given to any applicable minimum funding requirements.

Re-measurements of the net defined benefit liability (asset), which are comprised of actuarial gains and losses, the return on plan assets (excluding interest), and the effect of the asset ceiling (if any, excluding interest), are recognized immediately in other comprehensive income. BCLC determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying a discount rate. This discount rate aligns with the one used to measure the defined benefit obligation at the start of the annual period, factoring in the then-net defined benefit liability (asset) and considering any changes in the net defined benefit liability (asset) during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit plans are recognized in profit or loss as employee costs.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefits that relates to past service, or the gain or loss on curtailment, is recognized immediately in profit or loss as employee costs. The Corporation recognizes gains or losses on the settlement of a defined benefit plan when the settlement occurs.

## Notes to the Consolidated Financial Statements continued

For the year ended March 31, 2024 (in thousands of Canadian dollars)

### (d) Leases

At inception of a contract, the Corporation determines whether the contract contains a lease. A contract contains a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Corporation has elected not to recognize right-of-use assets and lease liabilities for short-term leases with terms of less than 12 months. The Corporation recognizes the payments associated with these leases as an expense, on a straight-line basis, over the lease term.

#### i. Right-of-use asset

The Corporation recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and any estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

A right-of-use asset is depreciated from the commencement date to the end of the lease term, which includes the initial lease term and any optional renewal period if the Corporation is reasonably certain to exercise an option, using the straight-line method. A right-of-use asset will be reduced by impairment losses, if any, and adjusted for the remeasurement of the lease liability.

#### ii. Lease liability

A lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Corporation's incremental borrowing rate. Generally, the Corporation uses its incremental borrowing rate as the discount rate. The Corporation determines its incremental borrowing rate on a lease-by-lease basis by obtaining Government of Canada bond rates that consider both the term of the lease and the liquidity of lease payments.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date; and
- lease payments in an optional renewal period if the Corporation is reasonably certain to exercise an extension option.

Variable lease payments based on revenues or usage are recognized in profit or loss in the period in which the expenses are incurred.

The lease liability is measured at amortized cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an applicable index or rate, if the Corporation changes its assessment of whether it will exercise a purchase, extension or termination option, or if there is a revised in-substance fixed lease payment.



## Notes to the Consolidated Financial Statements continued

For the year ended March 31, 2024 (in thousands of Canadian dollars)

When the lease liability is remeasured, a corresponding adjustment is made to the carrying value of the right-of-use asset; or if the carrying amount of the right-of-use asset has been reduced to zero, the adjustment is recorded in profit or loss.

The Corporation has elected not to separate non-lease components from lease components within a contract and accounts for these as a single lease component.

### (e) Property and equipment

#### i. Recognition and measurement

The Corporation's property and equipment are recorded at cost less accumulated depreciation and any accumulated impairment losses.

Cost includes expenditures that are directly attributable to the acquisition of the asset and bringing the asset to the location and condition for its intended use. The cost of self-constructed assets includes the cost of materials and any other costs directly attributable to bringing the assets to a suitable condition for their intended use. Borrowing costs related to the construction of qualifying assets are capitalized.

When major components of an item of property and equipment have different useful lives, they are accounted for as separate items of property and equipment.

Any gain or loss on disposal of an item of property and equipment is recognized in profit or loss.

#### ii. Subsequent expenditure

Subsequent expenditure is capitalized only if it is probable that the future economic benefits associated with the expenditure will flow to the Corporation.

#### iii. Depreciation

Land and assets under construction are not depreciated. When property and equipment are available for use, they are depreciated over their estimated useful lives on a straight-line basis. Depreciation is based on cost less estimated residual value and based on the following estimated useful lives:

Asset	Rate
<b>Corporate facilities and equipment</b>	
Building	5 to 20 years
Equipment	2 to 15 years
Leasehold improvements	3 to 30 years
<b>Lottery gaming</b>	
Equipment	3 to 10 years
Retail kiosks	2 to 10 years
<b>Casino and community gaming</b>	
Equipment	2 to 8 years

Depreciation methods, useful lives, and residual values are reviewed at each reporting date and adjusted if appropriate.



## Notes to the Consolidated Financial Statements continued

For the year ended March 31, 2024 (in thousands of Canadian dollars)

### (f) Intangible assets

Expenditures incurred in the development or acquisition of computer software products or systems that will contribute to future economic benefits through revenue generation and/or cost reduction are capitalized as intangible assets. Other development costs are recognized as an expense as incurred.

Development expenditures are capitalized only if the expenditures can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable, and the Corporation intends to, and has sufficient resources to, complete development and to use or sell the asset.

The cost of computer software and systems that are acquired by the Corporation includes the purchase price and any expenditures directly attributable to preparing the asset for its intended use. Borrowing costs related to the development of qualifying assets are capitalized.

Intangible assets are measured at cost less accumulated amortization and any accumulated impairment losses.

Assets under development are not amortized. When intangible assets are available for use they are amortized using the straight-line method over their estimated useful lives (2 to 10 years). Amortization methods, useful lives, and residual values are reviewed at each reporting date and adjusted if appropriate.

### (g) Impairment

#### i. Financial assets

Financial assets not classified at fair value through profit or loss are assessed under an expected credit loss model, which requires the recognition of an allowance for expected losses upon recognition of the asset. The Corporation measures loss allowances at an amount equal to the lifetime expected credit losses, which are the losses that result from all possible default events over the expected life of a financial instrument.

Expected credit losses are a probability-weighted estimate of credit losses. Expected credit losses are based on the difference between the cash flows due to the Corporation in accordance with the contract and the cash flows that the Corporation expects to receive, discounted at the effective interest rate of the financial asset. Losses are recognized in profit or loss and are deducted from the gross carrying amount of the assets. If the amount of the credit loss subsequently decreases and the decrease can be related objectively to an event occurring after the expected credit loss was recognized, then the previously recognized credit loss is reversed through profit or loss.

When estimating expected credit losses and determining whether the credit risk of a financial asset has increased significantly since initial recognition, the Corporation considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Corporation's historical experience and informed credit assessment, which includes forward-looking information. The Corporation assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

At each reporting date, the Corporation assesses whether financial assets carried at amortized cost are credit-impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the future cash flows of the financial asset have occurred.

## Notes to the Consolidated Financial Statements continued

For the year ended March 31, 2024 (in thousands of Canadian dollars)

The Corporation considers expected credit risk for these assets at both an individual asset and a collective level. All individually significant assets are assessed for expected credit losses. Assets that are not individually significant are assessed collectively for expected credit losses by grouping together assets with similar risk characteristics.

In the statement of financial position, loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets.

### ii. Non-financial assets

The carrying amounts of non-financial assets, other than inventories and employee benefit plan assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows (cash generating units). An impairment loss is recognized for the amount by which the asset's or cash generating unit's carrying amount exceeds its recoverable amount.

The recoverable amount is the greater of an asset's or cash generating unit's fair value less costs to sell and value in use. Value in use is based on the estimated future cash flows, discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or cash generating unit. Impairment losses are recognized in income and are reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation and amortization, if no impairment loss had been recognized.

### (h) Provisions

A provision is recognized if, as a result of a past event, the Corporation has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognized in profit or loss.

### (i) Revenue

Revenue is measured at the fair value of the consideration received or receivable. Gaming revenue is earned through various distribution channels as either an Administered or Wagered game. Gaming revenue is recognized net of prizes as outlined below.

In Administered Games where the Corporation earns a variable commission, the variable commission exposes the Corporation to a gain or loss depending on the actual amount of the payout versus the expected prize percentage, which is initially accounted for as a financial liability.

Gains on unclaimed prizes arising from regional lottery games are recognized as revenue when they expire. Unclaimed prizes arising from national lottery games are administered by ILC and, accordingly, are not recognized by the Corporation.

Liabilities under customer loyalty programs are reported as unsettled wagers due to their potential to be discharged through the redemption of free play on Wagered Games.

## Notes to the Consolidated Financial Statements continued

For the year ended March 31, 2024 (in thousands of Canadian dollars)

### i. Administered games

In transactions in which the Corporation administers a game amongst players (“Administered Games”), the Corporation recognizes the portion of the wagers retained, and not distributed as prizes, as revenue from operating the game.

Product	Channel	Revenue recognition policy
Lottery draw-based games	LR <sup>1</sup> and PN <sup>2</sup>	Revenue is recognized at the date of the draw. Receipts for lottery tickets sold before March 31 for draws held subsequent to that date are recorded as deferred revenue (note 18) with a corresponding financial liability for the portion to be paid as prizes.
Lottery instant tickets	LR <sup>1</sup>	Revenue is recognized at the point of sale to a player. Instant ticket prizes are recorded as a financial liability at the expected prize percentage concurrently with the recognition of revenue.
Sports betting	LR <sup>1</sup> and PN <sup>2</sup>	Revenue is recognized in the period in which the bets settle. Receipts for bets that are received before March 31 for events that occur subsequent to that date are recorded as deferred revenue with a corresponding financial liability for the portion to be paid as prizes.
Bingo games	GF <sup>3</sup> and PN <sup>2</sup>	Revenue is recognized in the same period in which the games are played.

<sup>1</sup> Revenue is generated through contracted lottery retailers (LR).

<sup>2</sup> Revenue is generated online at PlayNow.com (PN).

<sup>3</sup> Revenue is generated through contracted gaming facility service providers (GF).

### ii. Wagered games

In transactions in which the Corporation and players are wagering against a specific outcome of an event (“Wagered Games”), the Corporation is exposed to gains or losses, which are recognized in revenue.

Product	Channel	Revenue recognition policy
Slot and table games	GF <sup>3</sup> and PN <sup>2</sup>	Revenue is recognized, net of financial liabilities under customer loyalty programs, in the same period in which the games are played.
Lottery draw-based games	LR <sup>1</sup> and PN <sup>2</sup>	Revenue is recognized at the date of the draw. Receipts for lottery tickets sold before March 31 for draws held subsequent to that date are recorded as unsettled wagers (note 19).
Sports betting	LR <sup>1</sup> and PN <sup>2</sup>	Revenue is recognized in the period in which the bets settle. Receipts for bets that are received before March 31 for events that occur subsequent to that date are recorded as unsettled wagers.

<sup>1</sup> Revenue is generated through contracted lottery retailers (LR).

<sup>2</sup> Revenue is generated online at PlayNow.com (PN).

<sup>3</sup> Revenue is generated through contracted gaming facility service providers (GF).

## Notes to the Consolidated Financial Statements continued

For the year ended March 31, 2024 (in thousands of Canadian dollars)

### iii. Non-gaming revenue

Under IFRS 15, revenue earned from the provision of gaming solutions to third parties is recognized in the period it is earned.

### (j) Commissions

Commissions paid to lottery retailers are based on revenue generated and prize payments to players, in accordance with underlying lottery retailer agreements. BCLC recognizes commission expenses at the point of sale to a player for revenue-based commissions and at the point of ticket validation for prize payment-based commissions.

Commissions paid to gaming facility service providers, including commissions for facility investment, are based on revenue generated in accordance with underlying operational services agreements. BCLC recognizes commission expenses in the same period in which the revenues are generated. Commissions paid in advance of revenue being generated are recognized as commission advances on the statement of financial position.

## 5 Financial risk management and fair value

The Corporation has exposure to the following financial risks from its use of financial instruments: credit risk, liquidity risk, and market risk.

This note presents information on how the Corporation manages those financial risks.

	Risks		
	Credit	Liquidity	Market
Cash and cash equivalents	x		
Accounts receivable	x		
Commission advances	x		
Gaming cash floats	x		
Prizes payable		x	
Accounts payable, accrued and other liabilities		x	
Short-term financing		x	x
Unsettled wagers		x	
Lease liabilities		x	
Due to the Government of British Columbia		x	

### (a) Risk management

The Corporation's Board of Directors has the responsibility to manage the affairs of the Corporation.

The Board's role includes oversight of the Corporation's enterprise risk management program, and the integrity of the Corporation's internal control and management systems. The Board, with the support of its Strategy Committee, monitors the Corporation's risk tolerance and risk capacity levels and considers strategic risks as part of the annual strategic planning process. The Board, with support of the Audit Committee, provides oversight of the effectiveness of the Corporation's systems of internal control over financial information.

## Notes to the Consolidated Financial Statements continued

For the year ended March 31, 2024 (in thousands of Canadian dollars)

The Corporation has a legal, security and compliance division, as well as an internal audit services department. Furthermore, the Corporation has a dedicated enterprise risk management services department to support the enterprise risk management program in the assessment, monitoring and reporting of strategic and operational risks that may impact the ability of the Corporation to deliver on its objectives. The enterprise risk management services department reports quarterly on its activities and on the Corporation's risk profile for review by management and the Strategy Committee of the Board of Directors. Additionally, the Director, Enterprise Risk and the Director, Internal Audit have a direct reporting relationship to the Chair of the Strategy Committee and Chair of the Audit Committee respectively.

### (b) Credit risk

Credit risk is the risk that the Corporation will suffer a financial loss due to a third party failing to meet its contractual obligations to the Corporation. The following table summarizes the Corporation's credit risk by financial asset.

Financial asset	Credit risk
Cash and cash equivalents	Cash and cash equivalents are held with banks and counterparties that have high credit ratings and minimal market risk. Given these high credit ratings, management does not expect any counterparty to fail to meet its obligations. The Corporation has a formal policy and guidelines in place for cash equivalents that provide direction for the management of the Corporation's funds with respect to the allocation of responsibilities, investment objectives, asset allocation, allowable fund holdings and investment constraints, and performance standards.
Accounts receivable	Accounts receivable relates to credit provided to lottery retailers and gaming facility service providers. Normal credit terms for accounts receivable are payment within 30 days or less. As at March 31, 2024 and 2023, there were no significant invoiced accounts receivable outstanding for more than 30 days.
Commission advances	Commission advances resulted from the Corporation providing eligible gaming facility service providers with the option to receive an advance of future commissions to support facility reopening after the extended period of closure due to the COVID-19 pandemic. Weekly commission payments to gaming facility service providers are being reduced by 10% until the commission advance is fully repaid.
Gaming cash floats	Gaming cash floats have been temporarily provided to certain gaming facility service providers under amendments to operational services agreements. Although the gaming cash floats are unsecured, the Corporation has limited the exposure to credit risk by restricting their use by gaming facility service providers. These floats are held separately onsite at gaming facilities and are authorized to be used solely by the gaming facility service providers for the purposes of making change, redeeming chips, and paying winnings. The operational services agreement amendments provide the Corporation the right to call back these funds with 60 days notice, and the right to require the repayment of the gaming cash floats upon an event of default. The balance of gaming cash floats outstanding are repayable on or before December 31, 2024.

## Notes to the Consolidated Financial Statements continued

For the year ended March 31, 2024 (in thousands of Canadian dollars)

The Corporation's net exposure to credit risk for cash and cash equivalents, accounts receivable, commission advances and gaming cash floats at the reporting date is represented by the carrying amounts less any irrevocable standby letters of credit or security deposits. These amounts are listed as follows:

	2024	2023
Maximum exposure	\$ 148,089	\$ 178,423
Collateral	(4,131)	(4,082)
<b>Net exposure</b>	<b>\$ 143,958</b>	<b>\$ 174,341</b>

### Expected credit losses

Accounts receivable, commission advances and gaming cash floats are net of expected credit losses, which consist of a specific allowance estimated based on assessment of the current economic environment and past experience.

The Corporation's exposure to credit losses is primarily due to amounts owing from lottery retailers and gaming facility service providers.

#### i. Lottery retailers

The Corporation has arrangements with approximately 3,400 lottery retailers but is not materially exposed to any individual lottery retailer. The objectives of the Corporation's lottery retailer credit policies are to provide retailers with adequate time to sell lottery products before payment is required, while not exposing the Corporation to unacceptable risks. Credit assessments are completed for new retailers and may also be completed for retailers who have experienced insufficient fund occurrences on bank sweeps, or in cases where there are concerns that retailers might be experiencing financial difficulties. Security is obtained from lottery retailers who are considered to be of high financial risk or from lottery retailers where minimal credit information is available. Security may include irrevocable standby letters of credit, security deposits, or personal guarantees.

The Corporation has assessed the expected credit loss for lottery retailers and no credit losses are expected as the balances outstanding continue to be short-term in nature and collected through bank sweeps without any material losses.

#### ii. Gaming facility service providers

The Corporation has operating agreements with 13 gaming facility service providers. The Corporation has a concentrated credit risk exposure with its 3 (2023: 3) largest gaming facility service providers. Concentrated credit risk exists when the outstanding balance owing from an individual gaming facility service provider represents more than 10% of the total owed from all gaming facility service providers. As at March 31, 2024, the total balance of financial assets subject to a concentration of credit risk was \$39,959 (2023: \$103,216), which represents 87% (2023: 95%) of the total amount due from gaming facility service providers.

At any time, accounts receivable from gaming facility service providers includes balances relating to outstanding chips. These balances, which represent the Corporation's liability to players, are held in trust and are not invoiced because they will be relieved through the normal course of operations.



## Notes to the Consolidated Financial Statements continued

For the year ended March 31, 2024 (in thousands of Canadian dollars)

The Corporation monitors gaming facility service providers' financial health by reviewing their revenue levels, cash position and ability to service external debt obligations. The Corporation has not experienced any material collection issues related to accounts receivable, commission advances and gaming cash floats from gaming facility service providers. The Corporation has considered its historical experience and current collection of accounts receivable in the assessment of credit risk related to gaming cash floats and commission advances.

At March 31, 2024, an allowance for expected credit losses of nil (2023: \$1,820) has been recognized. The estimated allowance for impairment loss is reflective of the related credit risk.

The movement in the allowance for impairment in respect of accounts receivable, commission advances and gaming cash floats during the year was as follows:

	2024	2023
Balance at April 1	\$ 1,820	\$ 1,010
Net remeasurement of loss allowance	(1,820)	810
<b>Balance at March 31</b>	<b>\$ —</b>	<b>\$ 1,820</b>

### (c) Liquidity risk

Liquidity risk is the risk that the Corporation will not be able to meet its financial obligations as they fall due. The Corporation's approach to managing liquidity is to ensure that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions.

The Corporation manages liquidity risk by forecasting and assessing cash flow requirements on an ongoing basis to ensure that sufficient funds are available to meet the Corporation's financial obligations.

To manage cash flow requirements, the Corporation has a short-term financing agreement with the Government of British Columbia under its Fiscal Agency Loan program (note 17). Under this agreement, the Corporation may, until March 31, 2024, borrow up to an aggregate amount of \$325 million, thereafter \$250 million. The Government of British Columbia uses reasonable efforts to meet the borrowing requirements of the Corporation by securing funds at market rates; however, the interest rate on any loan will be determined at the sole discretion of the Government of British Columbia. Loans are unsecured and there are no pre-established repayment terms other than the requirement that loans must have a short term duration. The terms are set by the Government of British Columbia each time a loan is requested under this agreement. To date, the durations of the loans have not exceeded 90 days.

The contractual maturities of all financial liabilities except lease liabilities as at March 31, 2024 and 2023 are 90 days or less. The contractual maturities of the Corporation's lease liabilities are included in note 11.

The Corporation also has an unused \$10 million unsecured demand operating credit facility with a Canadian commercial bank. Interest is payable at the bank's commercial prime lending rate (2023: prime rate).

### (d) Market risk

Market risk, including interest rate risk, is the risk that changes in market prices will affect the fair value of, or future cash flows from, a financial instrument. The Corporation is subject to interest rate risk when it renews its short-term financing at rates determined by current market conditions.

The Corporation does not account for any fixed-rate financial liabilities at fair value through profit or loss, and does not utilize interest rate swaps. Therefore, a change in interest rates at the reporting date would not affect income.

## Notes to the Consolidated Financial Statements continued

For the year ended March 31, 2024 (in thousands of Canadian dollars)

### (e) Fair values

The carrying amounts of financial assets and financial liabilities not classified as fair value through profit or loss approximate their fair values at the reporting date. This is due to the relatively short periods to maturity of these items or because they are due on demand. The carrying values of gaming cash floats and commission advances approximate their fair values, and are estimated based on discounted contractual future cash flows using current rates for similar financial instruments subject to similar risks and maturities.

### 6 Cash and cash equivalents

	2024	2023
Cash and cash equivalents	\$ 16,011	\$ 6,221
Funds held for player accounts	24,642	20,967
Funds held for security deposits	3,755	3,705
	<b>\$ 44,408</b>	<b>\$ 30,893</b>

Funds held for player accounts represent funds provided to the Corporation through player accounts on PlayNow.com. These amounts are deposited into a separate bank account and are internally restricted by the Corporation exclusively for funding the player accounts liability. A corresponding player accounts liability in the amount of \$24,642 (2023: \$20,967) is included in accounts payable, accrued and other liabilities (note 16).

Funds held for security deposits include security deposit amounts provided by lottery retailers and gaming facility service providers to the Corporation. These funds are deposited into a separate bank account. All security deposit amounts are internally restricted by the Corporation exclusively for funding the security deposit liability. A corresponding security deposit liability in the amount of \$3,755 (2023: \$3,705) is included in accounts payable, accrued and other liabilities (note 16).

Select gaming facility service providers are responsible for holding and accounting for player funds held in Patron Gaming Accounts (gaming accounts). These gaming accounts are administered in accordance with the Corporation's casino and community gaming centre standards, policies and procedures, as well as in accordance with the regulations of Gaming Policy and Enforcement Branch (GPEB). No amounts are recorded in the Corporation's financial statements for these gaming accounts. The gaming facility service providers are legally liable for the player funds held in these accounts.



## Notes to the Consolidated Financial Statements continued

For the year ended March 31, 2024 (in thousands of Canadian dollars)

### 7 Accounts receivable

	Gross amounts	Amounts offset in the statement of financial position <sup>1</sup>	Net amounts presented in the statement of financial position
<b>As at March 31, 2024</b>			
Lottery retailers	\$ 54,341	\$ (17,976)	\$ 36,365
Gaming facility service providers <sup>2</sup>	47,177	(15,338)	31,839
Due from Interprovincial Lottery Corporation	17,010	(890)	16,120
Other	9,777	(4,444)	5,333
	<b>\$ 128,305</b>	<b>\$ (38,648)</b>	<b>\$ 89,657</b>
<b>As at March 31, 2023</b>			
Lottery retailers	\$ 50,517	\$ (15,111)	\$ 35,406
Gaming facility service providers <sup>2</sup>	33,376	(11,368)	22,008
Due from Interprovincial Lottery Corporation <sup>3</sup>	4,892	(873)	4,019
Other	7,021	(3,926)	3,095
	<b>\$ 95,806</b>	<b>\$ (31,278)</b>	<b>\$ 64,528</b>

<sup>1</sup> Impacts of offsetting to liabilities are disclosed in note 16.

<sup>2</sup> Net of allowance for impairment of nil (2023: \$316).

<sup>3</sup> The current year presentation has been updated to report due from Interprovincial Lottery Corporation separately. In the prior year due from Interprovincial Lottery Corporation of \$4,019 was included in other.

The Corporation has an enforceable right to offset certain liabilities payable with accounts receivable and intends to settle the amounts on a net basis.

The accounts receivable balance includes revenue generated from both Administered Games and Wagered Games.

The Corporation's exposure to credit risk and impairment losses related to accounts receivable is disclosed in note 5(b).

### 8 Inventories

The major components of inventories are as follows:

	2024	2023
Lottery instant tickets	\$ 3,995	\$ 4,298
Consumables and other	3,573	1,738
Slot machine spare parts	2,584	2,880
	<b>\$ 10,152</b>	<b>\$ 8,916</b>

For the year ended March 31, 2024, inventories recognized as an expense amounted to \$19,348 (2023: \$18,796), which includes write-downs of \$1,691 (2023: \$1,573).

## Notes to the Consolidated Financial Statements continued

For the year ended March 31, 2024 (in thousands of Canadian dollars)

### 9 Commission advances

	2024	2023
Balance at April 1	\$ 35,191	\$ 33,825
Repayments	(32,090)	(395)
Service fees accrued	1,321	2,106
Reversal of (allowance for) expected credit losses	718	(345)
<b>Balance at March 31</b>	<b>\$ 5,140</b>	<b>\$ 35,191</b>

Commission advances are presented on the statement of financial position as follows:

	2024	2023
Current	\$ 5,140	\$ 33,529
Non-current	—	1,662
<b>Balance at March 31</b>	<b>\$ 5,140</b>	<b>\$ 35,191</b>

Commission advances are subject to a monthly service fee of 0.5% to be applied on the aggregate outstanding amount. Collection of the aggregate outstanding amount commenced April 2023 with repayment terms as described in note 5(b).

The Corporation's exposure to credit risk related to commission advances is disclosed in note 5(b).

### 10 Gaming cash floats

	2024	2023
Balance at April 1	\$ 47,811	\$ 46,661
Repayments	(40,959)	—
Service fees accrued	132	—
Accretion income	1,114	1,435
Reversal of (allowance for) expected credit losses	786	(285)
<b>Balance at March 31</b>	<b>\$ 8,884</b>	<b>\$ 47,811</b>

Gaming cash floats of \$49,711 were advanced to gaming facility service providers in fiscal year 2022. In the current fiscal year, gaming cash floats of \$40,959 were repaid to the Corporation. The remaining gaming cash floats are due from gaming facility service providers who have accepted a revised repayment date of December 31, 2024. As part of the amended terms of the revised repayment date, the remaining gaming cash floats are subject to a monthly service fee of 0.5% on the aggregate outstanding amount from January 1, 2024 until repayment is made.

The Corporation's exposure to credit risk related to gaming cash floats is disclosed in note 5(b).

## Notes to the Consolidated Financial Statements continued

For the year ended March 31, 2024 (in thousands of Canadian dollars)

### 11 Leases

The Corporation leases office and warehouse real estate, lottery retail locations, vehicles and equipment. Leases of real estate have lease terms between 8 and 30 years, while lottery retail locations, vehicles, and equipment generally have lease terms of 5 years. Real estate and lottery retail location lease agreements frequently include extension options, which have been included in the term of the leases after consideration of the likelihood of the Corporation exercising the options. Generally, the lease payments under the extensions will be negotiated upon exercise of the option.

The Corporation leases casino and community gaming equipment with lease terms between less than one year and two years. The Corporation has elected not to recognize right-of-use assets and lease liabilities for the leases of less than one year.

The Corporation leases space within the casino and community gaming service provider facilities for gaming purposes. Lease payments for the gaming floors are fully variable; as such, right-of-use assets and lease liabilities have not been recognized.

Information about leases for which the Corporation is a lessee is presented below.

#### i. Right-of-use assets

	Real estate	Lottery retail locations	Gaming equipment	Fleet vehicles and other	Total
Balance at April 1, 2022	\$ 43,007	\$ 8,222	\$ 942	\$ 313	\$ 52,484
Additions	9,273	2,497	—	170	11,940
Depreciation	(3,179)	(2,901)	(767)	(162)	(7,009)
Derecognition	—	(39)	—	—	(39)
<b>Balance at March 31, 2023</b>	<b>\$ 49,101</b>	<b>\$ 7,779</b>	<b>\$ 175</b>	<b>\$ 321</b>	<b>\$ 57,376</b>
Additions	1,857	2,372	2,561	190	6,980
Depreciation	(3,208)	(2,887)	(461)	(171)	(6,727)
Derecognition	—	(17)	(2,275)	(14)	(2,306)
<b>Balance at March 31, 2024</b>	<b>\$ 47,750</b>	<b>\$ 7,247</b>	<b>\$ —</b>	<b>\$ 326</b>	<b>\$ 55,323</b>

## Notes to the Consolidated Financial Statements continued

For the year ended March 31, 2024 (in thousands of Canadian dollars)

### ii. Lease liabilities

	2024	2023
Balance at April 1	\$ 60,301	\$ 54,889
Additions	6,980	11,940
Interest expense	1,112	972
Derecognized	(2,306)	(39)
Interest paid	(1,087)	(972)
Principal payments	(6,298)	(6,489)
<b>Balance at March 31</b>	<b>\$ 58,702</b>	<b>\$ 60,301</b>

Lease liabilities are presented on the statement of financial position as follows:

	2024	2023
Current	\$ 5,122	\$ 5,799
Non-current	53,580	54,502
<b>Balance at March 31</b>	<b>\$ 58,702</b>	<b>\$ 60,301</b>

Maturity analysis – undiscounted cash flows	2024	2023
Less than one year	\$ 7,386	\$ 6,767
One to five years	20,803	16,996
More than five years	42,152	44,928
<b>Total undiscounted lease liabilities at March 31</b>	<b>\$ 70,341</b>	<b>\$ 68,691</b>

### iii. Amounts recognized in profit or loss

	2024	2023
Expenses relating to short-term leases	\$ 22,587	\$ 22,881
Depreciation of right-of-use assets	6,727	7,009
Variable lease payments not included in the measurement of the lease liabilities <sup>1</sup>	3,088	2,961
Interest on lease liabilities	1,112	972

<sup>1</sup> These amounts do not include variable lease payments for the use of the gaming floors as they are recorded as part of the total commissions paid to gaming facility service providers.

## Notes to the Consolidated Financial Statements continued

For the year ended March 31, 2024 (in thousands of Canadian dollars)

### 12 Property and equipment

2024	Land	Corporate facilities & equipment	Lottery gaming	Casino & community gaming	Assets under construction	Total
<b>Cost</b>						
Balance at April 1, 2023	\$ 5,227	\$ 132,695	\$ 131,770	\$ 575,572	\$ 74,686	\$ 919,950
Additions (derecognition)	38	1,287	615	46,481	20,656	69,077
Transfers	—	3,331	2,268	20,709	(26,308)	—
Disposals and retirements	—	(3,114)	(27,861)	(36,526)	(1)	(67,502)
<b>Balance at March 31, 2024</b>	<b>5,265</b>	<b>134,199</b>	<b>106,792</b>	<b>606,236</b>	<b>69,033</b>	<b>921,525</b>
<b>Accumulated depreciation</b>						
Balance at April 1, 2023	—	111,591	114,672	394,958	—	621,221
Depreciation for the year	—	6,316	6,183	47,338	—	59,837
Disposals and retirements	—	(3,110)	(27,817)	(35,110)	—	(66,037)
<b>Balance at March 31, 2024</b>	<b>—</b>	<b>114,797</b>	<b>93,038</b>	<b>407,186</b>	<b>—</b>	<b>615,021</b>
<b>Carrying amounts</b>						
<b>At March 31, 2024</b>	<b>\$ 5,265</b>	<b>\$ 19,402</b>	<b>\$ 13,754</b>	<b>\$ 199,050</b>	<b>\$ 69,033</b>	<b>\$ 306,504</b>

2023	Land	Corporate facilities & equipment	Lottery gaming	Casino & community gaming	Assets under construction	Total
<b>Cost</b>						
Balance at April 1, 2022	\$ 5,373	\$ 126,732	\$ 131,932	\$ 534,586	\$ 79,286	\$ 877,909
Additions (derecognition)	(146)	3,525	1,601	38,602	34,251	77,833
Transfers	—	6,058	1,360	31,433	(38,851)	—
Disposals and retirements	—	(3,620)	(3,123)	(29,049)	—	(35,792)
<b>Balance at March 31, 2023</b>	<b>5,227</b>	<b>132,695</b>	<b>131,770</b>	<b>575,572</b>	<b>74,686</b>	<b>919,950</b>
<b>Accumulated depreciation</b>						
Balance at April 1, 2022	—	108,882	110,607	378,129	—	597,618
Depreciation for the year	—	6,322	7,185	44,387	—	57,894
Disposals and retirements	—	(3,613)	(3,120)	(27,558)	—	(34,291)
<b>Balance at March 31, 2023</b>	<b>—</b>	<b>111,591</b>	<b>114,672</b>	<b>394,958</b>	<b>—</b>	<b>621,221</b>
<b>Carrying amounts</b>						
<b>At March 31, 2023</b>	<b>\$ 5,227</b>	<b>\$ 21,104</b>	<b>\$ 17,098</b>	<b>\$ 180,614</b>	<b>\$ 74,686</b>	<b>\$ 298,729</b>

As of March 31, 2024, the Corporation is committed to incur capital expenditures relating to property and equipment and intangible assets of \$7,804 (2023: \$14,640). These commitments are expected to be settled within the next 12 months.

## Notes to the Consolidated Financial Statements continued

For the year ended March 31, 2024 (in thousands of Canadian dollars)

### 13 Intangible assets

2024	Software	Assets under development	Total
<b>Cost</b>			
Balance at April 1, 2023	\$ 209,143	\$ 11,754	\$ 220,897
Acquisitions - separately acquired	3,012	4,559	7,571
Acquisitions - internally generated	—	522	522
Transfers	2,011	(2,011)	—
Disposals and retirements	(34)	—	(34)
<b>Balance at March 31, 2024</b>	<b>214,132</b>	<b>14,824</b>	<b>228,956</b>
<b>Accumulated amortization</b>			
Balance at April 1, 2023	186,845	—	186,845
Amortization for the year	8,358	—	8,358
Disposals and retirements	(34)	—	(34)
<b>Balance at March 31, 2024</b>	<b>195,169</b>	<b>—</b>	<b>195,169</b>
<b>Carrying amounts at March 31, 2024</b>	<b>\$ 18,963</b>	<b>\$ 14,824</b>	<b>\$ 33,787</b>

2023	Software	Assets under development	Total
<b>Cost</b>			
Balance at April 1, 2022	\$ 207,616	\$ 7,496	\$ 215,112
Acquisitions - separately acquired	890	4,053	4,943
Acquisitions - internally generated	—	974	974
Transfers	769	(769)	—
Disposals and retirements	(132)	—	(132)
<b>Balance at March 31, 2023</b>	<b>209,143</b>	<b>11,754</b>	<b>220,897</b>
<b>Accumulated amortization</b>			
Balance at April 1, 2022	174,452	—	174,452
Amortization for the year	12,525	—	12,525
Disposals and retirements	(132)	—	(132)
<b>Balance at March 31, 2023</b>	<b>186,845</b>	<b>—</b>	<b>186,845</b>
<b>Carrying amounts at March 31, 2023</b>	<b>\$ 22,298</b>	<b>\$ 11,754</b>	<b>\$ 34,052</b>

The intangible assets balance represents purchased and internally-generated software assets.

# Notes to the Consolidated Financial Statements continued

For the year ended March 31, 2024 (in thousands of Canadian dollars)

## 14 Employee benefits

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The Corporation, as the plan sponsor and plan administrator, contributes to and controls the following pension and post-retirement defined benefit plans:

**i. Registered Pension Plan (Plan A)**

Plan A is a registered pension plan in the Province of B.C. under the Pension Benefits Standards Act (British Columbia) (PBSA). Plan A covers substantially all of the Corporation's employees. Plan A entitles an employee to receive an annual pension payment after retirement based on length of service and the average of the 60 consecutive months of highest pensionable earnings. The pension benefits are partially indexed for inflation after retirement.

**ii. Supplementary Pension Plan (Plan B)**

Plan B covers employees designated by the Corporation. The pension benefits under Plan B provide designated employees a top-up to Plan A benefits to the extent, if any, that they are limited by the Income Tax Act (Canada) maximum pension rules.

**iii. Post-Retirement Benefit Plan – Non-Pension (Plan C)**

Plan C covers qualifying employees for post-retirement medical, dental and life insurance benefits.

### (a) Risk management

These plans expose the Corporation to foreign currency risk, interest rate risk, longevity risk, inflation risk, and other market price risk.

The Board of Directors provides governance oversight of the plans through the Audit Committee and People Committee. The Board of Directors has established a Pension Committee to have primary responsibility for the administration and oversight of the plans and to perform certain delegated responsibilities.

### (b) Funding

Plan A is funded by investment returns, employer contributions, and employee contributions. The Corporation funds Plan A in accordance with the PBSA based on the advice of an actuary. The funding provides for the cost of the benefits accruing under the plan and for the proper amortization of any unfunded liability or applicable solvency deficiency after taking into account the assets of the plan, employee contributions and all other relevant factors. The actuarial assumptions used to determine funding requirements, which are based on a separate actuarial valuation for funding purposes, may differ from the assumptions outlined in section (e)(i) of this note.

If at any time the actuary certifies that the net assets available for benefits under Plan A exceed the actuarially-determined present value of the accrued pension benefit obligation, such surplus, or any portion thereof, may be used by the Corporation at its discretion, to improve the benefits provided by Plan A or reduce contribution obligations, subject to PBSA restrictions and *Income Tax Act (Canada)* requirements.

The Corporation expects to contribute \$14,028 to Plan A in the year ending March 31, 2025.

Plans B and C are unfunded. As such, the Corporation pays all benefits thereunder as they fall due.

## Notes to the Consolidated Financial Statements continued

For the year ended March 31, 2024 (in thousands of Canadian dollars)

### (c) Movement in net defined benefit liability (asset)

A reconciliation from the opening balances to the closing balances for the net defined benefit liability (asset) and its components is as follows:

	Defined benefit obligation		Fair value of plan assets		Net defined benefit liability (asset)	
	2024	2023	2024	2023	2024	2023
Balance at April 1	\$ 358,601	\$ 378,823	\$ (396,056)	\$ (378,921)	\$ (37,455)	\$ (98)
<b>Included in income</b>						
Current service cost	14,146	15,601	—	—	14,146	15,601
Interest cost (income)	18,397	17,155	(19,829)	(16,697)	(1,432)	458
Administration cost	—	—	343	330	343	330
	<b>32,543</b>	<b>32,756</b>	<b>(19,486)</b>	<b>(16,367)</b>	<b>13,057</b>	<b>16,389</b>
<b>Included in other comprehensive income</b>						
Re-measurements loss (gain):						
Actuarial loss (gain) arising from:						
Demographic assumptions	—	—	—	—	—	—
Financial assumptions	9,213	(41,550)	—	—	9,213	(41,550)
Experience adjustments	30,933	1,636	—	—	30,933	1,636
(Return) loss on plan assets excluding interest income	—	—	(33,067)	460	(33,067)	460
	<b>40,146</b>	<b>(39,914)</b>	<b>(33,067)</b>	<b>460</b>	<b>7,079</b>	<b>(39,454)</b>
<b>Other</b>						
Contributions paid by the employer	—	—	(15,655)	(14,292)	(15,655)	(14,292)
Contributions paid by the employee	4,080	3,445	(4,080)	(3,445)	—	—
Benefits paid	(15,725)	(16,509)	15,725	16,509	—	—
	<b>(11,645)</b>	<b>(13,064)</b>	<b>(4,010)</b>	<b>(1,228)</b>	<b>(15,655)</b>	<b>(14,292)</b>
<b>Balance at March 31</b>	<b>\$ 419,645</b>	<b>\$ 358,601</b>	<b>\$ (452,619)</b>	<b>\$ (396,056)</b>	<b>\$ (32,974)</b>	<b>\$ (37,455)</b>
<b>Represented by:</b>					<b>2024</b>	<b>2023</b>
Net defined benefit asset (Plan A)					\$ (82,746)	\$ (83,990)
Net defined benefit liability (Plans B and C)					49,772	46,535
					<b>\$ (32,974)</b>	<b>\$ (37,455)</b>



## Notes to the Consolidated Financial Statements continued

For the year ended March 31, 2024 (in thousands of Canadian dollars)

### (d) Plan assets

Plan assets are comprised of:

	2024	2023
<b>Global equities</b>		
Information technology	\$ 46,450	\$ 38,379
Financials	43,209	39,092
Industrials	29,162	23,143
Health care	28,830	26,874
Other	26,969	19,032
Consumer discretionary	21,984	15,865
Communication services	15,560	14,848
Consumer staples	13,265	12,533
	<b>225,429</b>	<b>189,766</b>
<b>Private equities</b>	<b>77,103</b>	<b>66,215</b>
<b>Infrastructure</b>	<b>45,662</b>	<b>42,156</b>
<b>Long term bonds</b>		
Government	44,269	38,041
Corporate	18,353	16,277
	<b>62,622</b>	<b>54,318</b>
<b>Real return bonds</b>		
Government	41,159	41,185
<b>Cash and accruals</b>	<b>644</b>	<b>2,416</b>
<b>Total Plan Assets</b>	<b>\$ 452,619</b>	<b>\$ 396,056</b>

Global equities are held in pooled funds and are valued at the unit values supplied by the pooled fund administrator, which represent Plan A's proportionate share of the underlying net investments at fair values determined using closing share prices in active public markets.

Private equities and infrastructure assets are held in funds with external investment managers and are valued based on provided valuation statements, which represent Plan A's proportionate share of the estimated fair value of the underlying assets. For private equities, fair values of the underlying assets are determined using valuation models incorporating data from recent transactions and comparable public market investments, discounted cash flow analysis, and valuations of partner capital statements. For infrastructure assets, the fair value of the underlying investments is determined through a process undertaken with an independent third-party external valuator on a quarterly basis, with each investment undergoing a full independent valuation at least once per year.

The fair values of long-term bonds and real return bonds are determined based on price quotations; however, in the underlying market where these instruments are traded, the trade frequency for a substantial portion of these investments is not considered active.

## Notes to the Consolidated Financial Statements continued

For the year ended March 31, 2024 (in thousands of Canadian dollars)

With consideration of the long-term nature of the plan liabilities, and the shorter-term liquidity needs for payments to retirees, the Corporation has a general target allocation of 60% return seeking assets and 40% liability hedging assets. As a general policy, and in accordance with the relevant regulations, the Corporation has adopted the investment guidelines of the PBSA for defining permissible investment activities for money held in trust. Overall, the portfolio of Plan A's assets is managed within the parameters of the strategic asset mix comprising of 40% to 70% return seeking assets, 30% to 50% liability hedging assets, and up to 5% cash and cash equivalents.

### (e) Defined benefit obligation

#### i. Actuarial valuation and assumptions

An actuarial valuation for funding purposes is required by the PBSA, at a minimum, every three years to assess the financial position of Plan A. An actuarial valuation of Plan A for funding purposes was performed as at December 31, 2022, by TELUS Health (Canada) Ltd., an independent firm of consulting actuaries. The defined benefit obligation for Plan A has been based on this valuation, with adjustments for accounting policies as described in note 4(c). These adjustments include revisions for cash flows and material events since December 31, 2022. In addition, assumptions have been reviewed and assessed at the reporting date. The discount rate has been updated to use a rate reflective of high quality bonds and market conditions as at March 31, 2024. The next required actuarial valuation for funding purposes is as of December 31, 2025 with a determination of the funded status of the pension plan available in mid-2026.

There is no statutory actuarial valuation requirement for Plan B. The defined benefit obligation for Plan B is based on census data for those members as at March 31, 2024.

There is no statutory actuarial valuation requirement for Plan C; however, a full actuarial valuation is completed every three years on Plan C. A full actuarial valuation of Plan C was performed by HUB International Ltd. as at November 2, 2021. The defined benefit obligation for Plan C has been based on this valuation, with adjustments made for cash flows and material events since that date. In addition, certain assumptions have been updated to reflect market conditions as at March 31, 2024.

## Notes to the Consolidated Financial Statements continued

For the year ended March 31, 2024 (in thousands of Canadian dollars)

The principal actuarial assumptions at the reporting date (expressed as weighted averages) were as follows:

	Plans A and B		Plan C	
	2024	2023	2024	2023
Discount rate:				
Defined benefit obligation	4.90 %	5.00 %	4.90 %	5.00 %
Benefit cost	5.00 %	4.40 %	5.00 %	4.40 %
Rate of compensation increase for the fiscal year	3.25 %	3.00 %	—	—
Future compensation increases	3.25 %	3.00 %	—	—
Inflation	2.00 %	2.00 %	—	—
Initial weighted-average health care trend rate	—	—	4.87 %	4.87 %
Ultimate weighted-average health care trend rate	—	—	3.97 %	3.97 %
Year ultimate weighted-average health care trend rate reached	—	—	2040	2040
Assumed life expectations on retirement at age 65				
Current pensioners				
Male	22.9	22.8	22.9	22.8
Female	25.2	25.2	25.2	25.2
Retiring in 20 years				
Male	23.9	23.8	23.9	23.8
Female	26.1	26.1	26.1	26.1

At March 31, 2024, the weighted-average duration of the defined benefit obligation was 14.2 years (2023: 13.7 years).

### ii. Sensitivity analysis

Changes at March 31, 2024 to one of the relevant actuarial assumptions, holding the other assumptions constant, would have affected the defined benefit obligation by the following amounts:

	Effect on the defined benefit obligation			
	2024		2023	
	Increase in	Decrease in	Increase in	Decrease in
Discount rate (1% movement)	\$ (53,589)	\$ 67,622	\$ (45,363)	\$ 56,992
Future compensation increase (1% movement)	14,493	(13,032)	14,645	(12,921)
Inflation (1% movement)	22,996	(21,056)	22,480	(20,543)
Health care cost trend rate (1% movement)	3,519	(3,508)	3,091	(3,081)
Future mortality (10% movement)	(6,636)	7,221	(5,830)	6,334

In practice, it is unlikely that one assumption would change while all other assumptions remained constant, since changes in some of the assumptions are interdependent; however, this analysis does provide an approximation of the sensitivity of the assumptions shown.

## Notes to the Consolidated Financial Statements continued

For the year ended March 31, 2024 (in thousands of Canadian dollars)

### iii. Composition by plan membership

The defined benefit obligation relates to three member groups: active employees, former employees who have not yet started receiving a pension (deferred vested) and former employees and other beneficiaries currently receiving a pension (retirees). The breakdown of the defined benefit obligation at March 31, 2024 by member group, expressed as a percentage, is as follows:

Defined benefit obligation	2024	2023
Active members	54 %	51 %
Deferred vested members	5 %	5 %
Retirees	41 %	44 %
	<b>100 %</b>	<b>100 %</b>

## 15 Prizes payable

	2024	2023
Lottery games	\$ 28,453	\$ 25,252
Progressive jackpots	9,477	8,081
Other	87	256
	<b>\$ 38,017</b>	<b>\$ 33,589</b>

## 16 Accounts payable, accrued and other liabilities

	2024	2023 <sup>1</sup>
Accrued expenses	\$ 44,272	\$ 44,832
Player accounts liability (note 6)	24,642	20,967
Gaming chips and vouchers liability	19,342	19,016
Trade payables	15,073	26,847
Indirect tax payable	5,134	6,229
Due to Interprovincial Lottery Corporation	4,224	3,607
Security deposits payable (note 6)	3,755	3,705
	<b>\$ 116,442</b>	<b>\$ 125,203</b>

<sup>1</sup> The current year presentation has been updated to report gaming chips and vouchers separately. In the prior year gaming chips and vouchers of \$19,016, trade payables of \$2,591 and accrued expenses of \$240 were reported as other.

Under agreements with its counterparties, the Corporation has an enforceable right to offset certain liabilities payable with accounts receivable and intends to settle the amounts on a net basis (note 7). As at March 31, 2024, gross accounts payable, accrued and other liabilities of \$155,090 (2023: \$156,481) were offset against accounts receivable in the amount of \$38,648 (2023: \$31,278), resulting in a net balance of \$116,442 (2023: \$125,203) presented in the statement of financial position.

The Corporation's exposure to liquidity risk related to accounts payable, accrued and other liabilities is disclosed in note 5(c).

## Notes to the Consolidated Financial Statements continued

For the year ended March 31, 2024 (in thousands of Canadian dollars)

### 17 Short-term financing

2024						
Type	Repayment	Principal	Interest	Rate	Maturity	Outstanding
<b>Government of British Columbia loans (unsecured)</b>	Single installment	\$ 40,014	\$ 186	4.85 %	April 10, 2024 <sup>1</sup>	\$ 40,147
	Single installment	39,980	190	4.81 %	April 18, 2024 <sup>1</sup>	40,075
	Single installment	30,059	116	4.85 %	April 25, 2024 <sup>1</sup>	30,075
		<b>\$ 110,053</b>	<b>\$ 492</b>			<b>\$ 110,297</b>

<sup>1</sup> Repaid and refinanced within the normal course of operations subsequent to March 31, 2024

2023						
Type	Repayment	Principal	Interest	Rate	Maturity	Outstanding
<b>Government of British Columbia loans (unsecured)</b>	Single installment	\$ 50,001	\$ 199	4.40 %	April 11, 2023	\$ 50,134
	Single installment	49,966	184	4.33 %	April 3, 2023	50,131
	Single installment	39,999	141	4.29 %	April 28, 2023	40,009
		<b>\$ 139,966</b>	<b>\$ 524</b>			<b>\$ 140,274</b>

Reconciliation of the movements of liabilities to cash flows arising from financing activities:

	2024	2023
Balance at April 1	\$ 140,274	\$ 140,070
<b>Changes from financing cash flows</b>		
Proceeds from borrowings	1,875,751	1,845,192
Repayment of borrowings	(1,905,664)	(1,845,281)
<b>Total changes from financing cash flows</b>	<b>(29,913)</b>	<b>(89)</b>
<b>Other changes</b>		
Interest expense	\$ 5,484	\$ 3,053
Interest paid	(8,474)	(4,147)
Capitalized borrowing costs	2,926	1,387
<b>Total other changes</b>	<b>(64)</b>	<b>293</b>
<b>Balance at March 31</b>	<b>\$ 110,297</b>	<b>\$ 140,274</b>

The Corporation's exposure to liquidity risk related to short-term financing is disclosed in note 5(c).

## Notes to the Consolidated Financial Statements continued

For the year ended March 31, 2024 (in thousands of Canadian dollars)

### 18 Deferred revenue

Deferred revenue includes revenue expected to be recognized in the future related to performance obligations, as described in note 4(i), that are unsatisfied (or partially unsatisfied) at the reporting date. The amounts recorded below are expected to be recognized as revenue by the Corporation within 12 months. All deferred revenue at March 31, 2023 has been recognized as revenue during the year ended March 31, 2024.

	2024	2023
Lottery games	\$ 23,962	\$ 22,407
Other	843	802
	<b>\$ 24,805</b>	<b>\$ 23,209</b>

### 19 Unsettled wagers

Unsettled wagers include revenue expected to be recognized in the future related to outcomes, as described in note 4(i), that have not yet occurred at the reporting date. The amounts recorded below are expected to be recognized as revenue by the Corporation within 12 months.

	2024	2023
Customer loyalty programs	\$ 3,371	\$ 3,551
Sports betting	1,432	1,337
Lottery games	1,151	1,391
Other	975	831
	<b>\$ 6,929</b>	<b>\$ 7,110</b>

### 20 Due to the Government of British Columbia

Each fiscal year the Corporation's net income, after deducting payments the Corporation has made to the Government of Canada on behalf of the Government of British Columbia (note 25), is paid into the consolidated revenue fund of the Government of British Columbia in the manner directed by the Lieutenant Governor in Council in accordance with the Gaming Control Act (B.C.) ("the Act"). These distributions are inclusive of the 7% of "actual net income" as defined in the Act, that is remitted by the Government of British Columbia to the BC First Nations Gaming Revenue Sharing Limited Partnership as outlined in section 14.3 of the Act. The Government of British Columbia has also established various agreements that further distribute the Corporation's net income, including payments to host local governments of gaming facilities and the horse racing industry. The Corporation's transfer of distributions to the Government of British Columbia occurs after each fiscal month-end. The Corporation does not retain any earnings.

	2024	2023
Balance at April 1	\$ 177,234	\$ 168,360
Distributions to the Government of British Columbia	1,535,988	1,623,516
Distributions paid to the Government of British Columbia	(1,523,118)	(1,614,642)
<b>Balance at March 31</b>	<b>\$ 190,104</b>	<b>\$ 177,234</b>

## Notes to the Consolidated Financial Statements continued

For the year ended March 31, 2024 (in thousands of Canadian dollars)

### 21 Provisions

The Corporation recognizes provisions for liabilities associated with the decommissioning or environmental remediation of property and equipment when obligations result from acquisition, construction, development and/or normal operation of assets. The Corporation expects that the cash outflows for provisions will occur near the dates the related assets are retired or remediated.

	2024	2023
Balance at April 1	\$ 3,488	\$ 3,343
Additions and effect of discounting	35	525
Uses	(350)	(234)
Reversals	—	(146)
<b>Balance at March 31</b>	<b>\$ 3,173</b>	<b>\$ 3,488</b>

### 22 Accumulated deficit

Upon adoption of IFRS, subsequent adoption of new or amended IFRS standards, and retrospective application of changes to accounting policies, the Corporation was required to adjust amounts previously reported in its financial statements. These adjustments did not reduce or increase the amounts distributed to the Government of British Columbia and therefore have resulted in the Corporation recognizing an accumulated deficit.

	Fiscal year adopted	Accumulated deficit
Adoption of IFRS	2012	\$ (17,728)
Adoption of amended IAS 19 Employee Benefits	2014	584
Adoption of IFRS 15 Revenue from Contracts with Customers	2019	(8,319)
Adoption of International Financial Reporting Standards Interpretation Committee (IFRIC) clarifying guidance on IAS 19 Employee Benefits	2022	7,613
		<b>\$ (17,850)</b>

## Notes to the Consolidated Financial Statements continued

For the year ended March 31, 2024 (in thousands of Canadian dollars)

### 23 Revenue

The Corporation's revenue is disaggregated by major product lines as follows:

2024	Wagered Games	Administered Games	Total
Slot and table games	\$ 2,138,823	\$ 31,364	\$ 2,170,187
Lottery games	217,481	393,734	611,215
Sports betting	35,459	1,557	37,016
Bingo games	—	17,922	17,922
<b>Gaming revenue</b>	<b>\$ 2,391,763</b>	<b>\$ 444,577</b>	<b>\$ 2,836,340</b>
<b>Non-gaming revenue</b>			<b>34,956</b>
<b>Total revenue</b>			<b>\$ 2,871,296</b>

2023	Wagered Games	Administered Games	Total
Slot and table games	\$ 2,218,042	\$ 29,583	\$ 2,247,625
Lottery games	220,358	403,228	623,586
Sports betting	37,443	1,586	39,029
Bingo games	—	17,215	17,215
<b>Gaming revenue</b>	<b>\$ 2,475,843</b>	<b>\$ 451,612</b>	<b>\$ 2,927,455</b>
<b>Non-gaming revenue<sup>1</sup></b>			<b>29,776</b>
<b>Total revenue</b>			<b>\$ 2,957,231</b>

<sup>1</sup> The current year presentation has been updated to report non-gaming revenue and gaming revenue separately. In the prior year non-gaming revenue was classified as other.

For the year ended March 31, 2024, gains on the expiry of prizes payable of \$9,175 (2023: \$9,300) are included in revenue.

### 24 Net financing costs

	2024	2023 <sup>1</sup>
Interest on short-term financing	\$ 8,410	\$ 4,440
Interest on lease liabilities	1,112	972
Capitalized borrowing costs	(2,926)	(1,387)
Interest income	(4,532)	(2,970)
	<b>\$ 2,064</b>	<b>\$ 1,055</b>

<sup>1</sup> The current year presentation has been updated to report net financing costs separately. In the prior year net financing costs of \$1,055 was included in other on the consolidated statement of net income and comprehensive income.



## Notes to the Consolidated Financial Statements continued

For the year ended March 31, 2024 (in thousands of Canadian dollars)

### 25 Payments to the Government of Canada on behalf of the Government of British Columbia

The Corporation makes payments to ILC, which are then paid to the Government of Canada as a result of an agreement between the provincial and federal governments following the withdrawal of the Government of Canada from the lottery field. The agreement requires the provinces, on a combined basis, to make on-going payments of \$24 million in 1979 dollars annually on an inflation adjusted basis. The Corporation, as the B.C. regional marketing organization of ILC, remits the Government of British Columbia's portion of the payments based on current population statistics.

### 26 Contingencies

From time to time, the Corporation is party to legal proceedings and claims that arise in the ordinary course of business. The Corporation recognizes a provision for these contingencies when it is probable that there will be an outflow of economic benefits and the amount can be estimated reliably.

The Corporation periodically enters into agreements with suppliers that include limited indemnification obligations. The B.C. Government Risk Management Branch must approve all such indemnification obligations. These indemnifications typically require the Corporation to compensate the other party for certain damages and costs incurred as a result of third-party claims. The nature of these agreements prevents the Corporation from making reasonable estimates of the maximum amount it could be required to pay its suppliers and therefore, no amount has been accrued in the financial statements for these indemnifications. Historically, the Corporation has not made any significant indemnification payments under such agreements.

### 27 Related party transactions

BCLC, as a wholly-owned crown corporation, is controlled by the Government of British Columbia. Included in these financial statements are transactions with various ministries, agencies, and crown corporations related to the Corporation by virtue of common control.

All transactions with the Government of British Columbia ministries, agencies, and crown corporations occurred in the normal course of operations. Transactions that are considered to be individually or collectively significant include loan agreements (note 17) and distributions to the Government of British Columbia (note 20). The Corporation pays Provincial Sales Tax on its taxable purchases and also collects and remits Provincial Sales Tax to the Government of British Columbia on its taxable sales (note 28).

Key management personnel have been defined as the members of the Board of Directors, the President & CEO, and the Corporation's Officers. The compensation for key management personnel is shown below:

	2024	2023
Short-term employee benefits <sup>1</sup>	\$ 2,406	\$ 2,239
Post-retirement benefits <sup>2</sup>	240	192
	<b>\$ 2,646</b>	<b>\$ 2,431</b>

<sup>1</sup> Salaries and non-cash benefits

<sup>2</sup> Contributions to the Registered Pension Plan and amounts for the Supplementary Pension Plan outlined in note 14

The Corporation is also related to the pension and post-retirement defined benefits plans. Transactions with these plans are disclosed in note 14.

## Notes to the Consolidated Financial Statements continued

For the year ended March 31, 2024 (in thousands of Canadian dollars)

### 28 Indirect tax expense

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As a provincial gaming authority, BCLC is a prescribed registrant under the *Games of Chance Goods and Services Tax (GST)/Harmonized Sales Tax (HST) Regulations* of the *Excise Tax Act* (the Regulations). The Corporation makes GST remittances to the Government of Canada pursuant to the Regulations. The Corporation's net tax for a reporting period is comprised of net tax attributable to both gaming and non-gaming activities. Imputed tax on gaming expenses is calculated according to a formula set out in the Regulations, resulting in the direct payment of additional GST at the applicable statutory rate. The net tax attributable to non-gaming activities is calculated similarly to that for other GST registrants.

Provincial Sales Tax is calculated and remitted to the Province of B.C. pursuant to the *Provincial Sales Tax Act*.