

AUDITORS' REPORT

The Honourable Graeme Bowbrick
Minister of Advanced Education, Training and Technology
Responsible for British Columbia Systems Corporation
Province of British Columbia

We have audited the balance sheet of British Columbia Systems Corporation as at March 31, 2000 and the statements of income and retained earnings and changes in financial position for the year then ended. These financial statements are the responsibility of the Corporation's management. Our responsibility is to express an opinion on those financial statements based on our audit.

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

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Corporation as at March 31, 2000 and the results of its operations and the changes in its financial position for the year then ended in accordance with Canadian generally accepted accounting principles.

KPMG LLP

Chartered Accountants

Victoria, Canada

May 10, 2000

BRITISH COLUMBIA SYSTEMS CORPORATION

Balance Sheet (expressed in thousands)

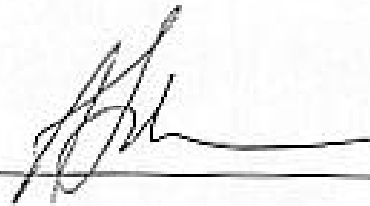
Assets	March 31	
	2000	1999
Current assets		
Cash and short-term investments	\$ 328	\$ 964
Accounts receivable	<u>8</u>	<u>9</u>
	<u>\$ 336</u>	<u>\$ 973</u>
Liabilities and Retained Earnings		
Current liabilities		
Accounts payable and accrued liabilities	\$ 68	\$ 655
Retained earnings (note 2)	<u>268</u>	<u>318</u>
	<u>\$ 336</u>	<u>\$ 973</u>
Contingencies (note 3)		
Subsequent event (note 5)		

See accompanying notes to financial statements.

APPROVED BY THE BOARD:



Director



Director

BRITISH COLUMBIA SYSTEMS CORPORATION

Statement of Income and Retained Earnings (expressed in thousands)

	Year ended March 31	
	2000	1999
Revenue		
Interest and other	\$ <u>42</u>	\$ <u>588</u>
Expenses		
Interest	-	5
Administrative and general	92	1,683
Contracted professional services	<u>-</u>	<u>68</u>
	<u>92</u>	<u>1,756</u>
Net loss (note 2)	(50)	(1,170)
Retained earnings, beginning of year	318	35,688
Dividends	<u>-</u>	<u>34,200</u>
Retained earnings, end of year	\$ <u>268</u>	\$ <u>318</u>

See accompanying notes to financial statements.

BRITISH COLUMBIA SYSTEMS CORPORATION

Statement of Changes in Financial Position (expressed in thousands)

	Year ended March 31	
	2000	1999
Cash provided by (used for):		
Operations		
Net income (loss)	\$ (50)	\$ (1,170)
Change in non-cash operating working capital	<u>(586)</u>	<u>13,337</u>
	<u>(636)</u>	<u>12,167</u>
Financing		
Dividends paid	<u>-</u>	<u>(34,200)</u>
	<u>-</u>	<u>(34,200)</u>
Change in cash position	(636)	(22,033)
Cash position, beginning of year	<u>964</u>	<u>22,997</u>
Cash position, end of year	<u>\$ 328</u>	<u>\$ 964</u>

Cash position comprises cash and short-term investments, net of short-term borrowings.

See accompanying notes to financial statements.

BRITISH COLUMBIA SYSTEMS CORPORATION

Notes to Financial Statements,

Year ended March 31, 2000

General

British Columbia Systems Corporation (the "Corporation") was established in 1977 as a Crown Corporation of the Province of British Columbia by the enactment of the *System Act*, with a mandate to advance the effective and efficient use of information systems in the British Columbia public sector.

On March 31, 1996, with the exception of the General Manager, employees and business operations were transferred to the Information Technology Services Division of the Information, Science and Technology Agency.

It is the intention of management to wind-up the Corporation. As of March 31, 2000, the activities related to the windup of the Corporation were not complete. The Corporation has made provision in these financial statements for all costs associated with the windup activities. This provision is based on the Corporation's best estimate of the windup costs. Any required adjustments to the provision will be recorded in the period in which they are identified.

1. Significant accounting policies

(a) Statement presentation

As prescribed by Section 9(6) of the *System Act*, the financial statements of the Corporation are prepared in accordance with generally accepted accounting principles.

(b) Accrual accounting

The accrual method of accounting is used in the preparation of these financial statements. Accordingly, revenues are recorded in the period they are earned and expenses are recorded in the period they are incurred.

(c) Federal and provincial taxes

The Corporation is exempt from Canadian Corporate Income Taxes and is not subject to the Goods and Services Tax.

2. Net income

Pursuant to Section 8(5) of the *System Act*, the Lieutenant-Governor in Council may, each fiscal year, on the recommendation of the Minister of Finance and Corporate Relations, direct the transfer to the Provincial Government of all or part of the net income for the current year or for previous years to the extent not previously so transferred.

3. Contingencies

The Corporation is subject to claims, the results of which are not determinable. Should any losses result from these claims, such losses would be recorded against income of the period(s) in which they occur.

BRITISH COLUMBIA SYSTEMS CORPORATION

Notes to Financial Statements,

Year ended March 31, 2000

4. Borrowing authority

Pursuant to Section 8(6) of the *System Act*, the aggregate amount that may be advanced to, or borrowed by, the Corporation shall not exceed \$65,000,000.

5. Subsequent Event

On April 30, 2000, the Corporation was dissolved and its net assets were distributed to the shareholder.