

**Victoria Line Ltd.**  
**Financial Statements**  
December 31, 2000

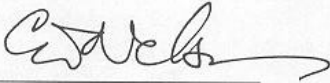
# Victoria Line Ltd.

## Statement of Management Responsibility

Management, in accordance with Canadian generally accepted accounting principles, has prepared the financial statements of *Victoria Line Ltd.* These statements present fairly the financial position of the Company as at December 31, 2000 and results of its operations for the year then ended.

Management is responsible for the preparation, integrity and objectivity of the financial statements. Systems of internal control are developed and maintained by management to provide reasonable assurance that transactions are properly authorized, assets are safeguarded, and financial records are properly maintained to provide a reliable basis for preparation of the financial statements.

The Auditor General of British Columbia has performed an independent audit of the financial statements. The Report of the Auditor General outlines the scope of his audit and his opinion on the financial statements of *Victoria Line Ltd.*



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Chris Nelson  
President

Victoria, British Columbia  
March 6, 2001



Report of the Auditor General  
of British Columbia

*To the Shareholder of Victoria Line Ltd.:*

I have audited the balance sheet of *Victoria Line Ltd.* as at December 31, 2000 and the statements of operations and retained earnings, and cash flows for the year then ended. These financial statements are the responsibility of the Company's management. My responsibility is to express an opinion on these financial statements based on my audit.

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

In my opinion, these financial statements present fairly, in all material respects, the financial position of *Victoria Line Ltd.* as at December 31, 2000 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Wayne Strelieff, CA  
Auditor General

*Victoria, British Columbia  
March 6, 2001*

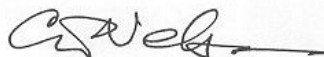
# Victoria Line Ltd.

## Balance Sheet

December 31, 2000, with comparative figures for 1999

	2000	1999
	\$	\$
<b>Assets</b>		
<b>Current</b>		
Cash	126,412	115,061
Accounts receivable	2,911	173,609
Prepaid expenses	-	20,440
	<u>129,323</u>	<u>309,110</u>
<b>Capital assets (note 3)</b>	-	1,500,000
	<u>129,323</u>	<u>1,809,110</u>
<b>Liabilities</b>		
<b>Current</b>		
Accounts payable	102,402	38,741
Due to the Province of British Columbia (note 4)	-	2,800,000
	<u>102,402</u>	<u>2,838,741</u>
<b>Shareholder's Equity</b>		
Share capital (note 7)	5	5
Contributed surplus (note 8)	-	1,500,000
Retained earnings (deficit)	26,916	(2,529,636)
	<u>26,921</u>	<u>(1,029,631)</u>
	<u>129,323</u>	<u>1,809,110</u>

Approved on behalf of the Board



Director

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

**Victoria Line Ltd.**  
**Statement of Operations and Retained Earnings**

Year Ended December 31, 2000, with comparative figures for 1999

	2000	1999
	\$	\$
<b>Revenue</b>		
Amortization of deferred contribution	-	360,000
Interest	9,199	3,245
Lease cancellation fees	-	168,935
Lease revenue	-	50,000
Recoveries	-	33,394
	<b>9,199</b>	<b>615,574</b>
<b>Expenses</b>		
Amortization of capital assets	-	360,000
Berthage	13,989	17,831
Interest	40,414	127,261
Marketing, insurance and professional fees	68,222	121,374
General and administrative	5,262	8,977
Refit, materials and supplies	93,705	27,631
Salaries, wages and benefits	31,055	39,224
	<b>252,647</b>	<b>702,298</b>
<b>Loss from operations</b>	<b>(229,448)</b>	<b>(86,724)</b>
Gain on sale of vessel	1,300,000	-
Deficit beginning of year	<b>(2,529,636)</b>	<b>(2,442,912)</b>
Transfer of contributed surplus (note 8)	1,500,000	-
<b>Retained earnings (deficit) end of the year</b>	<b>26,916</b>	<b>(2,529,636)</b>

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

## Victoria Line Ltd. Statement of Cash Flows

Year Ended December 31, 2000, with comparative figures for 1999

	2000	1999
	\$	\$
<b>Cash flows from operating activities</b>		
Cash received from leasing operations	173,609	50,000
Cash received from recoveries	-	170,453
Cash paid to suppliers and employees	(131,043)	(278,518)
Interest received	9,199	3,245
Interest paid	(40,414)	(146,053)
	11,351	(200,873)
<b>Cash flows from financing activities</b>		
Cash (paid) received from the Province of British Columbia	(2,800,000)	300,000
	(2,800,000)	300,000
<b>Cash flows from investing activities</b>		
Sale of vessel	2,800,000	-
<b>Increase in cash during the year</b>	11,351	99,127
Cash beginning of year	115,061	15,934
<b>Cash end of year</b>	126,412	115,061

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

# Victoria Line Ltd.

## Notes to the Financial Statements

Year ended December 31, 2000

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### 1. Nature of business

Victoria Line Ltd. ("Company") was incorporated under the Canadian Business Corporation Act on May 5, 1975 and is wholly owned by the Province of British Columbia.

The Minister of Finance and Corporate Relations acts as fiscal agent for the Company. The Company is exempt from federal and provincial income taxes and the British Columbia corporation capital tax.

### 2. Significant accounting policies

The financial statements have been prepared in accordance with Canadian generally accepted accounting principles. Significant accounting policies followed in the preparation of these financial statements are:

#### a) Notice of liquidation

The Company is in the process of winding up its operations. At a special meeting of the shareholders on December 5, 2000 a special resolution was passed liquidating and dissolving voluntarily the company under the provisions of the Canada Business Corporation Act. A certificate of intent to dissolve was issued to the Company pursuant to the Act under date of January 5, 2001.

#### b) Foreign currency translation

Monetary assets and liabilities denominated in foreign currency are translated to Canadian dollars at the exchange rate prevailing at year-end. Adjustments to revenue and expenditure transactions arising as a result of foreign currency translations are credited or charged to operations at year-end based on the average exchange rate in effect for the year.

### 3. Capital assets

	<u>2000</u>		<u>1999</u>
	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net Book Value</u>
Vessel	\$ -	\$ -	\$1,500,000

# Victoria Line Ltd.

## Notes to the Financial Statements

Year ended December 31, 2000

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4. Due to the Province of British Columbia	<u>2000</u>	<u>1999</u>
	\$ <u>-</u>	<u>\$2,800,000</u>

### 5. Insurance claim

The Company has one insurance claim outstanding as a result of a 1995 barge incident. This claim is the subject of action against the barge owners and the insurers of the pier. No recovery is recorded at this time as it could compromise litigation. Based on reports from legal Council, management is optimistic that recovery will be substantial.

### 6. Related party transactions

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

The Ministry of Employment and Investment provides managerial and administrative services to the Company. The cost of this support is not material and has not been recorded in these financial statements.

### 7. Share capital

The Company has authorized capital consisting of 50,000 common shares with no par value. The Minister of Transportation and Highways holds the five common shares issued as representative of Her Majesty the Queen in right of the Province of British Columbia.

### 8. Contributed surplus

The contributed surplus represented the residual value of the vessel originally received from the Province of British Columbia. With the sale of the vessel the directors passed a resolution transferring the remaining contributed surplus to retained earnings.