

Financial Statements of

**DUKE POINT DEVELOPMENT  
LIMITED**

Year ended March 31, 2002



## Report of the Auditor General of British Columbia

*To the Shareholder:*

I have audited the balance sheet of *Duke Point Development Limited* as at March 31, 2002 and the statements of earnings and retained earnings (deficit), 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 *Duke Point Development Limited* as at March 31, 2002 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles. As required by the Company Act of British Columbia, I report that, in my opinion, these principles have been applied on a basis consistent with that of the preceding year.

*Victoria, British Columbia*  
*June 28, 2002*

Wayne Strelieff, CA  
Auditor General

# DUKE POINT DEVELOPMENT LIMITED

## Balance Sheet

March 31, 2002, with comparative figures for 2001

	2002	2001
<b>Assets</b>		
Cash and cash equivalents	\$ 4,594,071	\$ 3,394,543
Accounts receivable and prepaid expenses	15,030	41,466
Property held for resale (note 1)	-	1,203,878
Property held under long-term lease (note 1)	-	2,290,150
	<u>\$ 4,609,101</u>	<u>\$ 6,930,037</u>

## Liabilities

Accounts payable and refundable deposits	\$ 24,473	\$ 50,461
Unearned revenue	-	24,880
Industrial Development Subsidiary Agreement loan (note 1)	-	12,478,322
	<u>24,473</u>	<u>12,553,663</u>

## Shareholder's Equity

### Share capital:

#### Authorized:

5,000,000 Common shares, with no par value

#### Issued:

2 Common shares	2	2
Contributed surplus (note 3)	4,584,626	24,429,812
Retained earnings (deficit)	-	(30,053,440)
	<u>4,584,628</u>	<u>(5,623,626)</u>
	<u>\$ 4,609,101</u>	<u>\$ 6,930,037</u>

See accompanying notes to financial statements.

Approved on behalf of the Board:

Director

Director

# DUKE POINT DEVELOPMENT LIMITED

## Statement of Earnings and Retained Earnings (Deficit)

Year ended March 31, 2002, with comparative figures for 2001

	2002	2001
Property sales	\$ 1,394,500	\$ 450,000
Less cost of property sold	1,218,450	329,934
	176,050	120,066
Other revenue:		
Interest	141,675	492,015
Property lease	123,232	178,704
	440,957	790,785
Expenses:		
Grants in lieu of property taxes	70,694	72,487
Administration	92,577	133,769
Indirect development costs	10,908	16,918
Property lease commissions	-	6,986
Amortization	-	1,010
	174,179	231,170
Net earnings	266,778	559,615
Deficit, beginning of year	(30,053,440)	(30,613,055)
Transfer from contributed surplus (note 3)	29,786,662	-
Retained earnings (deficit), end of year	\$ -	\$ (30,053,440)

See accompanying notes to financial statements.

# DUKE POINT DEVELOPMENT LIMITED

## Statement of Cash Flows

Year ended March 31, 2002, with comparative figures for 2001

	2002	2001
Cash provided by (used in):		
Operations:		
Net earnings	\$ 266,778	\$ 559,615
Amortization, which does not involve cash	-	1,010
Changes in non-cash operating working capital:		
Accounts receivable and prepaid expenses	26,436	53,725
Property held for resale	65,679	299,486
Property held under long-term lease	1,145,836	(6,650)
Accounts payable and refundable deposits	(25,988)	16,749
Unearned revenue	(24,880)	9,920
	1,453,861	933,855
Financing:		
Payment towards Industrial Development Subsidiary Agreement loan	-	(5,624,178)
Payment of property transfer taxes	(54,333)	-
Prepayment of grants-in-lieu of property taxes	(200,000)	-
	(254,333)	(5,624,178)
Increase (decrease) in cash	1,199,528	(4,690,323)
Cash and cash equivalents, beginning of year	3,394,543	8,084,866
Cash and cash equivalents, end of year	\$ 4,594,071	\$ 3,394,543
Major components of cash and cash equivalents are as follows:		
Cash	\$ 1,571,022	\$ 488,066
Temporary investments	3,023,049	2,906,477
	\$ 4,594,071	\$ 3,394,543

See accompanying notes to financial statements.

# DUKE POINT DEVELOPMENT LIMITED

Notes to Financial Statements

Year ended March 31, 2002

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Duke Point Development Limited (the "Company") was incorporated on October 26, 1977 under the Company Act (British Columbia) as a wholly-owned government corporation of the Province of British Columbia (the "Province").

## 1. Future operations:

In 2002, the Province restructured the operations of the Company.

On February 11, 2002, the Industrial Development Subsidiary Agreement ("IDSA") loan between the Company and the Province was forgiven. The loan balance of \$12,478,322 was credited to contributed surplus.

The Company owned and operated the Duke Point Industrial Park situated in the City of Nanaimo, British Columbia until March 2002. The Company transferred all property held for resale and lease to the Province in March 2002. As part of the restructuring, the Company was responsible for the payment of certain costs. As the transfer was to a related party, the transaction was reflected as a reduction in contributed surplus based on the carrying value of the property transferred. All costs associated with this transfer were also charged to contributed surplus.

## 2. Significant accounting policies:

### (a) Basis of presentation:

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles. The Company is economically dependent upon the Province. The Province provides certain administrative services to the Company without charge.

### (b) Cash and cash equivalents:

Cash and cash equivalents are defined as deposits in banks, certificates of deposit and temporary investments with original maturities of three months or less as cash equivalents. Temporary investments, comprised of units in Province of British Columbia Pooled Investment Portfolios, are recorded at the lower of cost and market.

### (c) Revenue:

Revenue from land sales is recognized when all material conditions of sale transactions, including the passing of legal title, have been completed and the collection of sale proceeds is reasonably assured.

Interest and property lease income is recognized when earned.

# DUKE POINT DEVELOPMENT LIMITED

Notes to Financial Statements

Year ended March 31, 2002

## 2. Significant accounting policies (continued):

### (d) Measurement uncertainty:

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Items requiring the use of significant estimates include revenue recognition and the collectability of accounts receivable. Actual results could differ from these estimates.

## 3. Contributed surplus:

	2002	2001
Balance, beginning of year (indebtedness forgiven by British Columbia Enterprise Corporation)	\$ 24,429,812	\$ 24,429,812
IDSA loan forgiven by the Province	12,478,322	-
Transfer of property to the Province	(2,282,513)	-
Costs associated with the transfer	(254,333)	-
Transfer to eliminate accumulated deficit	(29,786,662)	-
<b>Balance, end of year</b>	<b>\$ 4,584,626</b>	<b>\$ 24,429,812</b>

As part of the Company's restructuring its shareholder, the Province of British Columbia, authorized the elimination of the accumulated deficit through a transfer of contributed surplus of \$29,786,662 effective March 31, 2002.

# DUKE POINT DEVELOPMENT LIMITED

Notes to Financial Statements

Year ended March 31, 2002

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#### 4. Related party transactions:

The Company is presently related through common ownership to all Province 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.

During the year, the Company paid \$36,000 (2001 - \$36,000) to Land and Water British Columbia Inc. (previously British Columbia Assets and Land Corporation) pursuant to a contract for management services.

#### 5. Subsequent events:

In May 2002, the Company changed its name to Partnerships British Columbia Inc. The Company's mandate in fiscal 2003 and thereafter is to promote, enable and help implement public-private partnership projects.