



**FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED  
MARCH 31, 2004**

## Management's Report

The financial statements of Tourism British Columbia for the year ended March 31, 2004 have been prepared by management in accordance with Canadian generally accepted accounting principles. These financial statements present fairly the consolidated financial position of Tourism British Columbia as at March 31, 2004 and the consolidated results of operations and changes in cash flows for the year then ended.

Management is responsible for the preparation of the financial statements and has established a system of internal control to provide reasonable assurance that assets are safeguarded, transactions are properly authorized, and financial records provide reliable information for the preparation of financial statements.

The Board of Directors carries out its responsibility for the review of the financial statements. The Board meets with management and the external auditor to discuss the results of audit examinations and financial reporting matters. The external auditor has full access to the Board, with and without the presence of management.

The Auditor General of British Columbia has performed an independent audit of the financial statements of Tourism British Columbia. The Auditor's report outlines the scope of his examination and expresses an opinion on the statements of Tourism British Columbia.



Rod J. Harris  
President and Chief Executive Officer  
Tourism British Columbia



Len Dawes, CA  
Chief Financial Officer  
Tourism British Columbia

May 26, 2004



## Report of the Auditor General of British Columbia

To the Members of the Board of Directors  
of *Tourism British Columbia*, and

To the Minister of Small Business and Economic Development,  
Province of British Columbia

I have audited the consolidated statement of financial position of *Tourism British Columbia* as at March 31, 2004 and the consolidated statements of operations and net assets, and cash flows for the year then ended. These financial statements are the responsibility of the Corporation'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 consolidated financial statements present fairly, in all material respects, the financial position of *Tourism British Columbia* as at March 31, 2004 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, FCA  
Auditor General

Victoria, British Columbia  
May 26, 2004

**TOURISM BRITISH COLUMBIA  
STATEMENT OF CONSOLIDATED FINANCIAL POSITION**

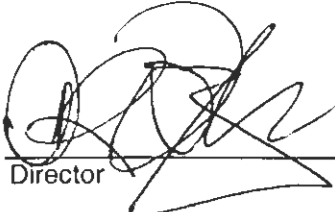
(in \$000s)

<b>March 31,</b>	<b>2004</b>	<b>2003</b>
<b>ASSETS</b>		
<b>Current assets</b>		
Cash and short term investments (Note 3)	3,107	11,073
Accounts receivable		
Province of British Columbia	3,087	2,266
Other	1,872	989
Loan receivable (Note 5)	110	50
Inventories	137	109
Prepaid	418	414
	<u>8,731</u>	<u>14,901</u>
<b>Intangible assets (Note 7)</b>	<b>1,578</b>	<b>1,578</b>
<b>Capital assets (Note 6)</b>	<b>2,897</b>	<b>748</b>
	<u><u>13,206</u></u>	<u><u>17,227</u></u>
<b>LIABILITIES</b>		
<b>Current liabilities</b>		
Accounts payable		
Province of British Columbia	190	239
Other	6,297	7,057
Deferred revenue	2,185	1,943
	<u>8,672</u>	<u>9,239</u>
<b>Long term liabilities (Note 8)</b>	<b>529</b>	<b>370</b>
	<u>9,201</u>	<u>9,609</u>
<b>NET ASSETS</b>	<b>4,005</b>	<b>7,618</b>
	<u><u>13,206</u></u>	<u><u>17,227</u></u>

Commitments (Note 9)

Approved on behalf of the Board:

  
Board Chair

  
Director

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

**TOURISM BRITISH COLUMBIA**  
**STATEMENT OF CONSOLIDATED OPERATIONS AND NET ASSETS**

(in \$000s)

<b>Year ended March 31</b>	<b>2004</b>	<b>2003</b>
<b>Revenues</b>		
Hotel room tax	24,200	24,511
Program revenue (Note 12)	7,806	7,937
Investment and miscellaneous income	206	214
Province of British Columbia contribution	750	2,000
	<u>32,962</u>	<u>34,662</u>
<b>Expenses</b>		
Advertising and promotion	17,115	14,317
Visitor servicing and sales	12,268	11,710
Marketing development	1,143	2,518
British Columbia Magazine	2,647	2,557
Amortization	312	490
General and administration	3,090	2,879
	<u>36,575</u>	<u>34,471</u>
<b>(Deficiency) excess of revenues over expenses</b>	<b>(3,613)</b>	<b>191</b>
<b>Net assets, beginning of year</b>	<b>7,618</b>	<b>6,260</b>
<b>Contributed assets (Note 10)</b>	<b>0</b>	<b>1,167</b>
<b>Net assets, end of year</b>	<b><u>4,005</u></b>	<b><u>7,618</u></b>

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

**TOURISM BRITISH COLUMBIA**  
**STATEMENT OF CONSOLIDATED CASH FLOWS**

(in \$000s)

<b>Year ended March 31</b>	<b>2004</b>	<b>2003</b>
<b>Operating activities</b>		
Net revenue	(3,613)	191
Items not involving cash		
Accounts receivable	(1,764)	1,065
Inventories	(28)	151
Prepaid expenses	(4)	(151)
Accounts payable and accrued liabilities	(810)	1,141
Amortization of marketing technology	312	490
Deferred revenue	242	(186)
Cash flows (used in) from operating activities	<u>(5,665)</u>	<u>2,701</u>
<b>Investing activities</b>		
Additions to capital assets	<u>(2,460)</u>	<u>(227)</u>
Cash flows (used in) investing activities	<u>(2,460)</u>	<u>(227)</u>
<b>Financing activities</b>		
Long term liabilities	<u>159</u>	<u>(11)</u>
Cash flows from (used in) financing activities	<u>159</u>	<u>(11)</u>
<b>Net (decrease) increase in cash</b>	<b>(7,966)</b>	<b>2,463</b>
<b>Cash and short term investments at beginning of year</b>	<b><u>11,073</u></b>	<b><u>8,610</u></b>
<b>Cash and short term investments at end of year</b>	<b><u><u>3,107</u></u></b>	<b><u><u>11,073</u></u></b>

# TOURISM BRITISH COLUMBIA

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2004  
(tabular amounts in \$000s)

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### 1. Authority and purpose

Tourism British Columbia (the Corporation) is a provincial Crown corporation established by the *Tourism British Columbia Act* on June 27, 1997. The purpose of the Corporation is to promote development and growth in the tourism industry, to increase revenue and employment in the industry throughout British Columbia and to increase the economic benefits generated by the industry.

Under the *Tourism British Columbia Act*, Tourism British Columbia is entitled to the net revenue collected under section 3.1 of the *Hotel Room Tax Act*.

The Corporation is exempt from federal and provincial income taxes and from the federal goods and services tax.

### 2. Significant accounting policies

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

#### ( a) Basis of Consolidation

The consolidated financial statements include the accounts of the Corporation and its wholly owned subsidiary 595195 BC Ltd. (British Columbia Magazine). All significant inter-company transactions and balances have been eliminated.

#### ( b) Short term investments

Short term investments consist of units in the Province of British Columbia Pooled Investment Portfolios. Units are carried at the lower of cost adjusted by income attributed to the units, and market value. Income attributed to the units represents the unitholder's share of the interest earned by the Portfolio and may be realized upon the sale of units.

#### ( c) Revenue recognition

Hotel room tax revenue is recognized in the period that consumers are charged the tax on their accommodation by the provincial government.

Program revenues are recognized in the period services are rendered.

Subscription revenues in the *British Columbia Magazine* operations are deferred and recognized as the magazine is published.

#### ( d) Intangible assets

Intangible assets are reviewed each year to determine if there is any impairment in value. A write down to fair value is recorded if there has been any impairment.

**TOURISM BRITISH COLUMBIA**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

**March 31, 2004**  
(tabular amounts in \$000s)

( e) Capital assets

Capital assets are recorded at cost and amortized on a straight-line basis over their estimated useful lives. Estimated useful lives are as follows:

Computer software	2 years
Computer equipment	3 years
Destination management system	5 years
Furniture and equipment	5 years
Vehicles	5 years
Leasehold improvements	Term of lease
Trademarks	20 years

Assets costing less than \$500 are expensed in the year of purchase.

( f) Inventories

Inventories held for resale are valued at the lower of cost and net realizable value. Supplies inventories are valued at cost.

( g) Related parties

Tourism British Columbia is related through common ownership to all Province of British Columbia ministries, agencies and Crown corporations. Transactions with these entities, considered to be in the normal course of operations, are recorded at the exchange amounts.

( h) Foreign currency translation

Any foreign currency transactions are translated into Canadian dollars at the rate of exchange in effect at the transaction date. Any foreign currency denominated monetary assets and liabilities are stated using the prevailing rate of exchange at the balance sheet date.

**3. Cash and short term investments**

	2004		2003	
	Cost	Market	Cost	Market
Cash	3,107	3,107	6,938	6,938
Short term investments	0	0	4,143	4,135
	<u>3,107</u>	<u>3,107</u>	<u>11,081</u>	<u>11,073</u>

Cash includes \$247,000 held in trust for payment of property purchase tax relating to the transfer of the donated land and improvements described in note 13.

**4. Financial instruments**

The Corporation's financial instruments consist of cash held in its various bank accounts, accounts receivable, accounts payable and long term liabilities. It is management's opinion that the Corporation is not exposed to significant interest, currency or credit risk arising from these financial instruments.



**TOURISM BRITISH COLUMBIA**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

**March 31, 2004**

(tabular amounts in \$000s)

**5. Loan receivable**

Tourism British Columbia has extended two loans totaling \$110,000 to Adventure Management Ltd., the contracted service provider that operates the Coquihalla and Mt. Robson Visitor Information Centres on behalf of Tourism British Columbia. The purpose of these loans is to support the implementation of a royalty model for merchandise sales at the Visitor Information Centres by providing financing for the purchase of inventory for resale. Interest on these loans is currently calculated at 5% per annum, payable monthly, with the principle due upon termination of the contract.

**6. Capital assets**

	2004			2003
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Destination management system	2,710	630	2,080	7
Computer equipment	1,361	1,332	29	60
Computer software	370	368	2	25
Furniture and equipment	592	425	167	93
Leasehold improvements	464	217	247	242
Trademarks	413	46	367	307
Vehicle	23	18	5	14
	<b>5,933</b>	<b>3,036</b>	<b>2,897</b>	<b>748</b>

**7. Intangible asset**

This intangible asset is the subscriber list of British Columbia Magazine (formerly Beautiful BC Magazine). The estimated fair value of the subscriber list is \$1,578,099 and is based on management's projection of the magazine's operating cash flows as at March 31, 2003 with no estimated impairment in value as at March 31, 2004.

**8. Long term liabilities**

	2004	2003
Employee leave liability	399	454
Less: Current portion	(70)	(174)
	<b>329</b>	<b>280</b>
Employee future post-retirement benefits	200	90
	<b>529</b>	<b>370</b>

**TOURISM BRITISH COLUMBIA**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

**March 31, 2004**  
(tabular amounts in \$000s)

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**9. Commitments**

The future remaining commitments for contracted program costs and office space leases are:

2004/5	4,534
2005/6	838
2006/7	693
2007/8	709
2008/9 and beyond	2,823
	<u>9,597</u>

**10. Contributed assets**

Contributed assets represents transfers from the Province of British Columbia of assets and liabilities accumulated by the Special Operating Agency - Tourism BC, prior to the formation of the Corporation. The board of directors has authorized transfer of contributed assets to unappropriated net assets in fiscal 2004.

**11 Employee benefit plans**

Employee future pension benefits

The Corporation and its employees contribute to the Public Service Pension Plan in accordance with *the Public Sector Pension Plans Act*. The Plan is a multi-employer, defined benefit plan. On behalf of the employers, the British Columbia Pension Corporation administers the Plan, including payment of pension benefits to employees to whom the Act applies.

The most recent actuarial valuation (March 31, 2002) has determined that the plan is in a surplus position. Effective January 1, 2001, the Public Service Pension Plan's management changed to a joint trusteeship where the management, risks and benefits are shared between employees and employers. Previously these matters were the sole responsibility of the Province of British Columbia.

Employee future post-retirement benefits

Obligations for employee retirement allowances are detailed in the Corporation's collective agreement. The Corporation has accrued the estimated costs of these benefits, and has adopted the policy on a prospective basis with no retroactive restatement of prior year amounts. The amount accrued during the 2003/4 fiscal year was \$200,401 (2002/3 - \$89,678) and is included in long term liabilities

Employee pension - UK

Tourism British Columbia implemented a defined contribution pension plan for staff working in the United Kingdom in fiscal 2004. Staff contribute 5% of their base salary with a matching amount contributed by Tourism British Columbia. The pension plan is administered by Thomson's Wealth Management, a contracted pension administrator located in the UK

**TOURISM BRITISH COLUMBIA**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

March 31, 2004  
(tabular amounts in \$000s)

<b>12. Program revenue</b>	<b>2004</b>	<b>2003</b>
Publications		
British Columbia Magazine	2,654	2,602
Accommodation Guide	1,363	1,173
Vacation Planner	258	383
Outdoor & Adventure Guide	166	137
	<u>4,441</u>	<u>4,295</u>
Commission fees		
Discover Camping	897	968
SNBC call centre	725	731
BC Escapes	342	455
Visitor Info Centres	530	515
	<u>2,494</u>	<u>2,669</u>
Training Services	317	278
Merchandise sales and royalties	234	452
Inspections	170	164
Miscellaneous	150	79
	<u>7,806</u>	<u>7,937</u>

**13. Subsequent event**

On May 11, 2004, Trans Canada Trail Foundation donated land and improvements to Tourism British Columbia with an estimated fair market value of \$14,260,842 (land \$6,903,682; improvements \$7,357,160). The land and improvements are former rail corridors converted to recreational trail use in located in south eastern British Columbia.

**14. Comparative amounts**

Certain comparative figures in the financial statements have been restated to conform with the current year presentation.