

**Financial Statements**

**BC Brewers Recycled Container Collection Council**

**March 31, 2008**

## AUDITOR'S REPORT

To the Members of  
**BC Brewers Recycled Container Collection Council**

I have audited the statement of financial position of BC Brewers Recycled Container Collection Council as at March 31, 2008 and the statements of operations and cash flows for the period from May 22, 2007 to March 31, 2008. 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 financial statements present fairly, in all material respects, the financial position of the Corporation as at March 31, 2008 and the results of its operations and its cash flows for the period from May 22, 2007 to March 31, 2008 in accordance with Canadian generally accepted accounting principles.

Calgary, Alberta  
September 30, 2008



**CHARTERED ACCOUNTANT**

**BC Brewers Recycled Container Collection Council**  
(Incorporated under the laws of British Columbia)

**STATEMENT OF FINANCIAL POSITION**

As at March 31

	2008
	\$
<b>ASSETS</b>	
<b>Current</b>	
Cash	4,841,199
Accounts receivable (Note 3)	4,040,340
GST recoverable (Note 6)	627,369
	<u>9,508,908</u>
<b>LIABILITIES</b>	
<b>Current</b>	
Accounts payable and accrued liability	8,800
Deposit Liability	5,083,127
Amount payable to BDL (without interest or stated terms of repayment)	2,732,210
	<u>7,824,137</u>
<b>NET ASSETS</b>	
Accumulated excess of revenues over expenses (Note 5)	<u>1,684,771</u>
	<u>9,508,908</u>

*See accompanying notes*

On behalf of the Board:

\_\_\_\_\_ Director

\_\_\_\_\_ Director

# BC Brewers Recycled Container Collection Council

## STATEMENT OF OPERATIONS

For the period from May 22, 2007 to March 31, 2008

	2008
	\$
<b>REVENUES</b>	
<b>Cans</b>	
Aluminum revenue	8,728,766
Unredeemed deposits	3,880,972
<b>TOTAL REVENUE</b>	<b>12,609,738</b>
<b>EXPENSES</b>	
<b>Cans</b>	
Processing fee:	
BDL (Note 4)	10,913,404
Miscellaneous	11,563
<b>TOTAL EXPENSES</b>	<b>10,924,967</b>
<b>Net excess of revenues over expenses</b>	<b>1,684,771</b>
Accumulated excess of revenues over expenses, beginning of year	-
<b>Accumulated excess of revenues over expenses, end of year</b>	<b>1,684,771</b>

*See accompanying notes*

**BC Brewers Recycled Container Collection Council**

**STATEMENT OF CASH FLOWS**

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For the period from May 22, 2007 to March 31, 2008

	2008
	\$
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<b>OPERATING ACTIVITIES</b>	
Net excess of revenues over expenses for the year	1,684,771
Change in non-cash working capital items	424,218
	<hr/> 2,108,989
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<b>FINANCING ACTIVITIES</b>	
BDL advance (repayments)	2,732,210
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<b>Increase (decrease) in cash</b>	<b>4,841,199</b>
Cash position, beginning of year	-
<b>Cash position, end of year</b>	<hr/> <b>4,841,199</b>

*See accompanying notes*

**BC Brewers Recycled Container Collection Council**  
**NOTES TO FINANCIAL STATEMENTS**  
**March 31, 2008**

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**1. Description of Business**

BC Brewers Recycled Container Collection Council ("BRCCC") is the common collection agent for the collection of regulated beer containers.

BRCCC engages Brewers' Distributor Ltd. ("BDL") to process empty cans.

Only collection activities for aluminum beer containers are included in these financial statements.

**2. Accounting Policies**

These financial statements have been prepared by management in accordance with Canadian generally accepted accounting principles. Because a precise determination of assets and liabilities is dependent upon future events, the preparation of periodic financial statements necessarily involves the use of estimates and approximations. The financial statements have, in management's opinion, been prepared within reasonable limits of materiality and within the framework of the accounting policies summarized below:

**Revenue recognition**

- (a) **Aluminum revenue** is recorded when empty cans are crushed.
- (b) **Unredeemed deposits** are recorded monthly based on the sales of the month and the average non-return rate for containers.

**Deposit liability**

A deposit liability is recorded when the LDB pays BRCCC deposits collected on all sales. This liability is reduced when containers are purchased for recycling. However, not all containers sold to the public are returned. The deposit value of the difference between sales and returns represents a revenue item, which is used to cover part of the cost of collecting the empty containers.

The liability deposit is estimated based on a 7 week, twelve month rolling average of actual returns.

**Income Taxes**

BRCCC is registered as a not-for-profit entity and accordingly not subject to income taxes. The incorporation was effective as of July 18, 2007. BRCCC was confirmed as registered for GST on August 15, 2008 and back dated to July 18, 2007.

**BC Brewers Recycled Container Collection Council**  
**NOTES TO FINANCIAL STATEMENTS**  
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Ernst & Young has also registered BRCCC as an un-incorporated not-for-profit entity and was confirmed as registered for GST on August 15, 2008, for the period covering May 22, 2007 to July 17, 2007

**Financial Instruments**

Financial instruments consist of cash, accounts receivable, deposit liabilities and amounts payable to BDL having carrying values that approximate their fair value as at March 31, 2008 due to their short term nature.

**3. Accounts receivable**

Accounts receivable of \$4,040,340.30 represents the deposits to be received from LDB for

- a. sales underpayment from April to November 2007 for \$1,636,188.80
- b. sales payment for March 16 - 31, 2008 not yet received for \$2,404,151.50

**4. Agent handling fees**

The processing fees paid to BDL include agent handling fees charged by Liquor Retail Stores (LRS)/ Government Liquor Stores (GLS) & Stewardships of \$0.18/dozen cans and by other depots of \$0.122/dozen cans.

**5. Accumulated Excess of Revenues over Expenses**

As of March 31, 2008 the total excess of revenues over expenses is \$1,684,770.94 for cans. The goal of the Corporation is to have an accumulated excess of revenues over expenses of \$1 million.

**6. GST**

BC BRCCC is in a credit position as the business does not invoice anyone but merely pays the processing fee charged by Brewers Distributors Ltd. for the processing of used cans.