



Public Accounts

for the fiscal year ended 31 March
2004

Volume 3 Financial Statements of Crown Corporations, Boards, Commissions

Printed by
Authority of the Legislature
Fredericton, N.B.



Public Accounts

for the fiscal year ended 31 March

2004

Volume 3

Financial Statements of
Crown Corporations,
Boards, Commissions

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Fredericton, N.B.
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INTRODUCTION VOLUME III

The Public Accounts of the Province of New Brunswick are presented in five volumes.

Volume I contains the audited financial statements of the reporting entity of the Province as described in Note 1 to the financial statements. They include a Statement of Financial Position, a Statement of Revenue and Expenditure, a Statement of Cash Flow and a Statement of Net Debt. Volume I also contains the Auditor's Report, Statement of Responsibility and a variance analysis.

Volume II contains unaudited supplementary information to the Financial Statements presented in Volume I. It presents summary statements for revenue and expenditure as well as five-year comparative statements. This volume also contains detailed information on Supplementary Appropriations, Funded Debt, statements of the General Sinking Fund, Securities Held, and revenue and expenditure by government department (this includes salary, travel, supplier, grant and contribution, and loan disbursement listings).

This volume contains the financial statements of those corporations, boards and commissions which are accountable for the administration of their financial affairs and resources to the Government or Legislature of the Province. The Government or Legislature also has the power to control these organizations either through ownership or through legislative provisions.

Volume IV contains the financial statements of various trust funds which the Province administers as Trustee.

Volume V contains salary listings of certain government organizations, including Regional Health Authorities, New Brunswick Power Corporation and New Brunswick Liquor Corporation. The salary listings are for employees who received earnings during the year ended 31 December 2003 in excess of \$40,000.

FINANCIAL STATEMENTS

ADVISORY COUNCIL ON THE STATUS OF WOMEN

31 MARCH 2004

Office of the
Auditor General

Bureau du
vérificateur général



AUDITOR'S REPORT

To the Chairperson and Members
Advisory Council on the Status of Women

I have audited the balance sheet of the Advisory Council on the Status of Women as at 31 March 2004 and the statement of revenue, expense and surplus for the year then ended. These financial statements are the responsibility of the Council'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 Council as at 31 March 2004 and the results of its operations for the year then ended in accordance with Canadian generally accepted accounting principles.

K.D. Robinson


K. D. Robinson, CA
Deputy Auditor General

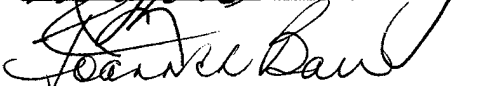
Fredericton, N. B.
24 June 2004

ADVISORY COUNCIL ON THE STATUS OF WOMEN
BALANCE SHEET
31 MARCH 2004

	2004	2003
ASSETS		
Accounts receivable - Province of New Brunswick	<u>\$ 73,294</u>	<u>\$ 126,000</u>
LIABILITIES AND SURPLUS		
Accounts payable	\$ -	\$ 19,976
Surplus	<u>73,294</u>	<u>106,024</u>
	<u>\$ 73,294</u>	<u>\$ 126,000</u>

Approved by the Council


Chairperson


Member

**ADVISORY COUNCIL ON THE STATUS OF WOMEN
STATEMENT OF REVENUE, EXPENSE AND SURPLUS
FOR THE YEAR ENDED 31 MARCH 2004**

	2004 Budget	2004 Actual	2003 Actual
REVENUE			
Grants - Province of New Brunswick	\$ 451,000	\$ 451,000	\$ 439,127
Other	-	-	4,000
	<u>451,000</u>	<u>451,000</u>	<u>443,127</u>
EXPENSE			
Personal services	247,600	222,346	218,677
Other services	183,900	243,163	229,955
Materials and supplies	9,500	11,102	9,083
Property and equipment	10,000	7,119	18,985
Contributions and grants	-	-	600
	<u>451,000</u>	<u>483,730</u>	<u>477,300</u>
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSE	<u>\$ -</u>	(32,730)	(34,173)
Surplus, beginning of year		<u>106,024</u>	140,197
SURPLUS, end of year		<u>\$ 73,294</u>	<u>\$ 106,024</u>

**ADVISORY COUNCIL ON THE STATUS OF WOMEN
NOTES TO FINANCIAL STATEMENTS
31 MARCH 2004**

1. Purpose of the organization

The Advisory Council on the Status of Women advises the New Brunswick government on matters relating to the status of women and brings before the public issues of concern to women.

2. Significant accounting policies

It is the policy of the Council to charge all fixed asset purchases to expense in the year in which the expenditure is incurred.

3. Expenses not included in these financial statements

The rental of the Council's office is paid for by the Province of New Brunswick and has not been included in the Council's expenses.

The Department of Finance has assumed responsibility for the costs of the financial administration of the Council.



FINANCIAL STATEMENTS

ALGONQUIN GOLF LIMITED

31 DECEMBER 2003



AUDITOR'S REPORT

To the Shareholder of
Algonquin Golf Limited

I have audited the balance sheet of Algonquin Golf Limited as at 31 December 2003 and the statements of revenue, expense and deficit 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 financial statements present fairly, in all material respects, the financial position of the Corporation as at 31 December 2003 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

KD Robinson


K. D. Robinson, CA
Deputy Auditor General

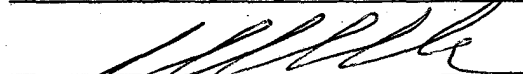
Fredericton, N.B.
5 March 2004

ALGONQUIN GOLF LIMITED
BALANCE SHEET
31 DECEMBER 2003

ASSETS	2003	2002
Current assets:		
Cash and short term investments	\$ 10,790	\$ 10,639
Accounts receivable	6,134	14
Pro Shop inventory	84,189	55,655
Prepaid expenses	67,408	45,995
	<u>168,521</u>	<u>112,303</u>
Capital assets (Note 3)	<u>5,978,881</u>	<u>6,326,072</u>
	<u>\$ 6,147,402</u>	<u>\$ 6,438,375</u>
 LIABILITIES AND SHAREHOLDER'S EQUITY		
Current liabilities		
Accounts payable and accrued liabilities	\$ 2,434,606	\$ 1,473,960
Long term liabilities		
Deferred contributions related to capital assets (Note 5)	1,762,147	1,868,944
Due to Province of New Brunswick (Note 4)	3,959,853	4,268,400
Interest on construction loan	297,822	297,822
Leases payable (Note 7)	69,463	85,764
	<u>6,089,285</u>	<u>6,520,930</u>
Capital Stock		
Issued and fully paid 1 common share	<u>1</u>	<u>1</u>
Contributed surplus (Note 6)	59,531	59,531
Deficit	(2,436,021)	(1,616,047)
	<u>(2,376,490)</u>	<u>(1,556,516)</u>
	<u>\$ 6,147,402</u>	<u>\$ 6,438,375</u>

Approved by the Board


 _____ Director


 _____ Director

ALGONQUIN GOLF LIMITED
STATEMENT OF REVENUE, EXPENSE AND DEFICIT
FOR THE YEAR ENDED 31 DECEMBER 2003

	Budget	2003	2002
REVENUE			
Green fees and rentals	\$ 1,327,500	\$ 1,148,936	\$ 1,111,598
Food sales	124,813	66,947	79,152
Beverage sales	101,506	107,162	95,849
RDC grant (Note 5)	106,797	106,797	106,797
Pro Shop	275,000	187,205	224,177
Interest	-	181	1,995
	<u>1,935,616</u>	<u>1,617,228</u>	<u>1,619,568</u>
EXPENSE			
Direct costs	1,214,306	955,848	959,608
Pro Shop cost of sales	216,669	116,923	117,381
Administrative and general	323,049	200,629	163,316
Advertising and promotion	142,678	153,894	112,402
Heat, light, power and water	76,704	60,675	43,195
Property taxes	63,000	61,280	61,280
Management fees	54,865	45,308	43,676
Interest on construction loan (Note 4)	-	287,093	300,372
Interest on leases	-	11,899	13,682
Amortization – capital assets	-	543,653	504,875
	<u>2,091,271</u>	<u>2,437,202</u>	<u>2,319,787</u>
LOSS	<u>\$ (155,655)</u>	<u>(819,974)</u>	<u>(700,219)</u>
Deficit, beginning of year		<u>(1,616,047)</u>	<u>(915,828)</u>
DEFICIT, end of year		<u><u>\$(2,436,021)</u></u>	<u><u>\$(1,616,047)</u></u>

ALGONQUIN GOLF LIMITED
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2003

	2003	2002
CASH PROVIDED BY (USED FOR):		
Operating activities:		
Net loss for the year	\$ (819,974)	\$ (700,219)
Add items not involving cash:		
Loss on sale of capital asset	21,126	-
Amortization	543,653	504,875
RDC contributions related to capital assets (Note 5)	(106,797)	(106,797)
Increase of non-cash components of working capital	856,024	161,483
	<u>494,032</u>	<u>(140,658)</u>
Financing activities		
Repayment of capital lease liability	(117,551)	(79,673)
Repayment of principal portion of the loan	(304,117)	-
	<u>(421,668)</u>	<u>(79,673)</u>
Investing activities:		
Purchase of capital assets	(72,213)	(26,801)
	<u>(72,213)</u>	<u>(26,801)</u>
INCREASE (DECREASE) IN CASH	151	(247,132)
Cash Position, beginning of year	<u>10,639</u>	<u>257,771</u>
CASH POSITION, end of year	<u>\$ 10,790</u>	<u>\$ 10,639</u>

ALGONQUIN GOLF LIMITED
NOTES TO FINANCIAL STATEMENTS
31 DECEMBER 2003

1. Description of Operations

Algonquin Golf Limited was incorporated on 29 May 1998 under the New Brunswick Business Corporations Act. Its purpose is to own and operate the golf course previously owned by Algonquin Properties Limited. The company is wholly owned by the Province of New Brunswick.

The first year of operations was 2000; the course opened on July 1. At that time, the golf course assets owned by Algonquin Properties Limited - buildings, equipment and land - were transferred from Algonquin Properties Limited to Algonquin Golf Limited. After this transfer, the assets, revenues and expenses of the golf course were recorded in the Algonquin Golf Limited financial statements. The company has a management agreement which contracts the day-to-day management of the course to Fairmont Hotels Inc.

2. Summary of Significant Accounting Policies

Capital Assets

- a) A reserve for replacement of equipment has been established pursuant to the management agreement with Fairmont Hotels Inc. The agreement states that each year an amount equal to four percent (4%) of gross revenue will be added to this reserve. Purchase of furniture, fixtures, course equipment and minor enhancements will be charged against this reserve up to the balance in the account.
- b) Replacement costs of china, glassware and other clubhouse supplies are charged to expense in the year of purchase.
- c) Amortization of capital assets of the course have been approved by management on a straight line basis at the rates shown in Note 3.

ALGONQUIN GOLF LIMITED
NOTES TO FINANCIAL STATEMENTS
31 DECEMBER 2003

3. Capital Assets

Capital Assets	Rate	Cost	Accumulated Amortization	Unamortized Balance
Land	0%	\$211,557	\$ -	\$211,557
Buildings	5%	1,383,461	241,328	1,142,133
Golf Course Improvements	5%	4,958,769	866,139	4,092,630
Golf Course Equipment	20%	830,911	533,553	297,358
External Improvements	15%	244,196	103,452	140,744
Computer Hardware & Software	20%	8,444	2,864	5,580
Furniture and Fixtures	8%	75,219	20,215	55,004
Building Improvements	10%	11,987	3,597	8,390
Automotive Equipment	20%	31,856	6,371	25,485
		<u>\$7,756,400</u>	<u>\$1,777,519</u>	<u>\$5,978,881</u>

4. Due to Province of New Brunswick

The full amount of the loan from the Province totaling \$4,572,514 was received over a period of three years with the final amount received in the year 2000. This loan is repayable no later than 31 March 2013, commencing with an interest only payment on March 31, 2002 of \$300,372 and then through blended payments of principal and interest each year together with a final installment of principal and interest of \$1,148,476 on 31 March, 2013. The loan bears interest at the rate of 6% compounded semi-annually not in advance, beginning in 1999. Interest accrued on this loan for 2003 was \$287,093 (2002 - \$300,372).

5. Deferred Contribution

In 1998, Algonquin Golf Limited received a non-repayable contribution of \$2,135,936 from the Regional Development Corporation towards costs associated with the redesign, construction, furnishings and equipment for the new signature golf course at the Algonquin golf site. The full amount was recorded as deferred revenue until the opening of the course. This amount is being amortized over the same period as the assets, which the contribution was used to fund, at a rate of 5% annually.

ALGONQUIN GOLF LIMITED
NOTES TO FINANCIAL STATEMENTS
31 DECEMBER 2003

6. Contributed Surplus

The contributed surplus represents the book value of the former clubhouse building that was transferred from Algonquin Properties Limited.

7. Obligations Under Capital Leases

Capital leases are in place for golf course equipment. The gross amount of assets under capital lease is \$533,184 with accumulated amortization totaling \$296,863. The total future principal and interest payments for capital leases amount to \$210,205. That amount includes \$198,464 in principal and \$11,741 in interest. Of the \$198,464, \$129,001 is due in current year and appears in current liabilities.

Minimum annual principal and interest payments in each of the next four years are as follows:

<u>Fiscal Year</u>	
2004	\$ 128,384
2005	44,232
2006	29,274
2007	<u>8,315</u>
	<u>\$ 210,205</u>

ALGONQUIN GOLF LIMITED
NOTES TO FINANCIAL STATEMENTS
31 DECEMBER 2003

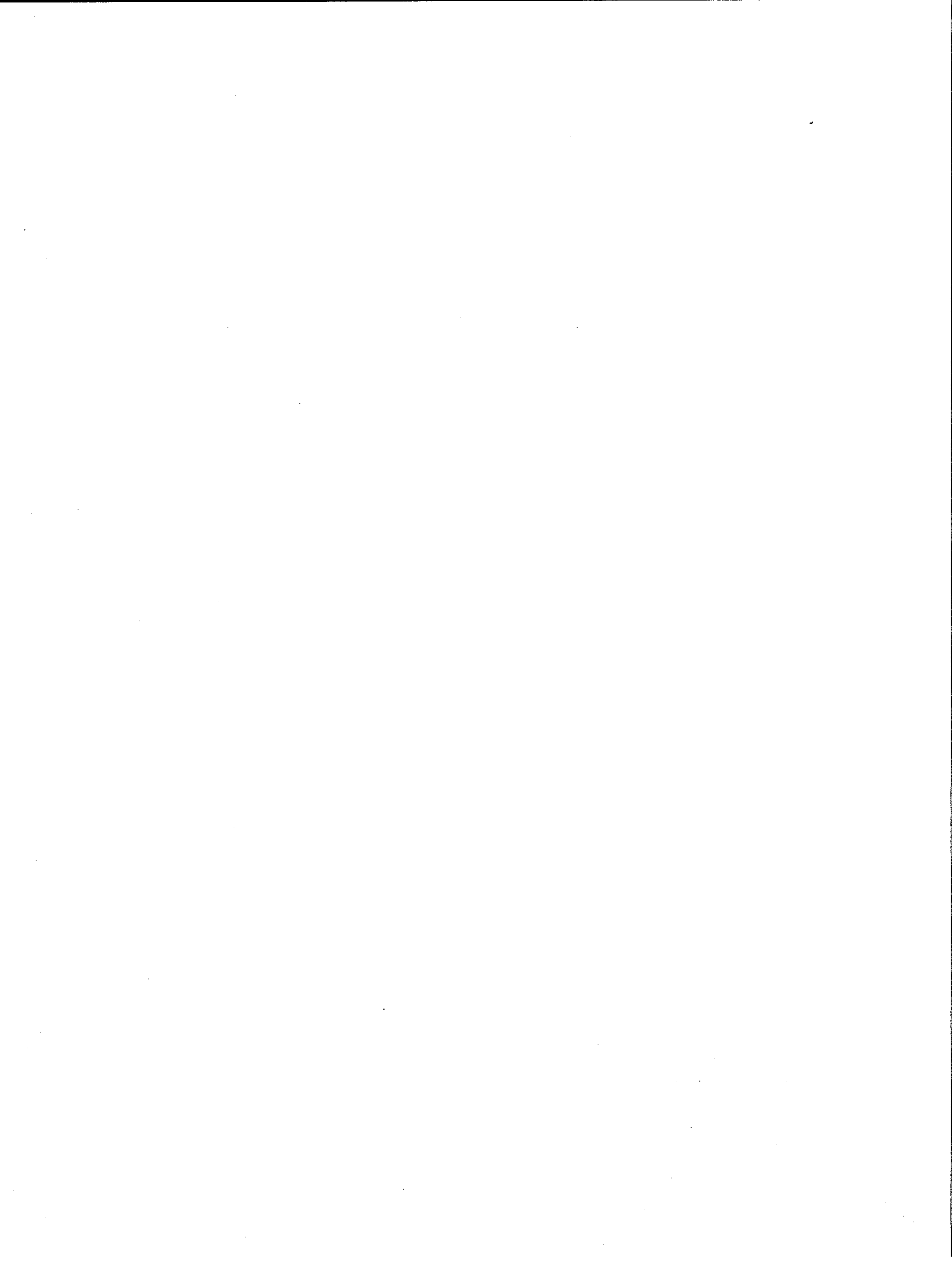
8. Related Party Transactions

Under the Management Agreement, Fairmont Hotels Inc. may:

- purchase goods identified as goods of the operator through the purchasing department of the operator and the operator shall charge a purchasing fee in the amount of 5% of the cost,
- contract for advertising and promotional programs for the Algonquin as a member of the operator hotel chain, the cost of which shall be paid by the operator,
- contract for public relations programs and conduct public relations activities for the Algonquin as a member of the operator's hotel chain the cost of which shall be paid to the operator.

These types of expenditures are allocated to the appropriate expense items on the Statement of Revenue, Expense and Deficit.

Of the total accounts payable and accrued liabilities of \$2.4 million (2002 - \$1.5 million), \$1.8 million is payable to Algonquin Properties Limited. (2002 - \$0.8 million) This payable is related to the transfer of revenues, expenses, assets and liabilities between the two corporations when the golf course officially opened on July 1, 2000 as well as the work done for the course which was paid for by Algonquin Properties Limited. The amount will be reimbursed when sufficient funds are available.



FINANCIAL STATEMENTS

ALGONQUIN PROPERTIES LIMITED

31 DECEMBER 2003



AUDITOR'S REPORT

To the Shareholder of
Algonquin Properties Limited

I have audited the balance sheet of Algonquin Properties Limited as at 31 December 2003 and the statements of revenue and expense, changes in equity 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 financial statements present fairly, in all material respects, the financial position of the Corporation as at 31 December 2003 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

K D Robinson

K. D. Robinson, CA
Deputy Auditor General

Fredericton, N. B.
5 March 2004

ALGONQUIN PROPERTIES LIMITED
BALANCE SHEET
31 DECEMBER 2003

	2003	2002
ASSETS		
Current assets		
Cash and short term investments (Note 6)	\$ 2,105,106	\$ 2,904,507
Accounts receivable (Note 5c)	1,984,081	1,094,032
Inventories, at cost	166,735	195,724
Prepaid expenses	86,785	101,439
	<u>4,342,707</u>	<u>4,295,702</u>
Capital assets (Note 3)	<u>14,324,715</u>	<u>15,048,513</u>
	<u>\$ 18,667,422</u>	<u>\$ 19,344,215</u>
LIABILITIES AND SHAREHOLDER'S EQUITY		
Current liabilities		
Accounts payable and accrued liabilities	\$ 509,019	\$ 447,111
Advance deposits	53,634	37,809
	<u>562,653</u>	<u>484,920</u>
Capital stock		
Authorized		
10,000 common shares aggregate value not to exceed \$100,000		
9,000 8% non-cumulative redeemable preferred shares with a par value of \$100 each		
Issued and fully paid		
5,000 common shares	50,000	50,000
2,500 preferred shares	250,000	250,000
	<u>300,000</u>	<u>300,000</u>
Contributed Surplus (Note 4)	40,238,428	40,238,428
Deficit	<u>(22,433,659)</u>	<u>(21,679,133)</u>
	<u>18,104,769</u>	<u>18,859,295</u>
	<u>\$ 18,667,422</u>	<u>\$ 19,344,215</u>

Approved by the Board


 _____ Director


 _____ Director

ALGONQUIN PROPERTIES LIMITED
STATEMENT OF REVENUE AND EXPENSE
FOR THE YEAR ENDED 31 DECEMBER 2003

	Budget	2003	2002
REVENUE			
Room sales	\$ 5,516,379	\$ 4,575,491	\$ 5,306,864
Food sales	2,789,955	2,338,093	2,673,980
Beverage sales	741,429	671,084	772,486
Telephone	110,981	91,343	99,528
Other sport activities	157,770	128,727	125,971
Miscellaneous	235,583	207,895	346,225
Interest	-	31,352	31,662
	<u>9,552,097</u>	<u>8,043,995</u>	<u>9,356,716</u>
EXPENSE			
Direct costs	4,726,118	4,130,743	4,482,227
Administrative and general	1,008,926	1,147,569	1,117,797
Advertising and promotion	745,220	664,199	624,484
Repairs and maintenance	533,737	658,077	615,459
Heat, light, power and water	402,696	547,463	468,478
Property taxes	340,800	334,733	330,510
Management fees	286,562	238,951	281,238
Amortization – capital assets	-	1,076,773	1,114,548
	<u>8,044,059</u>	<u>8,798,521</u>	<u>9,034,741</u>
NET INCOME (LOSS)	\$ 1,508,038	\$ (754,526)	\$ 321,975

**ALGONQUIN PROPERTIES LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2003**

	2003	2002
Capital stock		
Opening and closing balance	\$ 300,000	\$ 300,000
Deficit		
Opening balance		
	(21,679,133)	(22,001,108)
Net Income (Loss)	(754,526)	321,975
Ending balance	(22,433,659)	(21,679,133)
Contributed surplus		
Opening and closing balance	40,238,428	40,238,428
Total equity	\$ 18,104,769	\$ 18,859,295

**ALGONQUIN PROPERTIES LIMITED
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2003**

	2003	2002
CASH PROVIDED BY (USED FOR):		
Operating activities:		
Net income (loss) for the year	\$ (754,526)	\$ 321,975
Add item not involving cash:		
Amortization	1,076,776	1,114,548
Increase of non-cash components of working capital	<u>(768,673)</u>	<u>(594,317)</u>
	<u>(446,423)</u>	<u>842,206</u>
Financing activities:	-	-
Investing activities:		
Purchases of capital assets – renovations	<u>(352,978)</u>	<u>(469,325)</u>
	<u>(352,978)</u>	<u>(469,325)</u>
INCREASE (DECREASE) IN CASH	(799,401)	372,881
Cash Position, beginning of year	<u>2,904,507</u>	<u>2,531,626</u>
CASH POSITION, end of year	\$ 2,105,106	\$ 2,904,507

ALGONQUIN PROPERTIES LIMITED
NOTES TO FINANCIAL STATEMENTS
31 DECEMBER 2003

1. Description of operations

The Company is wholly-owned by the Province of New Brunswick and administers the operations of the Algonquin Hotel. By means of a management agreement, the Company has contracted the day-to-day management of the hotel operations to Fairmont Hotels Inc.

2. Summary of significant accounting policies

(a) A reserve for replacement of equipment has been established pursuant to the management agreement with Fairmont Hotels Inc. to represent limits on the replacement of equipment chargeable to the operation of the hotel. The agreement states that each year an amount equal to four percent (4%) of gross revenue will be added to this reserve. Purchases of furniture, fixtures and equipment are charged against this reserve up to the balance in the account.

(b) Replacement costs of china, glassware, silverware, utensils, linen, and similar equipment are charged to expense in year of purchase pursuant to the management agreement with Fairmont Hotels Inc.

(c) Amortization of capital assets has been approved by management on a straight-line basis at the rates shown in Note 3.

3. Capital assets

	Rate	Cost	Accumulated Amortization	Unamortized Balance
Land	-	\$ 130,282	\$ -	\$ 130,282
Buildings, improvements and equipment	2.5 - 10%	23,649,408	10,075,080	13,574,328
Operating equipment	8 - 20%	3,426,457	2,806,352	620,105
		<u>\$ 27,206,147</u>	<u>\$ 12,881,432</u>	<u>\$ 14,324,715</u>

Assets are charged for a full year's amortization in the year of purchase.

**ALGONQUIN PROPERTIES LIMITED
NOTES TO FINANCIAL STATEMENTS
31 DECEMBER 2003**

4. Contributed Surplus

Contributed surplus results from the forgiveness by the Province of New Brunswick, during 1999 and 2000, of all loans and advances, including accrued interest.

5. Related party transactions

- (a) Employees of the Province and Fairmont Hotels Inc., who are on business in connection with the management and operation of the Algonquin Hotel, are provided reasonable room accommodations, meals, laundry and valet services without charge.

All other goods and services provided by the Hotel to provincial employees are charged to those employees at fair market value.

- (b) Under the Management Agreement, Fairmont Hotels Inc. (the operator) may:
- purchase goods identified as goods of the Operator through the purchasing department of the Operator and the Operator shall charge the corporate purchasing fee described in the annual budget;
 - contract for advertising and promotional programs for the Algonquin as a member of the Operator's hotel chain, the cost of which shall be paid to the Operator;
 - contract for public relations programs and conduct public relations activities for the Algonquin as a member of the Operator's hotel chain, the cost of which shall be paid to the Operator;
 - obtain the services of the Operator's reservation facility known as the Global Reservation Centre, at rates mutually agreed to by the parties from time to time; and,
 - obtain technical and specialized operational expertise (personnel of the Operator), at rates to be negotiated between both parties. This type of expertise would generally be related to a capital renovation program.

During 2003, Fairmont Hotels Inc. headquarters invoiced the Algonquin Hotel for a total of \$985,673 (2002 - \$1,157,929) for such services. The Algonquin also paid for \$249,172 (2002 - \$59,265) of goods and services from other Fairmont Hotels during 2003. These amounts have been allocated to the appropriate expense items on the Statement of Revenue and Expense.

- (c) The operations of the Golf Course were separated from the Hotel operations on July 1, 2000 when the course became fully operational. The receivable is related to the transfer of revenues, expenses, assets and liabilities between the two corporations. The total receivable from Algonquin Golf Limited is \$1.8 million (2002 - \$0.8 million). This amount will be reimbursed when sufficient funds are available.

**ALGONQUIN PROPERTIES LIMITED
NOTES TO FINANCIAL STATEMENTS
31 DECEMBER 2003**

6. Short Term Investments

As of December 31, 2003 Algonquin Properties Limited held short term investments in the amount of \$700,000 (2002 - \$540,000). They are in the form of Government of New Brunswick Treasury Bills and valued at lower of cost or market value.



**BOARD OF COMMISSIONERS OF PUBLIC UTILITIES OF THE
PROVINCE OF NEW BRUNSWICK**

FINANCIAL STATEMENTS

MARCH 31, 2004

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P.O. Box 6668
Saint John
New Brunswick
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Fax (506) 634-8208
E-mail tsdsj@teedsaundersdoyle.com

**TEED
SAUNDERS
DOYLE & CO.**
Chartered Accountants

Member of DFK Accountancy Group Inc.
(Canada) and DFK International

AUDITORS' REPORT

To the Board of Commissioners of Public Utilities of the Province of New Brunswick

We have audited the statements of financial position of the Board of Commissioners of Public Utilities of the Province of New Brunswick as at March 31, 2004 and the statements of operations and changes in surplus (deficit) and cash flows for the year then ended. These financial statements are the responsibility of the Board's management. Our responsibility is to express an opinion on these 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 Board 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.

The prior year figures were audited by another firm of chartered accountants.

Teed Saunders Doyle & Co.

CHARTERED ACCOUNTANTS

Saint John, NB
May 21, 2004

Saint John Partners
John H. Teed David L. Doyle
Andrew P. Logan D. Alan Colwell



Fredericton Partners
Brian J. Saunders Ralph D. Gorman
David H. Bradley

**BOARD OF COMMISSIONERS OF PUBLIC UTILITIES OF THE
PROVINCE OF NEW BRUNSWICK**

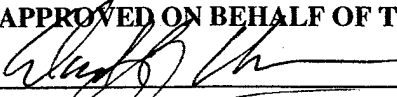
REGULATION OF ELECTRIC UTILITIES

STATEMENT OF FINANCIAL POSITION

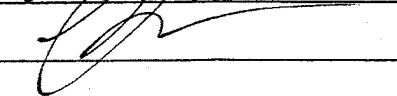
AS AT MARCH 31, 2004

	<u>2004</u>	<u>2003</u>
ASSETS		
CURRENT		
Cash (Notes 2 and 3)	\$ 539,481	\$ 606,713
Accounts receivable (Notes 3 and 4)	10,615	12,197
Account receivable from Automobile Insurance Division (Note 3)	39,256	-
Prepaid expenses	<u>218</u>	<u>238</u>
	<u>589,570</u>	<u>619,148</u>
CASH HELD IN TRUST (Notes 3 and 5)	<u>24,371</u>	<u>35,192</u>
CAPITAL (Notes 2 and 6)	<u>59,454</u>	<u>67,294</u>
DEFERRED FUTURE EMPLOYEE BENEFITS (Notes 2 and 9)	<u>29,916</u>	<u>-</u>
	<u>\$ 703,311</u>	<u>\$ 721,634</u>
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities (Note 3)	\$ <u>26,324</u>	\$ <u>15,464</u>
CASH HELD IN TRUST (Notes 3 and 5)	<u>24,371</u>	<u>35,192</u>
FUTURE EMPLOYEE BENEFITS (Notes 2 and 9)	<u>34,190</u>	<u>-</u>
SURPLUS		
SURPLUS	<u>618,426</u>	<u>670,978</u>
	<u>\$ 703,311</u>	<u>\$ 721,634</u>
COMMITMENT (Note 10)		

APPROVED ON BEHALF OF THE BOARD:



Chairman



Secretary

**BOARD OF COMMISSIONERS OF PUBLIC UTILITIES OF THE
PROVINCE OF NEW BRUNSWICK**

REGULATION OF ELECTRIC UTILITIES

STATEMENT OF OPERATIONS AND CHANGES IN SURPLUS

FOR THE YEAR ENDED MARCH 31, 2004

	<u>2004</u>	<u>2003</u>
REVENUE (Note 2)		
Assessment of electric utilities (Note 7)	\$ 605,259	\$ 1,686,606
Interest and other income	<u>11,421</u>	<u>8,258</u>
	616,680	1,694,864
DIRECT EXPENSES (Note 2)	<u>169,628</u>	<u>535,776</u>
	<u>447,052</u>	<u>1,159,088</u>
COMMON EXPENSES		
Salaries and benefits	379,140	386,846
Office and administration	64,029	71,197
Training	30,169	27,251
Library and publications	1,329	2,404
Computer maintenance	1,987	-
Professional fees	4,727	4,500
Amortization	<u>18,223</u>	<u>20,906</u>
	<u>499,604</u>	<u>513,104</u>
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES	(52,552)	645,984
SURPLUS AT BEGINNING OF YEAR	<u>670,978</u>	<u>24,994</u>
SURPLUS AT END OF YEAR	<u>\$ 618,426</u>	<u>\$ 670,978</u>

**BOARD OF COMMISSIONERS OF PUBLIC UTILITIES OF THE
PROVINCE OF NEW BRUNSWICK**

REGULATION OF ELECTRIC UTILITIES

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED MARCH 31, 2004

	<u>2004</u>	<u>2003</u>
CASH PROVIDED BY (USED IN)		
Operating activities		
Excess (deficiency) of revenue over expenditure	\$ (52,552)	\$ 645,984
Item not involving cash		
Amortization	<u>18,223</u>	<u>20,906</u>
	(34,329)	666,890
Changes in non-cash working capital balances		
Accounts receivable	1,582	4,168
Account receivable from Automobile Insurance Division	(39,256)	68,145
Account receivable from Natural Gas Division	-	50,309
Prepaid expenses	20	479
Deferred future employee benefits	(29,916)	-
Accounts payable and accrued liabilities	10,860	(451)
Deferred revenue	-	(850,000)
Future employee benefits	<u>34,190</u>	<u>-</u>
	<u>(56,849)</u>	<u>(60,460)</u>
Investing activities		
Purchase of capital assets	<u>(10,383)</u>	<u>-</u>
DECREASE IN CASH	(67,232)	(60,460)
CASH AT BEGINNING OF YEAR	<u>606,713</u>	<u>667,173</u>
CASH AT END OF YEAR	\$ <u>539,481</u>	\$ <u>606,713</u>
SUPPLEMENTARY CASH FLOW INFORMATION		
Interest received	\$ 11,171	\$ 8,259

**BOARD OF COMMISSIONERS OF PUBLIC UTILITIES OF THE
PROVINCE OF NEW BRUNSWICK**

REGULATION OF ELECTRIC UTILITIES

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2004

1. PURPOSE OF THE ORGANIZATION

The Board of Commissioners of Public Utilities of the Province of New Brunswick has regulatory responsibility for electric utilities, automobile insurers, the public motor bus industry and natural gas distribution in New Brunswick. The Board operates with funds received from the industries it regulates, with the exception of the public motor bus industry, where it carries out its responsibilities with funds from the Provincial Department of Transportation.

The Board is exempt from income tax under Section 149(1)(d) of the Income Tax Act of Canada.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Cash

One bank account is maintained for the Board. The balance of this account is allocated between each of the regulatory divisions of the Board based on actual transactions.

Capital Assets

Capital assets are recorded at cost. Minor expenditures for furniture and fixtures are expensed in the year of acquisition. Amortization is being provided for using the straight-line method at the following annual rates:

Computer equipment	33 1/3%
Vehicle	20%
Leasehold improvements	10%

Future Employee Benefits

On April 1, 2003, the Board adopted the new accounting standard on future employee benefits using the prospective application method. The Board is amortizing the transitional obligation on a straight-line basis over 8 years, which is the average remaining service period of employees expected to receive benefits as of March 31, 2004.

Revenue

The Board records revenue on an accrual basis.

Allocations

Certain amounts in the statement of financial position and statement of operations have been allocated between the Board's three divisions based on management's best judgement and actual activity during the year.

Direct Expenses

Direct expenses include hearing costs, travel, training and other out of pocket expenses directly attributable to a specific public utility.

**BOARD OF COMMISSIONERS OF PUBLIC UTILITIES OF THE
PROVINCE OF NEW BRUNSWICK**

REGULATION OF ELECTRIC UTILITIES

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2004

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Statement of Cash Flows

For the purpose of the statement of cash flows the Board considers cash on hand and balances with banks, net of overdrafts, and highly liquid temporary money market instruments with original maturities of three months or less as cash or cash equivalents.

Use of Estimates

The preparation of financial statements in accordance with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the reporting period. These estimates are reviewed periodically, and as adjustments become necessary, they are reported in earnings in the period in which they become known.

3. FINANCIAL INSTRUMENTS

The fair value of cash, accounts receivable, account receivable from Automobile Insurance Division, cash held in trust and accounts payable and accrued liabilities is approximately equal to their carrying values due to their short-term maturity date.

4. ACCOUNTS RECEIVABLE

	<u>2004</u>	<u>2003</u>
HST receivable	\$ 10,615	\$ 11,712
Travel advances	<u>-</u>	<u>485</u>
	<u>\$ 10,615</u>	<u>\$ 12,197</u>

5. CASH HELD IN TRUST

Cash of \$24,371 (2003 - \$35,192) relating to the regulation of the public motor bus industry in New Brunswick was being held in trust by the Board on behalf of the New Brunswick Department of Transportation.

During the year, the Board conducted hearings, pursuant to the provisions of the Motor Carrier Act. Direct expenses associated with these hearings were paid by the Board, from fees collected from licensed motor carriers, with the approval of the Department of Transportation. No overhead expenses were paid from these fees.

**BOARD OF COMMISSIONERS OF PUBLIC UTILITIES OF THE
PROVINCE OF NEW BRUNSWICK**

REGULATION OF ELECTRIC UTILITIES

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2004

6. CAPITAL ASSETS

	2004			2003
	Cost	Accumulated Amortization	Net	Net
Computer equipment	\$ 35,131	\$ 29,728	\$ 5,403	\$ 11,882
Vehicle	6,737	1,172	5,565	-
Leasehold improvements	<u>69,265</u>	<u>20,779</u>	<u>48,486</u>	<u>55,412</u>
	<u>\$ 111,133</u>	<u>\$ 51,679</u>	<u>\$ 59,454</u>	<u>\$ 67,294</u>

7. ASSESSMENT OF ELECTRIC UTILITIES

In accordance with Section 9 of the Public Utilities Act, public utilities are assessed each year for their individual direct expenses together with their share of common expenses. Each utility's share of common expenses is based on the proportion of its gross earnings to the aggregate of gross earnings for all utilities. Assessments are adjusted to include the audited surplus or deficit from the prior year.

	2004	2003
Gross electric utilities' earnings	\$ <u>1,275,484,976</u>	\$ <u>1,321,271,218</u>
Estimate of common expenses	\$ 631,243	\$ 546,600
Less: estimate of interest income	<u>(5,000)</u>	<u>(5,000)</u>
Estimate of net common expenses	626,243	541,600
Estimate of direct expenses	<u>625,000</u>	<u>1,170,000</u>
	1,251,243	1,711,600
Surplus from prior year	<u>(645,984)</u>	<u>(24,994)</u>
Assessment of electric utilities	<u>\$ 605,259</u>	<u>\$ 1,686,606</u>

8. ASSESSMENT FOR PUBLIC INTERVENER

Pursuant to Section 9(1.1) of the Public Utilities Act, the costs of the Agent for the Attorney General with respect to interventions made are to be collected by the Board from the public utilities regulated by the Board and paid to the Minister of Finance. No such amounts were collected and paid during the Board's fiscal years ended March 31, 2004 and March 31, 2003 as the Attorney General submitted no costs to the Board to be collected in its assessment.

**BOARD OF COMMISSIONERS OF PUBLIC UTILITIES OF THE
PROVINCE OF NEW BRUNSWICK**

REGULATION OF ELECTRIC UTILITIES

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2004

9. FUTURE EMPLOYEE BENEFITS

Pension Plan

The Board and its employees participate in a contributory defined benefit pension plan, administered by the Province of New Brunswick under the Public Service Superannuation Act. The plan provides pensions to employees of the Provincial Government and certain Crown Corporations and agencies based on the length of service and highest successive five year average salary. The expense for this pension plan is equivalent to the annual contribution of \$25,772. The Province has advised the Board that the plan was 91.5% funded as at April 1, 2002. Any short fall in the funding of the plan is guaranteed by the Province of New Brunswick, which is the sponsor of the plan.

Retiring Allowances

Following the guidelines set forth by the Province of New Brunswick, employees of the Board with a minimum of five continuous years of service are entitled to a retirement allowance equal to 5 days salary for each full year of service. The Board has calculated the present value of these future benefits using a discount factor of 6.5%.

10. COMMITMENT

The Board has negotiated a lease of its office premises for a ten year period commencing March 1, 2001. This cost is allocated between the divisions of the Board as described in Note 2.

The minimum annual lease payments due within the next five years is as follows:

2005	\$	125,671
2006		126,112
2007		149,923
2008		149,923
2009		149,923

**BOARD OF COMMISSIONERS OF PUBLIC UTILITIES OF THE
PROVINCE OF NEW BRUNSWICK**

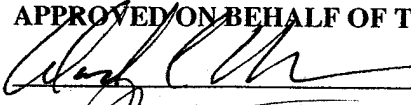
REGULATION OF AUTOMOBILE INSURERS

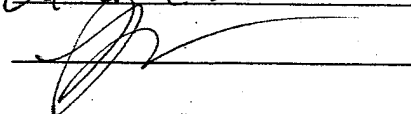
STATEMENT OF FINANCIAL POSITION

AS AT MARCH 31, 2004

	<u>2004</u>	<u>2003</u>
ASSETS		
CURRENT		
Cash (Notes 1 and 2)	\$ -	\$ 59,532
HST receivable	14,167	3,341
Prepaid expenses	<u>218</u>	<u>238</u>
	<u>14,385</u>	<u>63,111</u>
CAPITAL (Notes 1 and 4)	<u>59,454</u>	<u>67,294</u>
DEFERRED FUTURE EMPLOYEE BENEFITS (Notes 1 and 5)	<u>29,916</u>	<u>-</u>
	<u>\$ 103,755</u>	<u>\$ 130,405</u>
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities (Note 2)	\$ 71,098	\$ 7,680
Account payable to Electric Utilities Division (Note 2)	39,256	-
Due to the Province of New Brunswick (Note 7)	<u>400,000</u>	<u>-</u>
	<u>510,354</u>	<u>7,680</u>
FUTURE EMPLOYEE BENEFITS (Notes 1 and 5)	<u>34,190</u>	<u>-</u>
SURPLUS (DEFICIT)		
SURPLUS (DEFICIT)	<u>(440,789)</u>	<u>122,725</u>
	<u>\$ 103,755</u>	<u>\$ 130,405</u>
COMMITMENT (Note 7)		

APPROVED ON BEHALF OF THE BOARD:

 Chairman

 Secretary

**BOARD OF COMMISSIONERS OF PUBLIC UTILITIES OF THE
PROVINCE OF NEW BRUNSWICK**

REGULATION OF AUTOMOBILE INSURERS

STATEMENT OF OPERATIONS AND CHANGES IN SURPLUS (DEFICIT)

FOR THE YEAR ENDED MARCH 31, 2004

	<u>2004</u>	<u>2003</u>
REVENUE (Note 1)		
Assessment of automobile insurers (Note 3)	\$ 419,846	\$ 537,885
Interest	<u>11,171</u>	<u>8,259</u>
	431,017	546,144
DIRECT EXPENSES (Note 1)	<u>506,604</u>	<u>109,800</u>
	<u>(75,587)</u>	<u>436,344</u>
COMMON EXPENSES		
Salaries and benefits	343,996	200,272
Office and administration	114,603	78,657
Training	3,062	4,800
Library and publications	1,329	2,404
Computer maintenance	1,987	-
Professional fees	4,727	4,500
Amortization	<u>18,223</u>	<u>20,906</u>
	<u>487,927</u>	<u>311,539</u>
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES	(563,514)	124,805
SURPLUS (DEFICIT) AT BEGINNING OF YEAR	<u>122,725</u>	<u>(2,080)</u>
SURPLUS (DEFICIT) AT END OF YEAR	\$ <u>(440,789)</u>	\$ <u>122,725</u>

**BOARD OF COMMISSIONERS OF PUBLIC UTILITIES OF THE
PROVINCE OF NEW BRUNSWICK**

REGULATION OF AUTOMOBILE INSURERS

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED MARCH 31, 2004

	<u>2004</u>	<u>2003</u>
CASH PROVIDED BY (USED IN)		
Operating activities		
Excess (deficiency) of revenue over expenditure	\$ (563,514)	\$ 124,805
Item not involving cash		
Amortization	<u>18,223</u>	<u>20,906</u>
	(545,291)	145,711
Changes in non-cash working capital balances		
HST receivable	(10,826)	13,023
Prepaid expenses	20	479
Deferred future employee benefits	(29,916)	-
Accounts payable and accrued liabilities	63,418	(31,536)
Account payable to Electrical Utilities Division	39,256	(68,145)
Due to Province of New Brunswick	400,000	-
Future employee benefits	<u>34,190</u>	<u>-</u>
	<u>(49,149)</u>	<u>59,532</u>
Investing activities		
Purchase of capital assets	<u>(10,383)</u>	<u>-</u>
INCREASE DECREASE IN CASH	(59,532)	59,532
CASH AT BEGINNING OF YEAR	<u>59,532</u>	<u>-</u>
CASH AT END OF YEAR	\$ <u>-</u>	\$ <u>59,532</u>
SUPPLEMENTARY CASH FLOW INFORMATION		
Interest received	\$ 11,171	\$ 8,259

**BOARD OF COMMISSIONERS OF PUBLIC UTILITIES OF THE
PROVINCE OF NEW BRUNSWICK**

REGULATION OF AUTOMOBILE INSURERS

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2004

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Cash

One bank account is maintained for the Board. The balance of this account is allocated between each of the regulatory divisions of the Board based on actual transactions.

Capital Assets

Capital assets are recorded at cost. Minor expenditures for furniture and fixtures are expensed in the year of acquisition. Amortization is being provided for using the straight-line method at the following annual rates:

Computer equipment	33 1/3%
Vehicle	20%
Leasehold improvements	10%

Future Employee Benefits

On April 1, 2003, the Board adopted the new accounting standard on future employee benefits using the prospective application method. The Board is amortizing the transitional obligation on a straight-line basis over 8 years, which is the average remaining service period of employees expected to receive benefits as of March 31, 2004.

Revenue

The Board records revenue on an accrual basis.

Allocations

Certain amounts in the statement of financial position and statement of operations have been allocated between the Board's three divisions based on management's best judgement and actual activity during the year.

Direct Expenses

Direct expenses include hearing costs, travel, training and other out of pocket expenses directly attributable to a specific public utility.

Statement of Cash Flows

For the purpose of the statement of cash flows the Board considers cash on hand and balances with banks, net of overdrafts, and highly liquid temporary money market instruments with original maturities of three months or less as cash or cash equivalents.

**BOARD OF COMMISSIONERS OF PUBLIC UTILITIES OF THE
PROVINCE OF NEW BRUNSWICK**

REGULATION OF AUTOMOBILE INSURERS

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2004

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Use of Estimates

The preparation of financial statements in accordance with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the reporting period. These estimates are reviewed periodically, and as adjustments become necessary, they are reported in earnings in the period in which they become known.

2. FINANCIAL INSTRUMENTS

The fair value of cash, accounts payable and accrued liabilities and account payable to Electric Utilities Division is approximately equal to their carrying values due to their short-term maturity date.

3. ASSESSMENT OF AUTOMOBILE INSURERS

In accordance with Section 9.1(1) of the Public Utilities Act, the automobile insurers of New Brunswick are assessed each year. The portion of the total assessment allocated to each insurer is the proportion that the insurer's net receipts are of total net receipts for all insurers conducting business in New Brunswick. That proportion is applied to the budget for the ensuing year, adjusted to include the audited surplus or deficit from the prior year.

	<u>2004</u>	<u>2003</u>
Automobile insurers' premiums	\$ <u>407,280,000</u>	\$ <u>366,751,000</u>
Assessment of premiums	\$ <u>419,846</u>	\$ <u>537,885</u>

4. CAPITAL ASSETS

	<u>2004</u>			<u>2003</u>
	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net</u>	<u>Net</u>
Computer equipment	\$ 35,131	\$ 29,728	\$ 5,403	\$ 11,882
Vehicle	6,737	1,172	16,430	-
Leasehold improvements	<u>69,265</u>	<u>20,779</u>	<u>48,486</u>	<u>55,412</u>
	\$ <u>111,133</u>	\$ <u>51,679</u>	\$ <u>59,454</u>	\$ <u>67,294</u>

**BOARD OF COMMISSIONERS OF PUBLIC UTILITIES OF THE
PROVINCE OF NEW BRUNSWICK**

REGULATION OF AUTOMOBILE INSURERS

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2004

5. FUTURE EMPLOYEE BENEFITS

Pension Plan

The Board and its employees participate in a contributory defined benefit pension plan, administered by the Province of New Brunswick under the Public Service Superannuation Act. The plan provides pensions to employees of the Provincial Government and certain Crown Corporations and agencies based on the length of service and highest successive five year average salary. The expense for this pension plan is equivalent to the annual contribution of \$23,356. The Province has advised the Board that the plan was 91.5% funded as at April 1, 2002. Any short fall in the funding of the plan is guaranteed by the Province of New Brunswick, which is the sponsor of the plan.

Retiring Allowances

Following the guidelines set forth by the Province of New Brunswick, employees of the Board with a minimum of five continuous years of service are entitled to a retirement allowance equal to 5 days salary for each full year of service. The Board has calculated the present value of these future benefits using a discount factor of 6.5%.

6. COMMITMENT

The Board has negotiated a lease of its office premises for a ten year period commencing March 1, 2001. This cost is allocated between the divisions of the Board as described in Note 1.

The minimum annual lease payments due within the next five years is as follows:

2005	\$	125,671
2006		126,112
2007		149,923
2008		149,923
2009		149,923

7. DUE TO THE PROVINCE OF NEW BRUNSWICK

During the year, the Province of New Brunswick provided an interest free, unsecured loan of \$500,000 to the Board to finance a funding shortfall due to the increased regulation of the automobile insurers. Subsequent to year-end, the remainder of the loan was fully repaid.

**BOARD OF COMMISSIONERS OF PUBLIC UTILITIES OF THE
PROVINCE OF NEW BRUNSWICK**

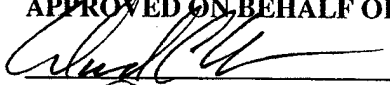
REGULATION OF NATURAL GAS

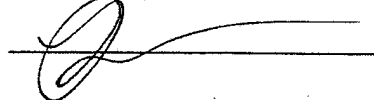
STATEMENT OF FINANCIAL POSITION

AS AT MARCH 31, 2004

	<u>2004</u>	<u>2003</u>
ASSETS		
CURRENT		
Cash (Notes 1 and 2)	\$ 131,623	\$ 56,999
Accounts receivable (Notes 2 and 4)	4,289	4,504
Prepaid expenses	<u>218</u>	<u>238</u>
	<u>136,130</u>	<u>61,741</u>
CAPITAL (Notes 1 and 5)	<u>75,883</u>	<u>92,801</u>
DEFERRED FUTURE EMPLOYEE BENEFITS (Notes 1 and 6)	<u>29,916</u>	<u>-</u>
	<u>\$ 241,929</u>	<u>\$ 154,542</u>
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities (Note 2)	\$ 18,033	\$ 13,911
Deferred revenue	<u>13,155</u>	<u>-</u>
	<u>31,188</u>	<u>13,911</u>
FUTURE EMPLOYEE BENEFITS (Notes 1 and 6)	<u>34,190</u>	<u>-</u>
SURPLUS		
SURPLUS	<u>176,551</u>	<u>140,631</u>
	<u>\$ 241,929</u>	<u>\$ 154,542</u>
COMMITMENT (Note 6)		

APPROVED ON BEHALF OF THE BOARD:

 Chairman

 Secretary

**BOARD OF COMMISSIONERS OF PUBLIC UTILITIES OF THE
PROVINCE OF NEW BRUNSWICK**

REGULATION OF NATURAL GAS

STATEMENT OF OPERATIONS AND CHANGES IN SURPLUS

FOR THE YEAR ENDED MARCH 31, 2004

	<u>2004</u>	<u>2003</u>
REVENUE (Note 1)		
Assessment of natural gas distributors (Note 3)	\$ 499,997	\$ 580,363
Franchise fees submitted by Department of Natural Resources and Energy	262,640	250,000
Marketers' filing fees	2,500	-
Interest	<u>12,189</u>	<u>8,259</u>
	777,326	838,622
DIRECT EXPENSES (Note 1)	<u>120,556</u>	<u>138,700</u>
	<u>656,770</u>	<u>699,922</u>
COMMON EXPENSES		
Salaries and benefits	461,142	483,900
Office and administration	64,387	72,929
Training	40,637	28,156
Library and publications	1,329	2,404
Computer maintenance	1,987	-
Professional fees	4,727	4,500
Vehicle maintenance	19,340	13,707
Amortization	<u>27,301</u>	<u>36,177</u>
	<u>620,850</u>	<u>641,773</u>
EXCESS OF REVENUE OVER EXPENSES	35,920	58,149
SURPLUS AT BEGINNING OF YEAR	<u>140,631</u>	<u>82,482</u>
SURPLUS AT END OF YEAR	<u>\$ 176,551</u>	<u>\$ 140,631</u>

**BOARD OF COMMISSIONERS OF PUBLIC UTILITIES OF THE
PROVINCE OF NEW BRUNSWICK**

REGULATION OF NATURAL GAS

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED MARCH 31, 2004

	<u>2004</u>	<u>2003</u>
CASH PROVIDED BY (USED IN)		
Operating activities		
Excess of revenue over expenditure	\$ 35,920	\$ 58,149
Item not involving cash		
Amortization	<u>27,301</u>	<u>36,177</u>
	63,221	94,326
Changes in non-cash working capital balances		
Accounts receivable	215	11,860
Prepaid expenses	20	479
Deferred future employee benefits	(29,916)	-
Accounts payable and accrued liabilities	4,122	643
Deferred revenue	13,155	-
Due to Electric Utilities Division	-	(50,309)
Future employee benefits	<u>34,190</u>	<u>-</u>
	<u>85,007</u>	<u>56,999</u>
Investing activities		
Purchase of capital assets	<u>(10,383)</u>	<u>-</u>
INCREASE IN CASH	74,624	56,999
CASH AT BEGINNING OF YEAR	<u>56,999</u>	<u>-</u>
CASH AT END OF YEAR	\$ <u>131,623</u>	\$ <u>56,999</u>
SUPPLEMENTARY CASH FLOW INFORMATION		
Interest received	\$ 12,189	\$ 8,259

**BOARD OF COMMISSIONERS OF PUBLIC UTILITIES OF THE
PROVINCE OF NEW BRUNSWICK**

REGULATION OF NATURAL GAS

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2004

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Cash

One bank account is maintained for the Board. The balance of this account is allocated between each of the regulatory divisions of the Board based on actual transactions.

Capital Assets

Capital assets are recorded at cost. Minor expenditures for furniture and fixtures are expensed in the year of acquisition. Amortization is being provided for using the straight-line method at the following annual rates:

Computer equipment	33 1/3%
Safety vehicles	20%
Vehicle	20%
Leasehold improvements	10%

Future Employee Benefits

On April 1, 2003, the Board adopted the new accounting standard on future employee benefits using the prospective application method. The Board is amortizing the transitional obligation on a straight-line basis over 8 years, which is the average remaining service period of employees expected to receive benefits as of March 31, 2004.

Revenue

The Board records revenue on an accrual basis.

Allocations

Certain amounts in the statement of financial position and statement of operations have been allocated between the Board's three divisions based on management's best judgement and actual activity during the year.

Direct Expenses

Direct expenses include hearing costs, travel, training, safety costs and other out of pocket expenses directly attributable to a specific public utility.

Statement of Cash Flows

For the purpose of the statement of cash flows the Board considers cash on hand and balances with banks, net of overdrafts, and highly liquid temporary money market instruments with original maturities of three months or less as cash or cash equivalents.

**BOARD OF COMMISSIONERS OF PUBLIC UTILITIES OF THE
PROVINCE OF NEW BRUNSWICK**

REGULATION OF NATURAL GAS

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2004

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (con't)

Use of Estimates

The preparation of financial statements in accordance with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the reporting period. These estimates are reviewed periodically, and as adjustments become necessary, they are reported in earnings in the period in which they become known.

2. FINANCIAL INSTRUMENTS

The fair value of cash, accounts receivable and accounts payable and accrued liabilities is approximately equal to their carrying values due to their short-term maturity date.

3. ASSESSMENT OF NATURAL GAS DISTRIBUTORS

In accordance with Section 87 of the Natural Gas Distribution Act, natural gas distributors are assessed each year for their individual direct expenses together with their share of common expenses as determined by the Board. Fees paid by single end use franchisees to the Department of Natural Resources and Energy were submitted by the Department to the Board to be used to reduce common expenses for regulation of natural gas. Assessments are adjusted to include the audited surplus or deficit from the prior year.

	<u>2004</u>	<u>2003</u>
Estimate of common expenses	\$ 748,436	\$ 744,845
Less: estimate of interest income	(5,000)	(5,000)
Less: amounts from Department of Natural Resources and Energy	<u>(262,640)</u>	<u>(250,000)</u>
Estimate of net common expenses	480,796	489,845
Estimate of direct expenses	<u>77,350</u>	<u>173,000</u>
	558,146	662,845
Surplus from prior year	<u>(58,149)</u>	<u>(82,482)</u>
Assessment of natural gas distribution	<u>\$ 499,997</u>	<u>\$ 580,363</u>

4. ACCOUNT RECEIVABLE

	<u>2004</u>	<u>2003</u>
HST receivable	\$ 4,289	\$ 4,020
Travel advances	<u>-</u>	<u>484</u>
	<u>\$ 4,289</u>	<u>\$ 4,504</u>

**BOARD OF COMMISSIONERS OF PUBLIC UTILITIES OF THE
PROVINCE OF NEW BRUNSWICK**

REGULATION OF NATURAL GAS

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2004

5. CAPITAL ASSETS

	2004			2003
	Cost	Accumulated Amortization	Net	Net
Computer equipment	\$ 35,131	\$ 29,728	\$ 5,403	\$ 11,882
Safety vehicles	58,516	42,086	16,430	25,507
Vehicle	6,736	1,172	5,564	-
Leasehold improvements	<u>69,265</u>	<u>20,779</u>	<u>48,486</u>	<u>55,412</u>
	<u>\$ 169,648</u>	<u>\$ 93,765</u>	<u>\$ 75,883</u>	<u>\$ 92,801</u>

6. EMPLOYEE PENSION PLAN

Pension Plan

The Board and its employees participate in a contributory defined benefit pension plan, administered by the Province of New Brunswick under the Public Service Superannuation Act. The plan provides pensions to employees of the Provincial Government and certain Crown Corporations and agencies based on the length of service and highest successive five year average salary. The expense for this pension plan is equivalent to the annual contribution of \$31,410. The Province has advised the Board that the plan was 91.5% funded as at April 1, 2002. Any short fall in the funding of the plan is guaranteed by the Province of New Brunswick, who is the sponsor of the plan.

Retiring Allowances

Following the guidelines set forth by the Province of New Brunswick, employees of the Board with a minimum of five continuous years of service are entitled to a retirement allowance equal to 5 days salary for each full year of service. The Board has calculated the present value of these future benefits using a discount factor of 6.5%.

7. COMMITMENT

The Board has entered into a lease of its office premises for a ten year period commencing March 1, 2001. This cost is allocated between the divisions of the Board as described in Note 1.

The minimum annual lease payments due within the next five years is as follows:

2005	\$ 125,671
2006	126,112
2007	149,923
2008	149,923
2009	149,923



FINANCIAL STATEMENTS

TRUST FUND NO. 33

FISCAL STABILIZATION FUND

31 MARCH 2004



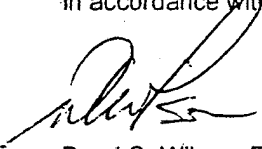
AUDITOR'S REPORT

To the Honourable Jeannot Volpé
Minister of Finance
Province of New Brunswick

I have audited the statement of financial position of the Fiscal Stabilization Fund as at 31 March 2004 and the statement of revenue, expenditure and fund equity balance for the year then ended. These financial statements are the responsibility of the Fund's trustee. 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 the Fund's trustee, 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 Fund as at 31 March 2004 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.



Daryl C. Wilson, FCA
Auditor General

Fredericton, N. B.
20 October 2004

TRUST FUND NO. 33
 FISCAL STABILIZATION FUND
 STATEMENT OF FINANCIAL POSITION
 31 MARCH 2004

	2004	2003
ASSETS		
Cash and short-term investments	\$ 66,723,263	\$ 147,838,123
Accrued interest receivable	180,400	488,072
Fixed term investments	34,993,548	60,981,650
	<u>\$ 101,897,211</u>	<u>\$ 209,307,845</u>
LIABILITIES AND FUND EQUITY		
Current liabilities		
Accounts payable to Province of New Brunswick Consolidated Fund	\$ 101,897,211	\$ 110,400,000
Fund equity	-	98,907,845
	<u>\$ 101,897,211</u>	<u>\$ 209,307,845</u>

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


 John Mallory
 Deputy Minister of Finance

TRUST FUND NO. 33
FISCAL STABILIZATION FUND
STATEMENT OF REVENUE, EXPENDITURE AND FUND EQUITY BALANCE
FOR THE YEAR ENDED 31 MARCH 2004

	2004	2003
REVENUE		
Investment income	\$ 5,242,821	\$ 5,606,827
EXPENDITURE		
Contribution to Province of New Brunswick Consolidated Fund	104,150,666	110,400,000
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURE	(98,907,845)	(104,793,173)
Fund Equity balance, beginning of year	98,907,845	203,701,018
FUND EQUITY BALANCE, end of year	<u>\$ -</u>	<u>\$ 98,907,845</u>

**TRUST FUND NO. 33
FISCAL STABILIZATION FUND
NOTES TO FINANCIAL STATEMENTS
31 MARCH 2004**

1. General

The Fiscal Stabilization Fund was established on March 31, 2001 in accordance with the Fiscal Stabilization Fund Act ("Act").

The Minister of Finance, in accordance with the Act, holds the Fiscal Stabilization Fund in trust. The purpose of the Fund is to assist in stabilizing the fiscal position of the Province of New Brunswick from year to year and to improve long-term fiscal planning.

Transfers out of the Fund are made for the sole purpose mentioned above and with the approval of the Lieutenant-Governor in Council.

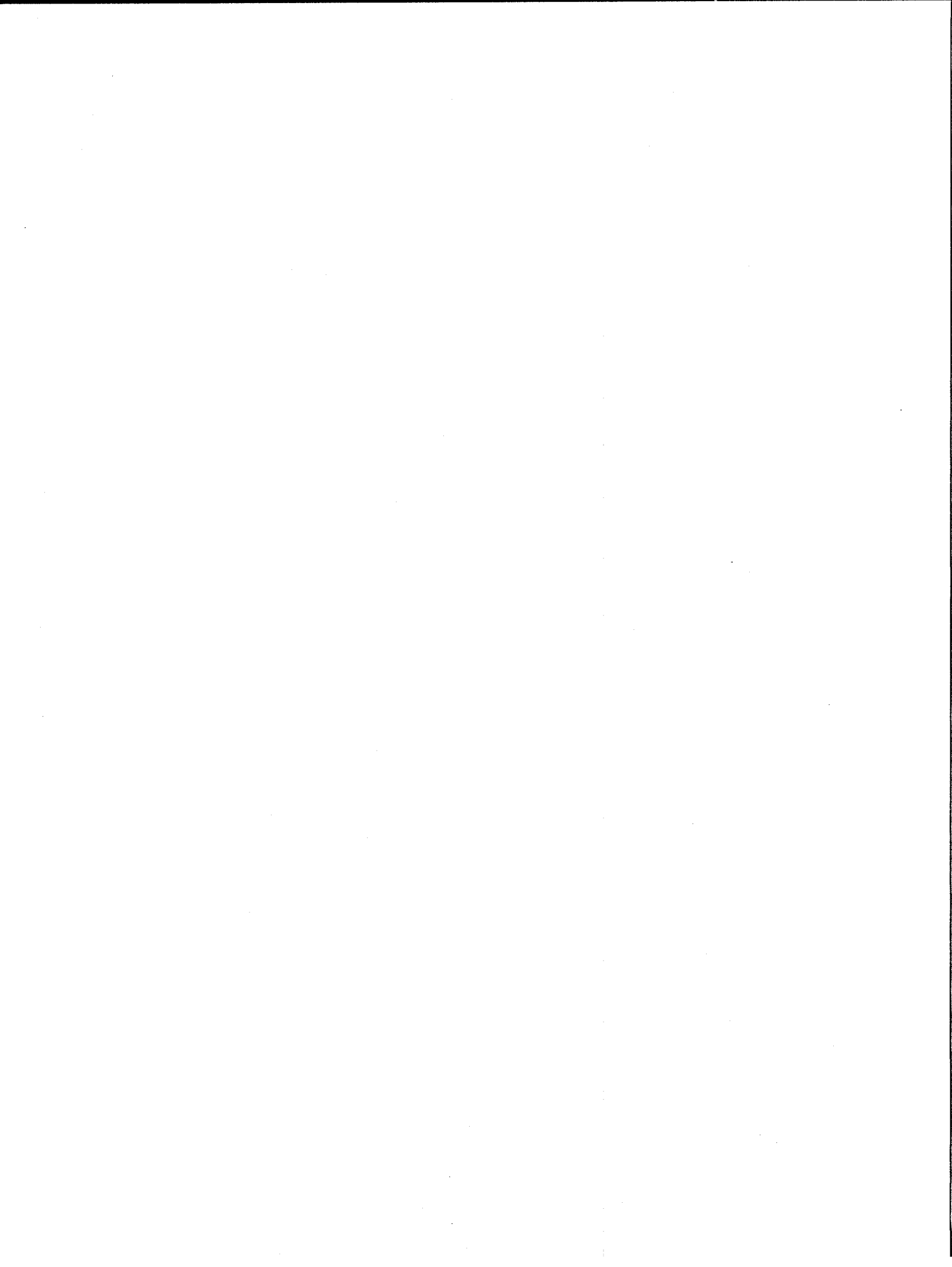
2. Significant accounting policy

Fixed term investments

These investments are in fixed term, interest bearing securities of Canadian governments or similar securities guaranteed by Canadian governments. They are recorded at cost net of any discount or premium on purchase. Any discount or premium is amortized over the life of the security and included in investment income.

3. Statement of cash flows

A statement of cash flows has not been prepared as the required cash flow information is readily apparent from the other financial statements.



Financial Statements of

FOREST PROTECTION LIMITED

March 31, 2004

Deloitte & Touche LLP

Deloitte

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Auditors' Report

To the Shareholders,
Forest Protection Limited

We have audited the balance sheet of Forest Protection Limited as at March 31, 2004 and the statements of operations and unrestricted net assets (deficit), changes in net assets and cash flows for the year then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these 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 Company as at March 31, 2004 and the results of its operations, the changes in net assets and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.



Chartered Accountants

May 5, 2004

FOREST PROTECTION LIMITED

Balance Sheet

as at March 31, 2004

	2004	2003
CURRENT ASSETS		
Cash	\$ -	\$ 471,894
Accounts receivable	212,771	207,646
Inventories	795,859	806,979
Prepaid expenses	17,663	16,826
Assets internally restricted for equipment replacement		
Bank indebtedness	\$ -	\$ (6,357)
Short-term investments	-	3,360,897
Deposit on aircrafts	-	237,255
Interest receivable	-	569
	1,026,293	5,095,709
CAPITAL ASSETS (Note 2)	12,424,853	6,725,623
	\$ 13,451,146	\$ 11,821,332
CURRENT LIABILITIES		
Bank indebtedness	\$ 25,706	\$ -
Operating loans (Note 3)	1,339,167	-
Accounts payable	287,084	260,447
Remediation reserve (Note 4)	-	200,000
Deferred revenue	303,833	523,101
Current portion of capital lease obligation (Note 5)	11,375	-
	1,967,165	983,548
RESERVE FOR RETIRING ALLOWANCE (Note 6)	58,186	-
CAPITAL LEASE OBLIGATION (Note 5)	334,124	-
EQUITY		
Capital stock (Note 7)	2,000	2,000
Contributed surplus	715,888	715,888
Net investment in capital assets	12,079,353	6,725,623
Net assets internally restricted for equipment replacement	(2,031,775)	3,592,364
Unrestricted net assets (deficit)	326,205	(198,091)
	11,091,671	10,837,784
	\$ 13,451,146	\$ 11,821,332

APPROVED BY THE BOARD

 Director

 Director

FOREST PROTECTION LIMITED**Statement of Operations and Unrestricted Net Assets (Deficit)**

year ended March 31, 2004

	2004	2003
REVENUES		
Contributions from participants		
Province of New Brunswick	\$ 2,978,007	\$ 2,809,734
Industry	522,921	420,490
Other revenue	1,260,459	856,866
Interest operating	3,363	5,988
	<u>4,764,750</u>	<u>4,093,078</u>
OPERATING EXPENSES (Note 8)		
Overhead	706,716	722,356
Pest control	557,054	608,552
Fire suppression	2,089,941	1,804,476
Research and development	871,401	826,428
	<u>4,225,112</u>	<u>3,961,812</u>
OTHER		
Interest on investments	(3,870)	(89,700)
Interest expense	33,790	1,588
Amortization of capital assets	411,143	379,475
Reserve for retiring allowance	58,186	-
Sale of aircraft parts	(2,848)	(9,568)
Remediation reserve (Note 4)	(200,000)	(240,000)
Gain on disposal of capital assets - operating	(10,650)	(14,196)
	<u>285,751</u>	<u>27,599</u>
EXCESS OF REVENUE OVER EXPENSES	253,887	103,667
UNRESTRICTED NET DEFICIT AT BEGINNING OF YEAR	(198,091)	(448,568)
	<u>55,796</u>	<u>(344,901)</u>
Transfer from net investment in capital assets	245,245	235,923
Transfer from (to) net assets internally restricted for equipment replacement	25,164	(89,113)
UNRESTRICTED NET ASSETS (DEFICIT) AT END OF YEAR	\$ 326,205	\$ (198,091)

FOREST PROTECTION LIMITED
Statement of Changes in Net Assets
 year ended March 31, 2004

	2004	2003
NET INVESTMENT IN CAPITAL ASSETS		
Balance at the beginning of the year	\$ 6,725,623	\$ 6,913,130
Transfers from (to) unrestricted operations:		
Acquisition of capital assets	161,398	143,552
Principal portion of capital lease	4,500	-
Proceeds on assets disposed of or retired	(10,650)	(14,196)
Amortization of capital assets	(411,143)	(379,475)
Gain on disposal of capital assets	10,650	14,196
	(245,245)	(235,923)
Transfer from net assets internally restricted for equipment replacement:		
Acquisition of capital assets	5,598,975	48,416
	5,353,730	(187,507)
Balance at end of year	\$ 12,079,353	\$ 6,725,623

FOREST PROTECTION LIMITED
Statement of Changes in Net Assets
year ended March 31, 2004

	2004	2003
NET ASSETS INTERNALLY RESTRICTED FOR EQUIPMENT REPLACEMENT		
Balance at the beginning of the year	\$ 3,592,364	\$ 3,551,667
Transfers (to) from unrestricted operations:		
Interest earned on funds invested	3,870	89,700
Transfer of prior year surplus/(deficit)	1,909	(8,567)
Sale of aircraft parts	2,848	9,568
Interest expense on capital assets	(33,791)	(1,588)
	(25,164)	89,113
Transfer to net investment in capital assets:		
Building	-	(48,416)
Aircraft	(5,598,975)	-
	(5,598,975)	(48,416)
Balance at end of year	\$ (2,031,775)	\$ 3,592,364

FOREST PROTECTION LIMITED**Statement of Cash Flows**

year ended March 31, 2004

	2004	2003
NET INFLOW (OUTFLOW) OF CASH RELATED TO THE FOLLOWING ACTIVITIES		
OPERATING		
Excess of revenues over expenses	\$ 253,887	\$ 103,667
Amortization of capital assets	411,143	379,475
Remediation reserve	(200,000)	(240,000)
Retirement allowance	58,186	-
Gain on disposal of capital assets	(10,650)	(14,196)
Changes in non-cash operating working capital items:		
Accounts receivable	(5,125)	74,074
Prepaid expenses	(837)	(16,826)
Interest receivable	569	62,711
Inventories	11,120	(49,592)
Accounts payable	26,637	32,119
Deferred revenue	(219,268)	259,038
	325,662	590,470
FINANCING		
Increase in operating loans	1,339,167	-
Capital lease obligation repayment	(4,501)	(48,416)
	1,334,666	(48,416)
INVESTING		
Acquisition of capital assets	(5,760,373)	(143,552)
Net change in short-term investments	3,360,897	(152,412)
Deposit on aircrafts	237,255	-
Proceeds on sale of capital assets	10,650	14,196
	(2,151,571)	(281,768)
NET CASH (OUTFLOW) INFLOW	(491,243)	260,286
CASH POSITION, BEGINNING OF YEAR	465,537	205,251
CASH POSITION, END OF YEAR	\$ (25,706)	\$ 465,537

FOREST PROTECTION LIMITED

Notes to the Financial Statements

year ended March 31, 2004

1. ACCOUNTING POLICIES

Operations and net investment in capital assets

- a. The Company is a non-profit organization and carries out an annual program comprising pest control, fire suppression and research and development of forest protection activities. The costs of the pest control program including all overhead expenditures are shared between various companies, the Province of New Brunswick and other organizations on the basis of an approved cost sharing formula. Costs directly attributable to fire suppression activities are recovered from the Province of New Brunswick. The net cost of research and development activities, after deducting revenues received, is recovered on the basis of a separate approved cost sharing formula. The Company is not taxable under section 149(1)(l) of the Income Tax Act.
- b. Program expenditures include all costs incurred during the year, including the cost of property, plant and equipment and inventories consumed during the year. Costs funded are reduced by proceeds on disposal of capital assets, except for aircraft sales, which are transferred to Net Assets Internally Restricted for Equipment Replacement.
- c. Capital assets acquired during the year which remained on hand at the year end are recorded in the financial statements as Net Investment in Capital Assets.
- d. Inventories acquired up to October 31, 1975 are valued at historical cost, if determinable, or at an estimated replacement value at that date. Inventories acquired after October 31, 1975 are valued at acquisition cost. Consumable supplies, except for pesticides, aviation fuel and lubricants, on hand at the end of each year are not included in the inventory balance.
- e. Land and buildings acquired before October 31, 1975, are recorded at estimated cost. All other capital assets, including buildings acquired subsequent to October 31, 1975 are valued at historical cost.
- f. Amortization of property, plant and equipment is calculated as follows:

Building and mobile homes	-	10% straight-line
Aircraft	-	4% straight-line
Equipment	-	20% straight-line

FOREST PROTECTION LIMITED
Notes to the Financial Statements
year ended March 31, 2004

1. ACCOUNTING POLICIES (Continued)

Net assets internally restricted for equipment replacement

- g. By authority of the Board of Directors, the following sources of funds are to be transferred to this account for the purpose of replacing the Company's equipment:
- proceeds received from aircraft sales;
 - operating surpluses arising from unrestricted operations.

Statement of cash flows

For the purpose of the statement of cash flows the Company considers cash on hand to be balances with banks, net of overdrafts, and highly liquid temporary money market instruments with original maturities of three months or less as cash or cash equivalents. Bank borrowings are considered to be financing activities.

Short-term investments

Discounts and premiums arising from the acquisition of short-term investments are amortized on a straight-line basis over the remaining term of the investment.

2. CAPITAL ASSETS

	Cost	Accumulated Depreciation	Net Book Value	
			2004	2003
Land	\$ 75,000	\$ -	\$ 75,000	\$ 75,000
Building and mobile homes	677,705	200,014	477,691	152,630
Aircraft	12,865,850	1,366,719	11,499,131	6,181,862
Equipment	1,496,064	1,123,033	373,031	316,131
	\$ 15,114,619	\$ 2,689,766	\$ 12,424,853	\$ 6,725,623

FOREST PROTECTION LIMITED

Notes to the Financial Statements

year ended March 31, 2004

3. OPERATING LOANS

The Company has obtained loans with interest rates ranging from Royal Bank Prime to Royal Bank Prime minus .55%.

4. REMEDIATION RESERVE

The Company was involved with the remediation of the old Charlo Airport due to contamination. This work was completed in fiscal 2004.

5. CAPITAL LEASE OBLIGATION

Capital lease obligation consisted of the following at March 31:

	<u>2004</u>
Capital lease obligation	\$ 345,499
Less current portion of capital lease obligation	<u>(11,375)</u>
Capital lease obligation, net of current portion	<u>\$ 334,124</u>

FOREST PROTECTION LIMITED
Notes to the Financial Statements
year ended March 31, 2004

5. CAPITAL LEASE OBLIGATION (Continued)

The minimum future capital lease payments, are as follows at March 31, 2004:

Year ending	Capital lease
2005	\$ 43,200
2006	43,200
2007	43,200
2008	43,200
2009	43,200
2010 and thereafter	427,499
	<u>643,499</u>
Less amount representing interest	298,000
	<u>\$ 345,499</u>

6. RESERVE FOR RETIRING ALLOWANCE

The Company provides a retiring allowance for regular employees equal to one week salary for each year of service, to a maximum of 25 weeks, payable upon retirement.

The amount represents the present value of the estimated liability for current employees based on a retirement age of 65.

7. CAPITAL STOCK

	<u>2004</u>	<u>2003</u>
Authorized		
500 common shares \$10 par value each		
Issued and outstanding		
200 common shares	\$ 2,000	\$ 2,000

FOREST PROTECTION LIMITED
Notes to the Financial Statements
year ended March 31, 2004

8. OPERATING EXPENSES

	<u>2004</u>	<u>2003</u>
PROGRAM EXPENDITURES		
Salaries and wages	\$ 1,397,478	\$ 1,247,690
Employer contributions	205,249	170,456
Transportation and communications	160,021	161,624
Remediation expenses	179,546	238,570
Consultants' fees, legal fees, audit, contractual, services, insurance, etc.	1,062,529	961,149
Maintenance and repairs (contractual)	707,247	658,006
Rentals	170,848	157,263
Interest on capital lease	2,700	-
Insecticides, materials and supplies	339,494	367,054
Expenses charged to operations	4,225,112	3,961,812
Principal portion of capital lease	4,500	-
Capitalized - capital assets	161,398	143,552
Total program expenditures	\$ 4,391,010	\$ 4,105,364

PROGRAM EXPENDITURES BY OPERATIONAL DIVISION

Overhead expenditures	\$ 706,716	\$ 722,356
Pest control expenditures	557,054	608,552
Research and development expenditures	871,401	826,428
Fire suppression - operational	2,089,941	1,804,476
	\$ 4,225,112	\$ 3,961,812

9. PENSION LIABILITY

The Company maintains a defined contribution pension plan for regular and contracted employees. The Company's contribution to the plan for the fiscal 2004 was \$36,006 (2003 - \$32,496).

FOREST PROTECTION LIMITED
Notes to the Financial Statements
year ended March 31, 2004

10. STATEMENT OF CASH FLOWS ADDITIONAL INFORMATION

During the year, the Company received and paid the following:

	<u>2004</u>	<u>2003</u>
	\$	\$
Interest received	3,364	95,691
Interest paid	42,383	1,588

Deloitte

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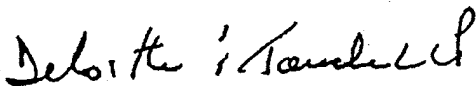
Additional Information

The Directors,
Forest Protection Limited

We have completed our examination of the financial statements of Forest Protection Limited for the period ended March 31, 2004. Our report to the shareholders dated May 5, 2004 describes the scope of our examination and opinion. The following schedules are included for your reference but are not necessary for a fair presentation of the financial position and the results of operations of the Company:

Schedule of Revenue and Expenditure by Department

Our examination was intended to enable us to form an opinion on the financial statements as a whole and was not such as to enable us to express an opinion on all the details contained in these schedules.



Chartered Accountants

May 5, 2004

FOREST PROTECTION LIMITED
Schedule of Revenue and Expenditure by Department
 Year ended March 31, 2004

Department #	Department	Total Annual Budget	Total Revenue to Date	Pre-Audit Expenditures to Date	Final Expenditures	Financial Statement Presentation Entries	Total Expenditures	Principal Payment on Capital Lease	Capital Expenses
10	Administration	\$ 713,300	\$ 763,672	\$ 762,919	\$ 766,280	\$ (59,564)	\$ 706,716	\$ -	\$ 59,564
30	Firebombing	1,381,100	2,028,073	1,751,751	1,752,500	(1,275)	2,089,941	4,500	1,275
31	Birding	322,600	322,600	262,236	262,236	(4,729)	-	-	4,729
32	Detection	69,400	79,818	85,709	85,709	-	-	-	-
40	Survey & Assessment	-	143,063	148,530	148,530	-	-	-	-
41	Aerial Treatment (Herb. - D.N.R.)	55,500	54,889	53,592	53,592	-	-	-	-
42	Airstrip Rehab.	76,500	77,082	75,937	75,937	(27,376)	557,054	-	27,376
43	J.D. Irving - Gypsy Moth	-	82,233	61,416	61,416	-	-	-	-
44	Other (Gypsy Moth, NS)	200,000	32,634	31,942	31,942	-	-	-	-
45	Bowater - Herbicide	54,200	50,134	33,467	33,467	-	-	-	-
47	Airstrip Rehab. - Charlo	200,000	200,000	179,546	179,546	-	-	-	-
600-800	R & D Projects	800,000	928,144	939,855	939,855	(68,454)	871,401	-	68,454
Overall Totals		\$ 4,072,600	\$ 4,762,342	\$ 4,386,900	\$ 4,391,010	\$ (161,398)	\$ 4,225,112	\$ 4,500	\$ 161,398

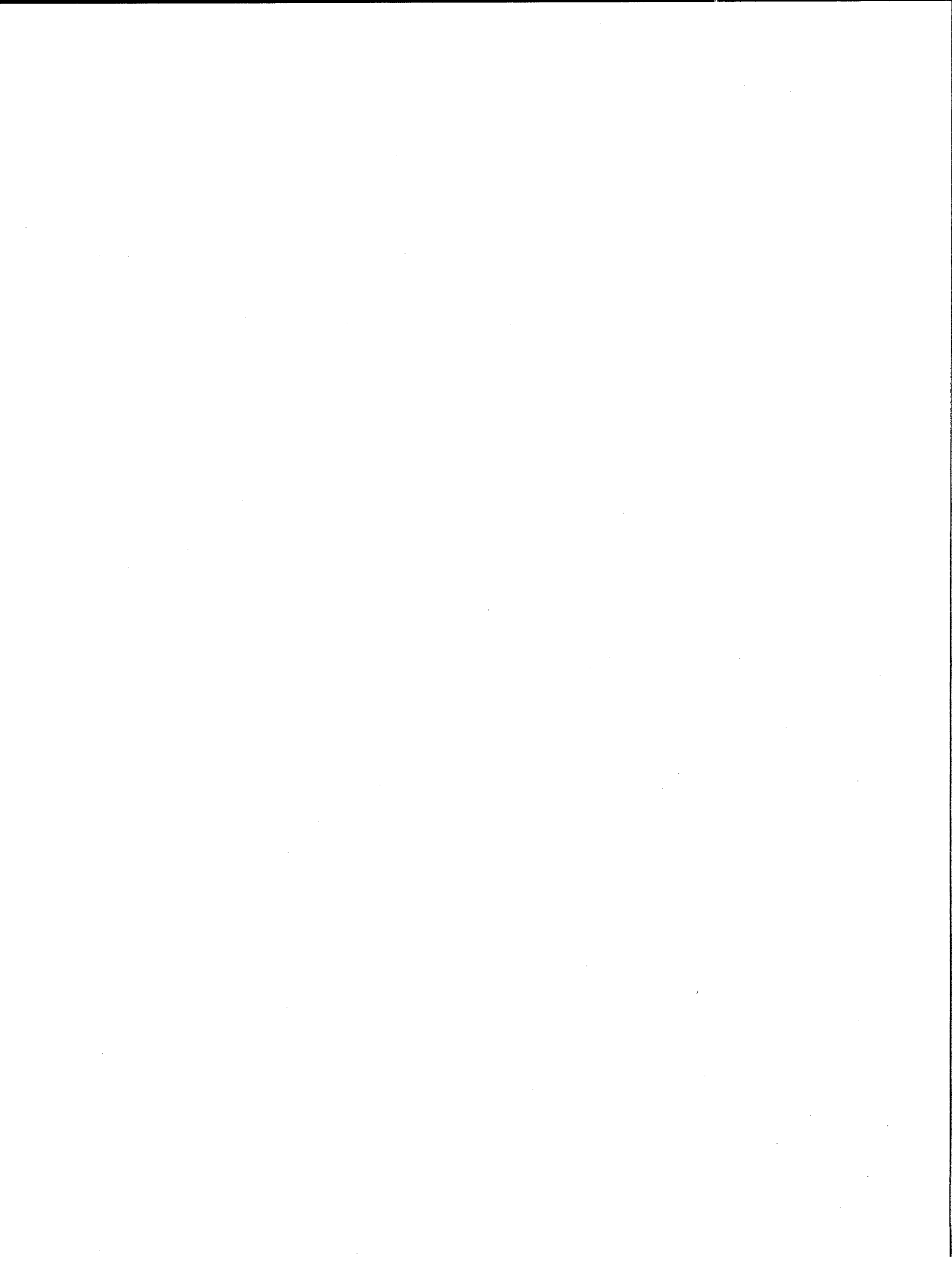
Equipment Replacement Fund

ERF Mar 31/03	\$ 3,592,365	
Surplus from March 31/03	1,909	\$ 4,762,342
Inv. April 1 on investment	3,670	
Pur. 3 AT1802/Aq/Nav/S/ Radius	(5,998,975)	13,058
Loan interest	(33,791)	(10,650)
A/C Parts Sale	2,847	
Balance ERF	\$ (2,031,775)	\$ 4,764,750

Revenue Reconciliation

Revenue, per above schedule	\$ -
Audit Adjustments	4,762,342
R&D Revenue	13,058
Gain on Disposal of Assets	(10,650)
Revenue per Audited Financial Statements	\$ 4,764,750

*Administration Fees 15%: \$32,139; R&D: \$4,791; Other: \$70,865; BC Other



FINANCIAL STATEMENTS

KINGS LANDING CORPORATION

31 MARCH 2004

Office of the
Auditor General

Bureau du
vérificateur général



AUDITOR'S REPORT

The Chairperson and Directors
Kings Landing Corporation
Prince William, New Brunswick

I have audited the statement of financial position of Kings Landing Corporation as at 31 March 2004 and the statements of operations and changes in net assets 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 financial statements present fairly, in all material respects, the financial position of the Corporation as at 31 March 2004 and the results of its operations and the changes in its net assets for the year then ended in accordance with Canadian generally accepted accounting principles.

K D Robinson

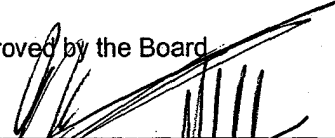
K. D. Robinson, CA
Deputy Auditor General


Fredericton, N. B.
7 May 2004

**KINGS LANDING CORPORATION
STATEMENT OF FINANCIAL POSITION
31 MARCH 2004**

	2004	2003
ASSETS		
Current assets		
Cash	\$ -	\$ 14,739
Cash restricted for purchase of capital assets	-	28,343
Marketable securities	5,190	5,031
Accounts receivable	37,464	22,423
Prepaid expenses	21,555	21,601
Inventories (Note 1 (c))	78,301	76,361
	<u>142,510</u>	<u>168,498</u>
Kings Landing Collection (Note 1(d))	1	1
Capital assets, net (Note 1(e))	1,805,069	1,610,326
	<u>\$ 1,947,580</u>	<u>\$ 1,778,825</u>
LIABILITIES AND NET ASSETS		
Current liabilities		
Bank indebtedness	\$ 114,893	\$ -
Accounts payable and accrued liabilities	89,247	106,296
Deferred revenue	5,029	20,506
	<u>209,169</u>	<u>126,802</u>
Deferred contributions related to capital assets (Note 1(g))	1,771,535	1,603,369
Net assets		
Net assets invested in capital assets	33,534	35,300
Unrestricted net assets	(66,658)	13,354
	<u>(33,124)</u>	<u>48,654</u>
	<u>\$ 1,947,580</u>	<u>\$ 1,778,825</u>

Approved by the Board





Chairperson

Director

**KINGS LANDING CORPORATION
STATEMENT OF OPERATIONS
FOR THE YEAR ENDED 31 MARCH 2004**

	Budget 2004	Actual 2004	Actual 2003
REVENUE			
Admissions	\$ 441,429	\$ 354,227	\$ 386,876
Emporium	301,098	223,219	290,763
Food services	510,130	458,443	520,623
Education	85,476	87,112	77,883
Other operating revenue	64,390	66,424	80,236
	<u>1,402,523</u>	<u>1,189,425</u>	<u>1,356,381</u>
Grants			
Provincial Operating	1,327,900	1,346,361	1,329,691
Provincial Capital	70,000	47,792	60,000
Provincial Emergency	-	-	92,400
Provincial One Time	-	-	35,990
Other	-	20,674	57,272
Employment Programs	25,000	49,471	25,222
Department of Agriculture, Fisheries and Aquaculture - Orchard Project	-	-	15,000
Amortization of deferred contributions (Note 1(g))	-	95,364	84,992
	<u>1,422,900</u>	<u>1,559,662</u>	<u>1,700,567</u>
	<u>2,825,423</u>	<u>2,749,087</u>	<u>3,056,948</u>
EXPENSE			
Interpretation			
Interpretation	644,949	636,626	625,956
Education	73,270	83,834	88,862
Emporium	239,053	197,184	235,283
	<u>957,272</u>	<u>917,644</u>	<u>950,101</u>
Curatorial			
Maintenance	408,255	354,592	377,520
Security	161,839	168,643	160,163
Curatorial	323,815	319,314	346,060
	<u>893,909</u>	<u>842,549</u>	<u>883,743</u>
Visitor services	129,105	137,122	138,299
Public relations	206,296	211,643	190,966
Administration	253,895	248,967	320,680
Food services	415,464	375,810	397,038
Amortization	-	97,130	86,836
	<u>1,004,760</u>	<u>1,070,672</u>	<u>1,133,819</u>
	<u>2,855,941</u>	<u>2,830,865</u>	<u>2,967,663</u>
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSE	\$ (30,518)	\$ (81,778)	\$ 89,285

**KINGS LANDING CORPORATION
STATEMENT OF CHANGES IN NET ASSETS
FOR THE YEAR ENDED 31 MARCH 2004**

	Net assets Invested in			Total 2003
	Capital Assets	Unrestricted Net Assets	Total 2004	
Balance, beginning of year	\$ 35,300	\$ 13,354	\$ 48,654	\$ (40,631)
Excess (deficiency) of revenue over expense	(1,766)	(80,012)	(81,778)	89,285
Balance, end of year	<u>\$ 33,534</u>	<u>\$ (66,658)</u>	<u>\$ (33,124)</u>	<u>\$ 48,654</u>

**KINGS LANDING CORPORATION
NOTES TO FINANCIAL STATEMENTS
31 MARCH 2004**

1. Summary of significant accounting policies

(a) General comments on operations

Kings Landing Corporation is a provincial Crown agency incorporated by an Act of the New Brunswick Legislature. The Corporation serves the people of New Brunswick and visitors to the province by operating a living historical village as a dynamic, progressive outdoor museum.

(b) Revenue recognition

Kings Landing Corporation follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

(c) Inventories

Inventories are valued at the lower of cost and net realizable value, and comprise the following:

	2004	2003
Emporium	\$ 56,324	\$ 56,060
Less: Provision for obsolescence	(8,748)	(8,300)
	<u>47,576</u>	<u>47,760</u>
Fabrics	8,330	9,449
Food and liquor	20,875	17,086
Other	1,520	2,066
	<u>\$ 78,301</u>	<u>\$ 76,361</u>

(d) Kings Landing Collection

The Kings Landing Collection is composed of some 70 major historical structures and thousands of individual artifacts from the period between 1780 and 1900. The structures and artifacts are not replaceable as each piece represents a unique aspect of New Brunswick history. In recognition of this, the collection is valued at \$1 and individual pieces purchased by the Corporation are expensed in the year of acquisition. Similarly, costs of maintaining the collection are expensed as incurred. During the year, artifacts worth an estimated \$62,182 (2003 - \$315,960) were donated.

**KINGS LANDING CORPORATION
NOTES TO FINANCIAL STATEMENTS
31 MARCH 2004**

1. Summary of significant accounting policies - continued

(e) Other capital assets

Purchased or contributed capital assets, except those of a historical nature, are recorded at cost or appraised value where cost is not determinable. Amortization is recorded using a fixed percentage on the declining balance method. The exception is computer equipment which is amortized on a straight line basis over five years, the estimated useful life of the assets.

Kings Landing Corporation has 91.5 acres of land spread on both sides of the St. John River. Approximately 40 acres are used for site purposes. Because its purpose is to serve as a site for the collection, the land has been recorded at a value of \$1.

Details of capital assets are as follows:

	Amortization Rate	2004	2003
Land		\$ 1	\$ 1
Buildings	5%	2,211,946	2,172,145
Computer hardware	20%	10,000	10,000
Equipment	10%	25,964	25,964
Automotive equipment	20%	108,694	86,486
Sewage treatment plant	30 years	229,865	-
		<u>2,586,470</u>	<u>2,294,596</u>
Less: Accumulated amortization		(781,401)	(684,270)
Total capital assets, net		<u>\$ 1,805,069</u>	<u>\$ 1,610,326</u>

(f) Contributed services

Volunteers contribute about 8,000 hours per year to assist Kings Landing Corporation in carrying out its activities. Because of the difficulty in determining their fair value, contributed services are not recognized in the financial statements.

(g) Deferred contributions related to capital assets

Deferred contributions related to capital assets represent capital assets which are not part of the historical collection and were donated to Kings Landing Corporation. The changes in the deferred contributions balance of the period are as follows:

	2004	2003
Beginning balance	\$ 1,603,369	\$ 1,636,861
Additional Grants	263,530	51,500
Less amounts amortized to revenue	(95,364)	(84,992)
Ending balance	<u>\$ 1,771,535</u>	<u>\$ 1,603,369</u>

**KINGS LANDING CORPORATION
NOTES TO FINANCIAL STATEMENTS
31 MARCH 2004**

2. Income tax status

The Corporation is a registered charitable organization under the Income Tax Act and is able to issue donation receipts for income tax purposes. In order to maintain its status, the Corporation must meet certain requirements within the Act. In the opinion of management, these requirements have been met.

3. Statement of cash flows

This statement was not prepared as the information it would contain was not considered significant.

FINANCIAL STATEMENTS

LOTTERIES COMMISSION OF NEW BRUNSWICK

31 MARCH 2004

Office of the
Auditor General

Bureau du
vérificateur général



AUDITOR'S REPORT

To the Members of the
Lotteries Commission of New Brunswick

I have audited the balance sheet of the Lotteries Commission of New Brunswick as at 31 March 2004 and the statement of revenue and expenditure for the year then ended. These financial statements are the responsibility of the Commission'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 Commission as at 31 March 2004 and the results of its operations for the year then ended in accordance with Canadian generally accepted accounting principles.

A handwritten signature in cursive script that reads "K. D. Robinson".

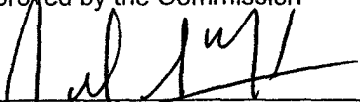
K. D. Robinson, C.A.
Deputy Auditor General


Fredericton, N. B.
29 June 2004

**LOTTERIES COMMISSION OF NEW BRUNSWICK
BALANCE SHEET
31 MARCH 2004**

	2004	2003
ASSETS		
Current assets		
Due from Atlantic Lottery Corporation Inc.	\$ 754,083	\$ 1,420,480
Other assets		
Investment in share capital of Atlantic Lottery Corporation Inc.	100	100
Investment in share capital of Interprovincial Lottery Corporation	1	1
	<u>101</u>	<u>101</u>
	<u>\$ 754,184</u>	<u>\$ 1,420,581</u>
LIABILITIES AND CONTRIBUTED SURPLUS		
Current liabilities		
Due to Province of New Brunswick (Note 4)	\$ 754,083	\$ 1,420,480
Contributed surplus (Note 2)		
	<u>101</u>	<u>101</u>
	<u>\$ 754,184</u>	<u>\$ 1,420,581</u>

Approved by the Commission


 _____ Member


 _____ Member

**LOTTERIES COMMISSION OF NEW BRUNSWICK
STATEMENT OF REVENUE AND EXPENDITURE
FOR THE YEAR ENDED 31 MARCH 2004**

	2004		2003
	Budget	Actual	Actual
REVENUE			
Share of net profit of Atlantic Lottery Corporation Inc. (Note 1)	\$ 116,724,000	\$ 119,318,902	\$ 110,051,699
Other revenue (Note 3)	29,000	22,865	25,248
	<u>116,753,000</u>	<u>119,341,767</u>	<u>110,076,947</u>
EXPENDITURE			
To the Province of New Brunswick (Note 1)			
Ordinary account revenue	113,214,000	113,335,887	105,926,751
Sport Development Trust Fund	500,000	500,000	500,000
Arts Development Trust Fund	700,000	700,000	700,000
Agreements with First Nations	-	2,469,268	733,993
Commission inspection expenses	1,137,000	1,137,000	1,137,000
Administrative costs	175,000	175,000	175,000
Department of Health and Wellness (Gambling addiction; education and treatment)	757,000	757,000	652,966
Department of Finance	270,000	267,612	251,237
	<u>116,753,000</u>	<u>119,341,767</u>	<u>110,076,947</u>
EXCESS OF REVENUE OVER EXPENDITURE	\$ -	\$ -	\$ -

**LOTTERIES COMMISSION OF NEW BRUNSWICK
NOTES TO FINANCIAL STATEMENTS
31 MARCH 2004**

1. Summary of significant accounting policies

New Brunswick's share of Atlantic Lottery Corporation Inc. profit

The profit of Atlantic Lottery Corporation Inc. is distributed to each of the four Atlantic Provinces or their lottery agencies. The Lotteries Commission of New Brunswick's share for the current year represents the calculated profit of the Atlantic Lottery Corporation in New Brunswick as determined by the Amended and Restated Unanimous Shareholders' Agreement signed August 8, 2000.

Payments to the Province of New Brunswick

The Lotteries Commission of New Brunswick remits the profits it receives from Atlantic Lottery Corporation Inc. to the Province of New Brunswick. Beginning in 1999, Atlantic Lottery Corporation began advancing these funds during the month rather than paying the full amount in the subsequent month.

The profits from certain types of lotteries have been designated as revenue for specific trust funds operated by the Province of New Brunswick. Annual lottery profits designated for the Arts and Sport Development Trust Funds have each been set by the Province at a minimum of seven hundred thousand dollars and five hundred thousand dollars respectively.

The Lotteries Act provides that the First Nations may be paid 95% of all profits received from the Atlantic Lottery Corporation Inc. for the operation of video lottery on reserves having agreements with the Province. Where these agreements are in place the Province also rebates all provincial earnings from the sale of breakopen tickets sold on reserves. As of 31 March 2004, eight First Nations have signed agreements involving lottery revenues. In order for the First Nations to receive profits from the Lotteries Commission of New Brunswick, the agreements must be activated and the reserve must have a gaming commission. During the year, there were three active agreements with reserves having gaming commissions: Woodstock, St. Mary's and Elsipogtog.

Investments

The New Brunswick government does not operate any lottery but the Province is a shareholder in Atlantic Lottery Corporation Inc. and in the Interprovincial Lottery Corporation. Atlantic Lottery Corporation Inc. is a jointly-owned corporation of the four Atlantic provinces and is responsible to develop, organize, undertake, conduct and manage lotteries in Atlantic Canada. Atlantic Lottery Corporation Inc. also markets and handles regionally the products of the Interprovincial Lottery Corporation. The Interprovincial Lottery Corporation is a corporation jointly owned by the ten Canadian provinces.

The investments in Atlantic Lottery Corporation Inc. and Interprovincial Lottery Corporation are carried at cost. Net profits of these corporations are distributed annually to the shareholders.

**LOTTERIES COMMISSION OF NEW BRUNSWICK
NOTES TO FINANCIAL STATEMENTS
31 MARCH 2004**

2. Contributed surplus

This amount represents funds paid by the Province of New Brunswick on behalf of the Lotteries Commission of New Brunswick to Atlantic Lottery Corporation Inc. and the Interprovincial Lottery Corporation in exchange for share capital.

3. Other revenue

The Province of New Brunswick requires that charitable/non-profit groups pay a small fee for their licenses for gaming activities such as bingo, raffles etc.

4. Statement of transactions with the Province of New Brunswick

	2004	2003
Current liability		
Balance, beginning of year	\$ 1,420,480	\$ 566,806
Income for the year	119,341,767	110,076,947
	<hr/>	<hr/>
Funds available to Province of New Brunswick	120,762,247	110,643,753
Less remittances during the year	120,008,164	109,223,273
Balance, end of year	<u>\$ 754,083</u>	<u>\$ 1,420,480</u>

FINANCIAL STATEMENTS

NB AGRIEXPORT INC.

31 MARCH 2004

Office of the
Auditor General

Bureau du
vérificateur général



AUDITOR'S REPORT

To the Shareholder of
NB Agriexport Inc.

I have audited the balance sheet of NB Agriexport Inc. as at 31 March 2004 and the statement of income and deficit 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 financial statements present fairly, in all material respects, the financial position of the Corporation as at 31 March 2004 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

A handwritten signature in cursive script that reads "K. D. Robinson".

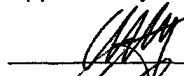
K. D. Robinson, CA
Deputy Auditor General

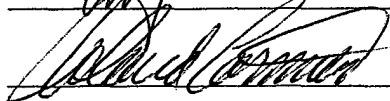
Fredericton, N. B.
30 September 2004

**NB AGRIEXPORT INC.
BALANCE SHEET
31 MARCH 2004**

	2004	2003
ASSETS		
Current assets		
Cash and short-term investments	\$ 96,417	\$ 105,435
Accounts receivable	54,060	73,636
Interest receivable	1,105	350
	<u>151,582</u>	<u>179,421</u>
Investments (Note 2)	734,300	734,300
Less: Provision for loss	<u>734,300</u>	<u>734,300</u>
	-	-
	<u>\$ 151,582</u>	<u>\$ 179,421</u>
LIABILITIES AND SHAREHOLDER'S EQUITY		
Current liabilities		
Accounts payable	\$ 10,534	\$ 10,348
Due to the Province of New Brunswick	943,105	960,350
Less: Provision for loss	<u>500,000</u>	<u>500,000</u>
	<u>443,105</u>	<u>460,350</u>
Capital stock		
Authorized and issued:		
One common share, no par value	-	-
Deficit	<u>(302,057)</u>	<u>(291,277)</u>
	<u>\$ 151,582</u>	<u>\$ 179,421</u>

Approved by the Board





Director

Director

**NB AGRIEXPORT INC.
STATEMENT OF INCOME AND DEFICIT
FOR THE YEAR ENDED 31 MARCH 2004**

	2004	2003
Income		
Interest	\$ 3,974	\$ 5,737
Grants	-	1,576
	<u>3,974</u>	<u>7,313</u>
Expenses		
Interest	14,508	15,918
Office	246	986
	<u>14,754</u>	<u>16,904</u>
NET INCOME (LOSS) FOR THE YEAR	(10,780)	(9,591)
Deficit, beginning of year	<u>(291,277)</u>	<u>(281,686)</u>
DEFICIT, end of year	<u>\$(302,057)</u>	<u>\$(291,277)</u>

**NB AGRIEXPORT INC.
NOTES TO FINANCIAL STATEMENTS
31 MARCH 2004**

1. Description of operations

NB Agriexport Inc. was established on 23 May 1996 under the Business Corporations Act of the Province of New Brunswick.

The Corporation is wholly owned by the Province of New Brunswick and has as its mandate: to provide a focal point for the Department of Agriculture, Fisheries and Aquaculture's international market development efforts; to facilitate exporters' access to international markets; and to help exporters manage the risks of international marketing.

It is the intention of government that NB Agriexport Inc. be phased out. This phasing out requires the Corporation to honour current outstanding agreements. The outstanding agreements are in the process of being transferred to the Department of Business New Brunswick.

2. Investments

During the 1999/2000 fiscal year, the Corporation purchased 500 Class B, non-voting, preferred shares of a company for \$500,000. Funding for this investment was provided by the Province of New Brunswick by way of an interest-free working capital advance. This investment has been fully provided for by the Province. The balance at 31 March 2004 stands at \$500,000.

The remaining investment balance represents moneys invested in a project to promote the export of cattle.

3. Statement of cash flows

A statement of cash flows has not been prepared as the required cash flow information is readily apparent from the other financial statements.

4. Income and expenses not included in these financial statements

Most of the direct and indirect costs of operating the corporate office are absorbed by the Province of New Brunswick. The administration of the Corporation's affairs is carried out by employees of the Province of New Brunswick under the direction of the Corporation's Board of Directors. All salary costs and most travel expenses associated with these employees are paid by the Province. Beginning in May 2002 bank account interest is deposited directly to the accounts of the Province.



FINANCIAL STATEMENTS
NEW BRUNSWICK
ADVISORY COUNCIL ON SENIORS
31 MARCH 2004

Office of the
Auditor General

Bureau du
vérificateur général



AUDITOR'S REPORT

To the Chair and Members
New Brunswick Advisory Council on Seniors

I have audited the balance sheet of the New Brunswick Advisory Council on Seniors as at 31 March 2004 and the statement of revenue, expense and surplus for the year then ended. These financial statements are the responsibility of the Council'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 Council as at 31 March 2004 and the results of its operations for the year then ended in accordance with Canadian generally accepted accounting principles.

A handwritten signature in cursive script that reads "K.D. Robinson".

K. D. Robinson, CA
Deputy Auditor General

Fredericton, N. B.
1 June 2004

**NEW BRUNSWICK ADVISORY COUNCIL ON SENIORS
BALANCE SHEET
31 MARCH 2004**

	2004
ASSETS	
Accounts receivable - Province of New Brunswick	<u>\$ 152,248</u>
LIABILITIES AND SURPLUS	
Surplus	<u>\$ 152,248</u>

Approved by the Council

Lo Anne K. Highland Chair

R. H. Johnson Member

**NEW BRUNSWICK ADVISORY COUNCIL ON SENIORS
STATEMENT OF REVENUE, EXPENSE AND SURPLUS
FOR THE YEAR ENDED 31 MARCH 2004**

	2004 Budget	2004 Actual
REVENUE		
Grants - Province of New Brunswick	\$ 200,000	\$ 200,000
EXPENSE		
Personal services	72,500	2,850
Other services	119,800	19,754
Materials and supplies	5,500	1,325
Property and equipment (Note 2)	2,200	23,823
	<u>200,000</u>	<u>47,752</u>
EXCESS OF REVENUE OVER EXPENSE	<u>\$ -</u>	152,248
Surplus, beginning of year		-
SURPLUS, end of year		<u>\$ 152,248</u>

**NEW BRUNSWICK ADVISORY COUNCIL ON SENIORS
NOTES TO FINANCIAL STATEMENTS
31 MARCH 2004**

1. Purpose of the organization

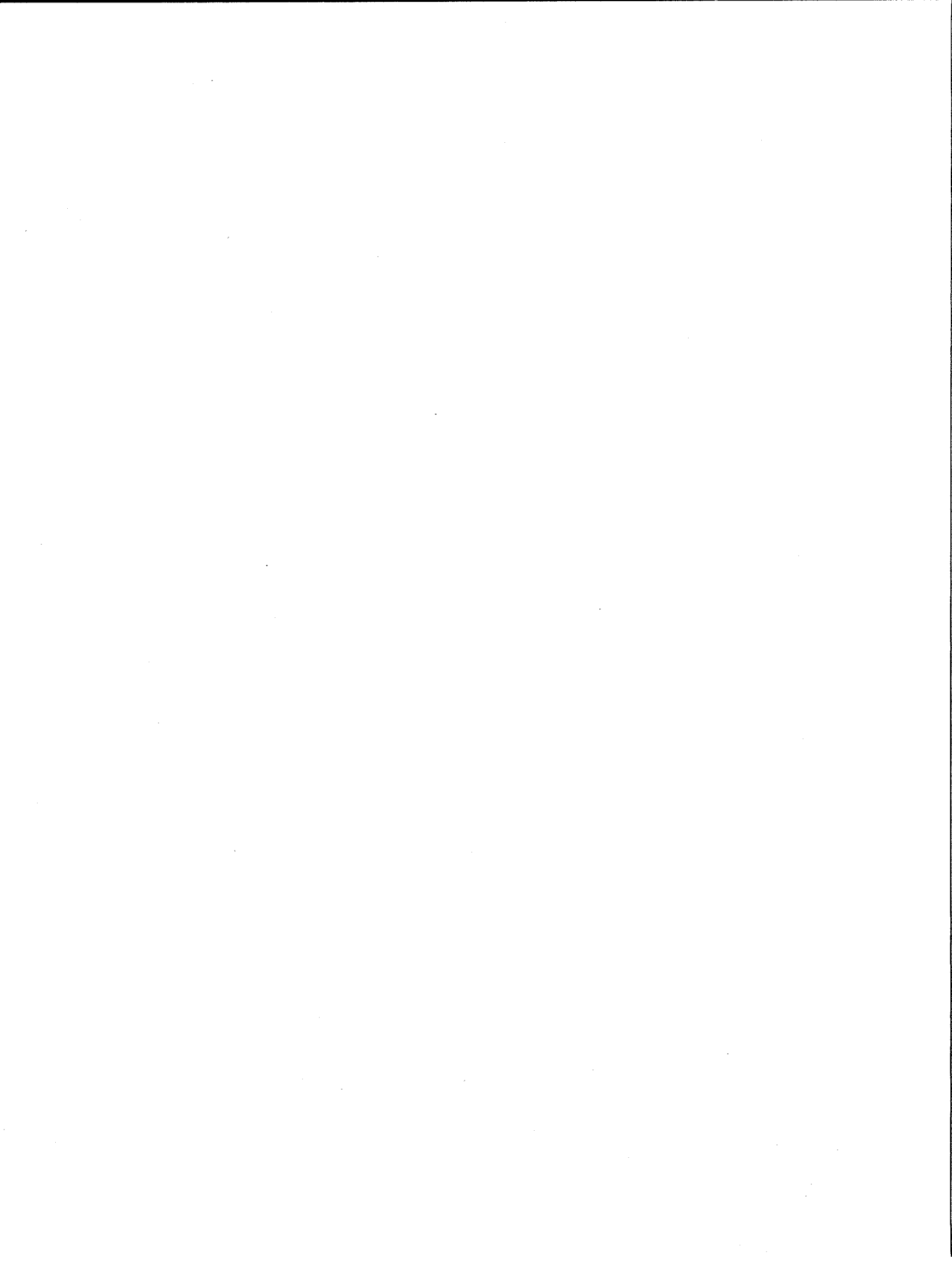
The Council, an organization for study and consultation, has a mission to advise government on questions of interest and concern to seniors in the Province. The Council was established under the New Brunswick Advisory Council on Seniors Act, which came into force on 1 April 2003.

2. Significant accounting policies

It is the policy of the Council to charge purchases of property and equipment to expense in the year in which the expenditure is incurred. These purchases consist mainly of computer and other office equipment.

3. Expenses not included in these financial statements

The Department of Finance has assumed responsibility for the costs of the financial administration of the Council.



FINANCIAL STATEMENTS

NEW BRUNSWICK
ADVISORY COUNCIL ON YOUTH

31 MARCH 2004

Office of the
Auditor General

Bureau du
vérificateur général



AUDITOR'S REPORT

To the Chairperson and Members
New Brunswick Advisory Council on Youth

I have audited the balance sheet of the New Brunswick Advisory Council on Youth as at 31 March 2004 and the statement of revenue, expense and surplus for the year then ended. These financial statements are the responsibility of the Council'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 Council as at 31 March 2004 and the results of its operations for the year then ended in accordance with Canadian generally accepted accounting principles.

K D Robinson

K. D. Robinson, CA
Deputy Auditor General

Fredericton, N. B.
30 June 2004

**NEW BRUNSWICK ADVISORY COUNCIL ON YOUTH
BALANCE SHEET
31 MARCH 2004**

	2004	2003
ASSETS		
Current assets		
Cash	\$ -	\$ 93,722
Accounts receivable	98,324	10,245
	<u>\$ 98,324</u>	<u>\$ 103,967</u>
LIABILITIES AND SURPLUS		
Current liabilities		
Accounts payable	\$ -	\$ 9,927
Deferred revenue	24,217	10,073
	<u>24,217</u>	<u>20,000</u>
Surplus	74,107	83,967
	<u>\$ 98,324</u>	<u>\$ 103,967</u>

Approved by the Council



Chairperson



Member

**NEW BRUNSWICK ADVISORY COUNCIL ON YOUTH
STATEMENT OF REVENUE, EXPENSE AND SURPLUS
FOR THE YEAR ENDED 31 MARCH 2004**

	2004 Budget	2004 Actual	2003 Actual
REVENUE			
Operating grant from the Province of New Brunswick	\$ 166,600	\$ 166,600	\$ 129,200
Other grants	-	9,691	87,057
Miscellaneous	-	395	509
Administration fee revenue	-	3,500	7,070
Health Canada - Anti-tobacco	-	21,655	-
Rural dialogue follow-up	-	30,469	-
	<u>166,600</u>	<u>232,310</u>	<u>223,836</u>
EXPENSE			
Salaries and benefits	85,300	92,496	84,323
Travel and conference	18,500	18,016	12,372
Printing and photocopying	4,000	1,364	3,724
Telephone	5,000	7,014	4,108
Office expenses	5,500	7,992	4,867
Public relations and advertising	1,000	430	425
Honoraria	8,000	4,463	2,513
Furniture and equipment	5,000	22,798	16
Professional services	2,200	6,746	5,690
Translation	1,000	2,311	625
Rent	19,600	23,096	-
Repairs and maintenance	11,500	3,135	-
Miscellaneous	-	100	437
Special projects	-	85	83,383
Health Canada - Anti-tobacco	-	21,655	-
Rural dialogue follow-up	-	30,469	-
	<u>166,600</u>	<u>242,170</u>	<u>202,483</u>
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSE	<u>\$ -</u>	<u>(9,860)</u>	<u>21,353</u>
Surplus, beginning of year		<u>83,967</u>	<u>62,614</u>
SURPLUS, end of year		<u>\$ 74,107</u>	<u>\$ 83,967</u>

**NEW BRUNSWICK ADVISORY COUNCIL ON YOUTH
NOTES TO FINANCIAL STATEMENTS
31 MARCH 2004**

1. Purpose of the organization

The Council was established by a cabinet decision in May 1986 and the appointment of the Council was announced in March 1987. The Council began operations in May 1987.

The Council undertook a name change and reorganization upon proclamation of the *New Brunswick Advisory Council on Youth Act* on October 9, 2003. The New Brunswick Advisory Council on Youth is a provincial body established for study and consultation on matters relating to young people between the ages of 15 and 24.

2. Capital assets

It is the policy of the Council to charge all capital asset purchases to expense in the period in which the expenditure is incurred.

3. Expenses not included in the financial statements

The Department of Finance has assumed responsibility for costs of the financial administration of the Council.

FINANCIAL STATEMENTS
NEW BRUNSWICK ARTS BOARD
31 MARCH 2004

FINANCIAL REPORT 2003-2004

Auditor's Report

To the members of the *New Brunswick Arts Board*:

I have audited the records *New Brunswick Arts Board* as of March 31, 2004. I have carried out tests on these records that are normally carried out on a non-profit organization of this type.

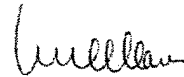
I hereby state that, in my opinion, the attached statements present fairly the financial position of *New Brunswick Arts Board* as of March 31, 2004, in accordance with generally accepted accounting principles.

Sandy Brewer
Certified General Accountant

May 28, 2004
Douglas, NB

FINANCIAL STATEMENTS

New Brunswick Arts Board Statement of Financial Position For the Year Ended March 31, 2004	<u>2004</u>	<u>2003</u>
ASSETS		
Current Assets		
Petty cash	\$ -	\$ 244
Bank	\$ 1,750	\$ 1,750
Investments	\$679,052	\$933,915
HST receivable	\$ 19,672	\$ 22,517
Prepaid expenses	\$ 5,009	\$ 4,662
Accounts receivable	<u>\$142,896</u>	<u>\$ 30,275</u>
Total Assets	\$848,379	\$993,363
LIABILITIES		
Current Liabilities		
Cheques in excess of funds on deposit	\$ 66,515	\$ 68,197
Accounts payable and accrued liabilities	\$ 23,008	\$ 55,647
Employee deductions payable	<u>\$ 74</u>	<u>\$ 4,570</u>
Total Current Liabilities	\$ 89,597	\$128,414
GRANTS AND PROGRAMS PAYABLE (Note 5)	\$658,569	\$801,093
FUND BALANCES		
Unrestricted	<u>\$100,213</u>	<u>\$ 63,856</u>
Total Liabilities, Grants and Programs Payable, and Fund Balances	<u>\$848,379</u>	<u>\$993,363</u>

Chair of the New Brunswick Arts Board Treasurer of the New Brunswick Arts Board

New Brunswick Arts
Board
Statement of
Operations
For the Year Ended
March 31, 2004

	<u>2004</u>	<u>2003</u>
REVENUES		
Excellence Awards	\$ 21,000	\$ 18,070
Annual allocation	\$ 700,000	\$ 700,000
Special initiatives	\$ 80,000	\$ 447,000
Culture and Sport Secretariat	\$ 302,325	\$ 189,325
Sponsorships	\$ 1,500	\$ 27,000
Other grants/revenue	\$ 161,050	\$ 201,388
Interest earned	\$ 24,229	\$ 19,706
Grants recovered	\$ 20,684	\$ 27,369
HST recovered to 100%	<u>\$ 47,447</u>	<u>\$ -</u>
Total Revenue	\$1,358,235	\$1,629,858
EXPENSES		
Capital assets (Note 3)	\$ 4,903	\$ 5,477
Salaries and benefits (Note 6)	\$ 208,483	\$ 187,300
Administration	\$ 83,450	\$ 75,618
Board and committee expenses	\$ 32,477	\$ 32,845
Jury expenses	\$ 39,025	\$ 38,295
Special initiatives	\$ 33,333	\$ 293,441
Excellence awards ceremonies	\$ 31,412	\$ 31,934
Grants and scholarships	<u>\$ 888,795</u>	<u>\$ 964,569</u>
Total Expenses	\$1,321,878	\$1,629,479
EXCESS OF REVENUE OVER EXPENSES	\$ 36,357	\$ 379
BEGINNING FUND BALANCE	<u>\$ 63,856</u>	<u>\$ 63,477</u>
ENDING FUND BALANCE	<u>\$ 100,213</u>	<u>\$ 63,856</u>

New Brunswick Arts Board Statement of Cash Flow For the Year Ended March 31, 2004	<u>2004</u>	<u>2003</u>
OPERATING ACTIVITIES		
Excess of revenues over expenses	\$ 36,357	\$ 379
Add back:		
Changes in non-cash working capital	\$ (147,258)	\$ (16,639)
Grants and programs payable	\$ (142,524)	\$ 130,444
NET CASH PROVIDED IN OPERATING ACTIVITIES	\$(253,425)	\$ 114,184
NET CASH PROVIDED IN FINANCING ACTIVITIES	\$ -	\$ -
Increase (decrease) in cash during the year	\$(253,425)	\$ 114,184
Cash at the beginning of the year	\$867,712	\$ 753,528
CASH AT THE END OF THE YEAR	\$614,287	\$867,712

New Brunswick Arts
Board
Note to Financial
Statements
For the Year Ended
March 31, 2004

1. General

The non-for-profit organization was a branch of the New Brunswick government until January 2000. At this time, the organization became an arm's length agency. The purpose of the non-for-profit organization is to provide grants and scholarships to qualifying individuals and organizations to enable them to perform various art functions.

2. Significant Accounting Policies

These financial statements have been prepared in accordance with generally accepted accounting principles applied within the framework of the accounting policies summarized below.

Capital Assets: Capital assets are being expensed.

Revenue Recognition: Revenue is recognized when funds are committed from various organizations.

3. Capital Assets

The following capital assets have been expensed: \$4,360 (Office furniture)
\$ 543 (Office equipment).

4. Contributions

The non-for-profit organization is predominately funded by government. Contributions are received based on budgets presented to the government.

5. Commitments

The non-for-profit organization is committed to pay out previous years' grants and scholarships that were determined and authorized in previous years, as well as current year's commitments that were determined based on current programs. The total balance of these commitments is as follows:

Grants Payable	March 31, 2004
Creation/Documentation October 1999	\$ 1,701
Creation/Documentation April 2000	\$ 4,080
Emerging Artist April 2000	\$ 3,400
Arts-by-Invitation 2001-2002	\$ 1,500
Creation/Documentation April 2001	\$ 4,200
Creation/Documentation October 2001	\$ 763
Emerging Artist October 2001	\$ 1,050
Artist-in-Residence February 2002	\$ 690
Presentation February 2002	\$ 6,060
Arts Builder March 2002	\$ 81,720
Aboriginal Arts 2002-2003	\$ 300
Arts-by-Invitation 2002-2003	\$ 2,738
Creation/Documentation April 2002	\$ 15,040
Emerging Artist April 2002	\$ 2,520
Arts Builder September 2002	\$ 29,100
Creation/Documentation October 2002	\$ 4,200
Emerging Artist October 2002	\$ 1,050
Arts Scholarships February 2003	\$ 8,250
Artist-in-Residence February 2003	\$ 19,510
Presentation February 2003	\$ 8,130
Arts Builder March 2003	\$ 51,740
Creation/Documentation April 2003	\$ 14,165
Emerging Artist April 2003	\$ 4,200
Arts-by-Invitation May 2003	\$ 450
Arts-by-Invitation August 2003	\$ 600
Arts Builder September 2003	\$ 107,000
Aboriginal Arts October 2003	\$ 3,600
Creation/Documentation October 2003	\$ 34,775
Emerging Artist October 2003	\$ 9,450
Arts-by-Invitation November 2003	\$ 2,199
Arts-by-Invitation December 2003	\$ 550
Arts-Netlantic January 2004	\$ 500
Arts-by-Invitation February 2004	\$ 3,351
Artist-in-Residence February 2004	\$ 70,000
Arts Scholarships February 2004	\$ 72,500
Presentation February 2004	\$ 86,000
1604-2004 Initiative	\$ 1,487
Total Grants Payable	\$ 658,569

6. Salaries and Benefits

Executive salaries and benefits for the year ended March 31, 2004, were \$54,481 (65,829 for 2003).

7. Grants and Scholarships

This amount represents the total grants and scholarships awarded for the 2003-2004 fiscal year as well as adjustments to previous years' grants and scholarships.



FINANCIAL STATEMENTS

**NEW BRUNSWICK CREDIT UNION
DEPOSIT INSURANCE CORPORATION**

31 DECEMBER 2003

Office of the
Auditor General

Bureau du
vérificateur général



AUDITOR'S REPORT

To the Chairperson and Directors of the
New Brunswick Credit Union Deposit Insurance Corporation

I have audited the balance sheet of the New Brunswick Credit Union Deposit Insurance Corporation as at 31 December 2003 and the statement of revenue, expenditure and net assets 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 financial statements present fairly, in all material respects, the financial position of the Corporation as at 31 December 2003 and the results of its operations for the year then ended in accordance with Canadian generally accepted accounting principles.

K.D. Robinson

K. D. Robinson, CA
Deputy Auditor General

Fredericton, N. B.
19 February 2004

**NEW BRUNSWICK CREDIT UNION
DEPOSIT INSURANCE CORPORATION
BALANCE SHEET
31 DECEMBER 2003**

	2003	2002
ASSETS		
Cash	\$ 17,010	\$ 7,434
Accounts receivable	771	2,738
Assets held in trust funds (Note 4)	1,188,000	1,119,333
	<u>\$ 1,205,781</u>	<u>\$ 1,129,505</u>
LIABILITIES		
Advances - stabilization boards (Note 2 (a))	\$ 17,781	\$ 10,172
NET ASSETS OF THE DEPOSIT INSURANCE FUND (Note 5)	<u>1,188,000</u>	<u>1,119,333</u>
	<u>\$ 1,205,781</u>	<u>\$ 1,129,505</u>

Approved by the Board

Eugene Bouchard-Bouley Chairperson

M. Paulette Moore Director

**NEW BRUNSWICK CREDIT UNION
DEPOSIT INSURANCE CORPORATION
STATEMENT OF REVENUE, EXPENDITURE AND NET ASSETS
FOR THE YEAR ENDED 31 DECEMBER 2003**

	2003	2002
REVENUE		
Contributions - stabilization boards (Note 5)	\$ 108,337	\$ 144,473
EXPENDITURE		
Professional services and other	1,114	890
Board of Directors	6,278	710
Distributions - stabilization boards (Note 5)	32,278	416,033
	<u>39,670</u>	<u>417,633</u>
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURE FOR THE YEAR	68,667	(273,160)
NET ASSETS OF THE DEPOSIT INSURANCE FUND - BEGINNING OF YEAR	<u>1,119,333</u>	<u>1,392,493</u>
NET ASSETS OF THE DEPOSIT INSURANCE FUND - END OF YEAR	<u>\$ 1,188,000</u>	<u>\$ 1,119,333</u>

**NEW BRUNSWICK CREDIT UNION
DEPOSIT INSURANCE CORPORATION
NOTES TO FINANCIAL STATEMENTS
31 DECEMBER 2003**

1. Authority and objective

The Corporation is an independent entity created under the provisions of the *Credit Unions Act* proclaimed on 31 January 1994. The mandate of the Corporation is to provide deposit insurance to members of credit unions in New Brunswick. Currently, a maximum basic coverage of \$60,000 is provided for insured deposits of each credit union member. The Corporation may also assist stabilization boards in providing financial assistance to credit unions.

The affairs of the Corporation are administered by a Board of Directors of five persons. The Superintendent of credit unions is responsible for the administration of the *Credit Unions Act* and is the Chairperson of the Board. Each stabilization board appoints two representatives to the Board of Directors of the Corporation.

2. Significant accounting policies

(a) Contributions – Administrative expenses

The Corporation receives advances from the stabilization boards to cover its administrative expenses. The Corporation records portions of the advances as revenue when expenses are incurred.

The Corporation operates as a separate entity within the Credit Unions, Co-operatives and Trust Companies Branch of the Department of Justice. As such, the Branch assumes the salary and some overhead costs which relate to the administration of the Corporation.

(b) Contributions/Distributions – Deposit insurance fund

Contributions to the deposit insurance fund are recorded as revenue as they become due for payment.

When the balance of the deposit insurance fund exceeds the amount required, as calculated by the Corporation, the excess from the trust funds is distributed to the stabilization boards. This distribution is recorded with the expenses of the Corporation.

(c) Accrual for deposit insurance losses

The Corporation accrues expenses for any known or likely losses from specific credit unions, which it expects cannot be paid or assumed by the stabilization board of which the credit union is a member. No such expenditures have been recorded by the Corporation since it began operations in 1994.

(d) Assets held in trust funds

Investments held in the trust funds are recorded at cost except when a decline in value has occurred that is other than temporary.

**NEW BRUNSWICK CREDIT UNION
DEPOSIT INSURANCE CORPORATION
NOTES TO FINANCIAL STATEMENTS
31 DECEMBER 2003**

3. Income taxes

The Corporation is subject to income taxes under the *Income Tax Act*. The provisions of the Act generally exclude assessments contributed to the deposit insurance fund from taxable income.

4. Assets held in trust funds

The trust funds held the following assets at 31 December 2003:

	Book Value	Market Value
Cash	\$ 5,289	\$ 5,289
Interest receivable	7,092	7,092
Contribution receivable (refundable)	(21,522)	(21,522)
Government of Canada Bonds	410,367	412,456
Provincial and Municipal Bonds	786,774	805,597
Total - 2003	<u>\$ 1,188,000</u>	<u>\$ 1,208,912</u>
Total - 2002	<u>\$ 1,119,333</u>	<u>\$ 1,157,093</u>

5. Deposit Insurance Fund

Section 223 of the *Credit Unions Act* requires that the Corporation establish and maintain a deposit insurance fund. The Corporation is required by the Act to maintain the fund in two separate accounts. Each account consists of the amount paid into the fund by one of the stabilization boards together with investment income, less any expenditures charged to the account.

The Corporation has entered into a trust agreement with each stabilization board for the administration and investment of the funds in their respective account. Under the terms of the agreements, each stabilization board will invest the funds in accordance with the investment policy of the Corporation.

The Net Assets of the Deposit Insurance Fund must be maintained at a level determined annually by a formula approved by the Board of Directors of the Corporation. The formula requires that a risk rating be given to each *caisse populaire* and credit union.

The amount of assets of the trust funds is adjusted annually based on the requirement of the formula. This results in a contribution to the trust funds or a distribution to the stabilization boards.

At 31 December 2003 the balance in the trust fund account administered by l'Office de Stabilisation de la Fédération des Caisses Populaires Acadiennes Limitée was \$458,627 (2002 - \$490,905). The balance in the trust fund account administered by the Brunswick Credit Union Federation Stabilization Board Limited at the same date was \$729,373 (2002 - \$628,428).

**NEW BRUNSWICK CREDIT UNION
DEPOSIT INSURANCE CORPORATION
NOTES TO FINANCIAL STATEMENTS
31 DECEMBER 2003**

6. Related parties

Transactions between the Corporation, the two stabilization funds and the two trust funds are considered related party transactions. Each of the two stabilization boards nominates two directors to sit as directors of the Corporation. Each stabilization board exercises significant influence on the activities of the Corporation.



FINANCIAL STATEMENTS

NEW BRUNSWICK

CROP INSURANCE COMMISSION

31 MARCH 2004

Office of the
Auditor General

Bureau du
vérificateur général



AUDITOR'S REPORT

To the Chairman and Members of the
New Brunswick Crop Insurance Commission

I have audited the balance sheet of the New Brunswick Crop Insurance Commission as at 31 March 2004 and the statements of revenue and expense, surplus and cash flows for the year then ended. These financial statements are the responsibility of the Commission'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 Commission as at 31 March 2004 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

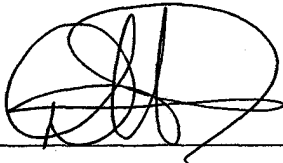
A handwritten signature in cursive script that reads "K. D. Robinson".

K. D. Robinson, CA
Deputy Auditor General

Fredericton, N. B.
29 September 2004

**NEW BRUNSWICK CROP INSURANCE COMMISSION
BALANCE SHEET
31 MARCH 2004**

	2004	2003
ASSETS		
Accounts receivable		
- Canada	\$ 135,916	\$ 23,599
- Other	297	297
	<u>136,213</u>	<u>23,896</u>
Crop Insurance Trust Account (Note 2)	8,430,756	7,809,348
	<u>\$ 8,566,969</u>	<u>\$ 7,833,244</u>
LIABILITIES AND SURPLUS		
Accounts payable		
Indemnities	\$ 732,099	\$ 63,418
Province of New Brunswick	11,426	4,844
Canada	2,086,672	37,327
	<u>2,830,197</u>	<u>105,589</u>
Deferred revenue (Note 4)	61,957	60,207
Surplus	5,674,815	7,667,448
	<u>\$ 8,566,969</u>	<u>\$ 7,833,244</u>



Minister, on behalf of the Commission

**NEW BRUNSWICK CROP INSURANCE COMMISSION
STATEMENT OF REVENUE AND EXPENSE
FOR THE YEAR ENDED 31 MARCH 2004**

	2004	2003
REVENUE		
Premiums from producers (Schedule A)	\$ 289,303	\$ 289,281
Premiums contributions		
- Province of New Brunswick	540,786	745,502
- Canada	811,179	745,502
	<u>1,641,268</u>	<u>1,780,285</u>
Contributions for administration		
- Province of New Brunswick	361,204	425,447
- Canada	541,807	425,447
Interest from producers	5,862	1,585
	<u>2,550,141</u>	<u>2,632,764</u>
EXPENSE		
Indemnities (Schedule B)	1,539,431	491,213
Administration (Schedule C)	903,011	850,895
Crop Reinsurance Fund of New Brunswick	8,206	26,705
Crop Reinsurance Fund of Canada for New Brunswick	2,092,126	26,705
Interest and other expense	-	194
	<u>4,542,774</u>	<u>1,395,712</u>
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSE FOR THE YEAR	<u>\$ (1,992,633)</u>	<u>\$ 1,237,052</u>

**NEW BRUNSWICK CROP INSURANCE COMMISSION
STATEMENT OF SURPLUS
FOR THE YEAR ENDED 31 MARCH 2004**

	2004	2003
Surplus, beginning of year	\$ 7,667,448	\$ 6,430,396
Excess (deficiency) of revenue over expense for the year	(1,992,633)	1,237,052
SURPLUS, END OF YEAR	\$ 5,674,815	\$ 7,667,448

**NEW BRUNSWICK CROP INSURANCE COMMISSION
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2004**

	2004	2003
CASH PROVIDED BY (USED FOR)		
Operating activities:		
Excess (deficiency) of revenue over expense for the year	\$ (1,992,633)	\$ 1,237,052
(Increase) decrease in accounts receivable	(112,317)	259,486
Increase (decrease) in accounts payable	2,724,608	(46,202)
Increase in deferred revenue	1,750	12,846
(Increase) in trust account	(621,408)	(1,463,182)
Cash provided by operations	-	-
CASH POSITION AT BEGINNING AND AT END OF YEAR	\$ -	\$ -

**NEW BRUNSWICK CROP INSURANCE COMMISSION
NOTES TO FINANCIAL STATEMENTS
31 MARCH 2004**

1. Description of operations

The Crop Insurance Act, assented to on 10 June 1966, serves as the basis for the establishment of the Commission. Regulation 95-122 under the Act establishes the Commission and sets out its powers and duties.

The Commission is responsible for administering the delivery to producers of a crop insurance plan to provide insurance protection against losses of production. This plan is funded through producer premiums and through contributions from the Province of New Brunswick and the Government of Canada.

All accounting transactions are recorded through the Consolidated Fund of the Province of New Brunswick. Administrative expenses provided by the Province are allocated to the Commission.

2. Crop Insurance Trust Account

The Province of New Brunswick maintains a trust account for the Commission. All cash receipts and disbursements of the Commission are made through this account.

3. Revenue – Province of New Brunswick and Government of Canada

(a) Premium contributions

The contributions of the producer, the Province of New Brunswick and Canada towards the necessary premiums are as follows:

Coverage Level	Producer Share	Province Share	Federal Share
50%	Free	40%	60%
65%	50% of buy up	20% of buy up	30% of buy up
80%	80% of incremental buy up	8% of incremental buy up	12% of incremental buy up

(b) Administrative expense contributions

The Province of New Brunswick and Canada pay 40% and 60% respectively of all costs incurred in the administration of the crop insurance program.

**NEW BRUNSWICK CROP INSURANCE COMMISSION
NOTES TO FINANCIAL STATEMENTS
31 MARCH 2004**

3. Revenue – Province of New Brunswick and Government of Canada - continued

(c) Crop Reinsurance Funds

On an annual basis a reinsurance premium based on total crop insurance premiums (0.5% of total premiums in 2004 and 1.5% in 2003) is submitted to each of the Crop Reinsurance Fund of Canada for New Brunswick and the Crop Reinsurance Fund of New Brunswick. According to the Canada–New Brunswick Implementation Agreement, if either the Crop Reinsurance Fund of Canada for New Brunswick or the Crop Reinsurance Fund of New Brunswick is in a deficit position, any credit balance in the provincial insurance fund in excess of 50% of total premiums received in that fiscal year shall be paid as an additional premium to the reinsurance funds. Accordingly, an additional payment of \$2,083,920 was paid to the Crop Reinsurance Fund of Canada for New Brunswick in 2004. Contributions are made by the Funds for a portion of any operating deficits incurred by the Commission on a crop year basis.

Crop Reinsurance Fund of Canada for New Brunswick	2004	2003
Deficit, 1 April	\$ (2,092,126)	\$ (2,118,831)
Premiums submitted	8,206	26,705
Additional premium	2,083,920	-
Deficit, 31 March	<u>\$ -</u>	<u>\$ (2,092,126)</u>

Crop Reinsurance Fund of New Brunswick	2004	2003
Surplus, 1 April	\$ 2,168,515	\$ 2,141,810
Premiums submitted	8,206	26,705
Surplus, 31 March	<u>\$ 2,176,721</u>	<u>\$ 2,168,515</u>

4. Deferred revenue

The deferred revenue represents premiums paid in advance by the producers.

SCHEDULE A

**NEW BRUNSWICK CROP INSURANCE COMMISSION
SCHEDULE OF PRODUCER PREMIUMS
FOR THE YEAR ENDED 31 MARCH 2004**

	2004	2003
Potatoes	\$ 145,418	\$ 176,648
Spring grain	65,658	47,702
Apples	22,305	19,796
Blueberries	38,380	28,464
Strawberries	15,995	16,671
Canola	1,547	-
	<u>\$ 289,303</u>	<u>\$ 289,281</u>

SCHEDULE B**NEW BRUNSWICK CROP INSURANCE COMMISSION
SCHEDULE OF INDEMNITIES
FOR THE YEAR ENDED 31 MARCH 2004**

	2004	2003
Potatoes	\$ 765,278	\$ 78,261
Spring grain	534,438	49,064
Apples	116,728	4,215
Blueberries	26,304	332,085
Strawberries	34,823	27,588
Canola	61,860	-
	<hr/> \$ 1,539,431	<hr/> \$ 491,213

SCHEDULE C**NEW BRUNSWICK CROP INSURANCE COMMISSION
SCHEDULE OF ADMINISTRATIVE EXPENSES
FOR THE YEAR ENDED 31 MARCH 2004**

	2004	2003
Personnel	\$ 634,632	\$ 580,906
Information costs	2,373	4,356
Transportation and communication	61,246	64,341
Utilities, material and supplies	4,558	3,917
Professional services	114,950	93,821
Repairs and maintenance	5,852	8,639
Office accommodations and equipment rentals	52,158	52,061
Capital equipment	7,053	22,620
Other	20,189	20,234
	<u>\$ 903,011</u>	<u>\$ 850,895</u>



Financial Statements Of

New Brunswick Distance Education Network Inc. /
Réseau de Formation à Distance
du Nouveau-Brunswick Inc.

(Incorporated under the laws of New Brunswick without share capital)

March 31, 2004

Peter G. Gaulton
Chartered Accountant

Peter G. Gaulton Professional Corporation
Chartered Accountant
74 Adelaide Street
Saint John, NB
E2K 1W5

Bus: (506) 634-7393
Fax: (506) 652-8618

Res: (506) 634-7609
E Mail: gaultonp@nbnet.nb.ca

AUDITOR'S REPORT

To the Director's of New Brunswick Distance Education Network Inc.:

I have examined the statement of financial position of New Brunswick Distance Education Network Inc. / Réseau de Formation à Distance du Nouveau-Brunswick Inc. for the year ended March 31, 2004 and the 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 financial statements present fairly, in all material respects, the financial position of the corporation as at March 31, 2004, and the results of operations and cash flows for the year then ended in accordance with Canadian generally accepted accounting principles for non-profit organizations.

May 12, 2004
Saint John, NB


Chartered Accountant

New Brunswick Distance Education Network Inc. /
Réseau de Formation à Distance du Nouveau-Brunswick Inc.

(Incorporated under the laws of New Brunswick without share capital)

Statement of Financial Position

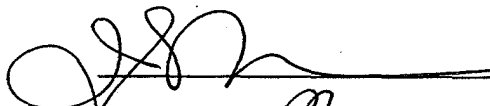
For the year ended March 31, 2004


	2004	2003
ASSETS		
Current:		
Cash in bank	\$ 163,580	\$ 466,213
Accounts receivable	430,150	53,912
Harmonized sales tax recoverable	8,194	42,053
	<u>\$ 601,924</u>	<u>\$ 562,178</u>
LIABILITIES		
Current:		
Accounts payable	\$ 303,812	\$ 111,761
Deferred revenue	-	272,000
	<u>303,812</u>	<u>383,761</u>
NET ASSETS		
Unrestricted net assets	<u>298,112</u>	<u>178,417</u>
	<u>\$ 601,924</u>	<u>\$ 562,178</u>

Related party transactions (note 4)

See accompanying notes to financial statements

Approved by the board:

 Director

 Director

**New Brunswick Distance Education Network Inc. /
Réseau de Formation à Distance du Nouveau-Brunswick Inc.**

(Incorporated under the laws of New Brunswick without share capital)

Statement of Operations and Net Assets

For the year ended March 31, 2004

	2004	2003
Receipts:		
Federal Government	\$ 17,614	\$ 67,252
Provincial Government	272,000	378,000
Universities/colleges	625,666	22,028
Expense recovery	79,177	41,545
Harmonized sales tax rebate	6,916	14,390
Miscellaneous	5,158	3,962
	1,006,531	527,177
Disbursements:		
Bank charges	723	286
Interest on Harmonized Sales Tax (reversal)	-	(116,688)
Professional service contracts	831,861	444,784
C.A.S.E. program	-	17
Meetings	10,945	-
Office and supplies	-	253
Travel	23,300	14,916
Professional services	6,525	5,744
Public relations and advertising	2,705	-
Professional development	4,095	-
Telephone	274	-
Miscellaneous	6,408	3,266
	886,836	352,578
Excess of receipts over disbursements	119,695	174,599
Net assets, beginning of year	178,417	3,818
Net assets, end of year	\$ 298,112	\$ 178,417

**New Brunswick Distance Education Network Inc. /
Réseau de Formation à Distance du Nouveau-Brunswick Inc.**

(Incorporated under the laws of New Brunswick without share capital)

Statement of Cash Flows

For the year ended March 31, 2004

	2004	2003
Cash provided by (used in)		
Operations:		
Excess of receipts over disbursements	\$ 119,695	\$ 174,599
Decrease (increase) in accounts receivable	(376,238)	655,656
Decrease (increase) in HST recoverable	33,859	(42,053)
Decrease in HST payable	-	(306,469)
Increase in accounts payable	192,051	102,672
Decrease in deferred revenue	(272,000)	(328,000)
Increase (decrease) in cash during the period	(302,633)	256,405
Cash, beginning of year	466,213	209,808
Cash, end of year	\$ 163,580	\$ 466,213
Consisting of:		
Bank - Operating account	\$ 111,733	\$ 258,706
- Community Access account	51,847	207,507
	\$ 163,580	\$ 466,213

New Brunswick Distance Education Network Inc. / Réseau de Formation à Distance du Nouveau-Brunswick Inc.

(Incorporated under the laws of New Brunswick without share capital)

Notes to Financial Statements

For the year ended March 31, 2004

1. Purpose of the organization

The company is a non-profit company incorporated in 1994 for the purpose of seeking funding and partnership arrangements to facilitate access to distance education in New Brunswick and to support the development of the advanced training technologies sector of the provincial economy. The company is not taxable under the income tax laws of Canada and New Brunswick.

2. Significant Accounting Policies

(a) Method of accounting:

The corporation follows the deferral method of accounting for receipts. Restricted receipts are recognized as revenue in the year in which the related expenses are incurred. Unrestricted receipts are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

(b) Donated services:

Donated services are not recorded in the records.

3. Services in kind

The corporation is operated entirely by volunteer services of directors and committee members. Due to the difficulty of determining the fair market value for those services they are not recorded in the financial statements.

4. Related party transactions

The company's Board of Directors consists of employees of the Province of New Brunswick. The company receives grants from the Province of New Brunswick to assist in training and development costs of its programs. These grants are reflected as deferred revenue in the attached statement of financial position until costs are incurred. At that time, the grants are applied to reduce the costs of its programs and are reflected in the statement of operations and net assets.

5. Comparative figures

Certain figures have been restated to conform with the presentation adopted for this year.

FINANCIAL STATEMENTS

NEW BRUNSWICK HIGHWAY CORPORATION

31 MARCH 2004

Office of the
Auditor General

Bureau du
vérificateur général



AUDITOR'S REPORT

The Chairperson and Directors
New Brunswick Highway Corporation
Fredericton, New Brunswick

I have audited the balance sheet of the New Brunswick Highway Corporation as at 31 March 2004 and the statement of revenue and expenditure 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 financial statements present fairly, in all material respects, the financial position of the Corporation as at 31 March 2004 and the results of its operations for the year then ended in accordance with Canadian generally accepted accounting principles.

K D Robinson

K. D. Robinson, CA
Deputy Auditor General

Fredericton, N. B.
14 June 2004

**NEW BRUNSWICK HIGHWAY CORPORATION
BALANCE SHEET
31 MARCH 2004**

	2004	2003
ASSETS		
Due from Province of New Brunswick	\$ 913,549,105	\$ 895,807,487
Accounts receivable (Note 4)	13,262,294	13,274,039
Prepaid expenses	-	936,622
Land (Note 5)	1	1
	<u>\$ 926,811,400</u>	<u>\$ 910,018,149</u>

LIABILITIES AND EQUITY

Accounts payable	\$ 2,306,352	\$ 2,013,158
Accrued interest payable	87,531,016	64,257,927
Capital lease obligation (Note 6)	836,954,031	843,747,063
Other monies held in trust (Note 7)	20,000	-
Contribution from Province of New Brunswick (Note 5)	1	1
	<u>\$ 926,811,400</u>	<u>\$ 910,018,149</u>

Approved by the Board



Chairperson



Member

**NEW BRUNSWICK HIGHWAY CORPORATION
STATEMENT OF REVENUE AND EXPENDITURE
FOR THE YEAR ENDED 31 MARCH 2004**

	2004		2003
	Budget	Actual	
REVENUE			
Province of New Brunswick	\$ 68,080,090	\$ 68,698,129	\$ 64,823,259
EXPENDITURE			
Highway operations and maintenance (Note 8)	8,926,000	9,493,118	8,085,588
Traffic count operations and maintenance (Note 8)	164,800	168,993	162,357
Operating and administrative expense	640,800	418,050	569,295
New Brunswick (F-M) Project Company Inc. administrative expenditures	240,000	175,457	198,824
Trans Canada Highway Maintenance (Note 8)	-	334,021	-
Interest expense	58,108,490	58,108,490	55,807,195
	<u>68,080,090</u>	<u>68,698,129</u>	<u>64,823,259</u>
EXCESS OF REVENUE OVER EXPENDITURE	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**NEW BRUNSWICK HIGHWAY CORPORATION
NOTES TO FINANCIAL STATEMENTS
31 MARCH 2004**

1. New Brunswick Highway Corporation

The New Brunswick Highway Corporation (NBHC) is a provincial Crown Corporation incorporated by an Act of the New Brunswick Legislature effective 29 March 1995.

NBHC is the signatory for the Province in all agreements relating to the Fredericton-Moncton highway project. As such, NBHC is responsible for monitoring, controlling and administering those agreements to ensure that agreement terms are respected by other signatories and that provincial commitments are met. This includes ensuring that construction of the highway and any required refurbishments are completed as required in those agreements. It also includes ensuring that the ongoing operation, management, and maintenance of the Fredericton-Moncton highway are conducted in accordance with agreement terms.

NBHC has also been assigned responsibility for the Trans Canada Highway project, involving the design, construction and financing of the Grand Falls to Aroostook and the Perth-Andover to Woodstock sections (98 km) and the operation, maintenance and rehabilitation of the entire Quebec border to Longs Creek section (260 km) of the Trans-Canada Highway (TCH), as well as Route 95 from Woodstock to the US border (14km).

2. Summary of significant accounting policies

Physical Assets

The cost of acquiring physical assets is expensed in the year of acquisition.

Leases

Long term leases, under which the Corporation, as lessee, assumes substantially all the benefits and risks of ownership of leased property, are classified as capital leases. The present value of a capital lease is accounted for as an expenditure and an obligation at the inception of the lease.

3. Fredericton-Moncton highway

In January 1998, the Province through NBHC entered into agreements with a private sector consortium and the New Brunswick (F-M) Project Company Inc., a not-for-profit company, to develop, design, build, operate, manage, maintain and rehabilitate a four lane toll highway between Longs Creek and Moncton. Effective 1 March 2000, the agreements were amended to eliminate tolling on the highway.

NBHC leases land to the New Brunswick (F-M) Project Company Inc. which owns all improvements to these lands, in particular the four lane highway, and subleases the improvements back to NBHC. NBHC is responsible for making the sublease payments to the New Brunswick (F-M) Project Company Inc.

NBHC is also responsible for making monthly traffic volume payments to the New Brunswick (F-M) Project Company Inc. The traffic volume payments are used to repay principal and interest on the toll-based debt. Any amount in excess of that required to repay the debt is returned to NBHC.

**NEW BRUNSWICK HIGHWAY CORPORATION
NOTES TO FINANCIAL STATEMENTS
31 MARCH 2004**

4. Accounts receivable

The accounts receivable balance at 31 March 2004 of \$13,262,294 (2003 - \$13,274,039) is comprised of amounts paid by NBHC to the New Brunswick (F-M) Project Company Inc. to maintain a tolling reserve fund as required in the agreements with toll-based lenders.

5. Land

The transfer of the land corridor required for the Fredericton-Moncton highway by the Province to NBHC has been treated as an equity contribution for financial statement purposes and has been recorded at the nominal amount of one dollar.

6. Capital lease obligation

Due to the elimination of tolls under the 1 March 2000 amendments to the agreements, the payment arrangements are now being accounted for as a capital lease in accordance with the recommendations of the Canadian Institute of Chartered Accountants. Consequently, a capital lease obligation was accrued during the 1999-2000 fiscal year. The net present value of that capital lease obligation at 31 March 2004 was \$837.0 million (2003 - \$843.7 million).

Under the agreements NBHC will be required to make total future lease payments to the New Brunswick (F-M) Project Company Inc. of approximately \$1.79 billion, including principal and interest.

Annual principal and interest payments in each of the next five years are as follows:

<u>Fiscal Year</u>	<u>(millions)</u>
2004 - 2005	\$73.1
2005 - 2006	\$72.8
2006 - 2007	\$73.2
2007 - 2008	\$73.5
2008 - 2009	\$73.6

7. Other Monies Held in Trust

The balance at 31 March 2004 of \$20,000 (2003 - \$0) is comprised of two \$10,000 Trans Canada Highway Project Request For Qualifications deposits made by prospective developers.

8. Revenue and expenditure

Under the terms of the amended Operation, Management, Maintenance and Rehabilitation Agreement, NBHC is responsible to make scheduled payments for the operation, management, maintenance and rehabilitation of the Fredericton-Moncton highway and for costs relating to the traffic volume monitoring system.

**NEW BRUNSWICK HIGHWAY CORPORATION
NOTES TO FINANCIAL STATEMENTS
31 MARCH 2004**

8. Revenue and expenditure - Continued

Also, under the terms of agreements between NBHC and the Province signed in November 2003, NBHC is responsible to make scheduled payments for summer and winter maintenance on opened sections of the Saint-Leonard to Longs Creek corridor of the TCH.

9. Trans Canada Highway Project

NBHC assumed operation and maintenance responsibilities for the Saint-Leonard to Grand Falls, Aroostook to Perth Andover and Woodstock to Pokiok sections of the TCH on 5 November 2003, as indicated in Note 8 above.

A Request for Proposals has been issued to a list of approved parties for the design, construction, financing, operation, maintenance and rehabilitation of the project. Responses are expected in August 2004.

The Province is in the process of acquiring land and making improvements along the corridor. The entire highway corridor will be transferred from the Province to NBHC in a non-arm's length transaction, and will be recorded at a nominal amount.

10. Staff resources

The Corporation has no employees. Staff support is provided by the Department of Transportation and the Department of Finance.

11. Statement of cash flows

This statement was not prepared as the information it would contain was not considered to be significant.



Financial Statements of

**NEW BRUNSWICK INVESTMENT
MANAGEMENT CORPORATION**

Year ended March 31, 2004

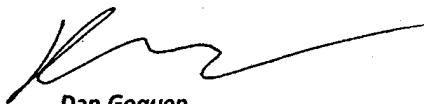
MANAGEMENT RESPONSIBILITIES FOR FINANCIAL REPORTING

The Financial Statements of the New Brunswick Investment Management Corporation are the responsibility of the management of the Corporation. They have been approved by its Board of Directors.

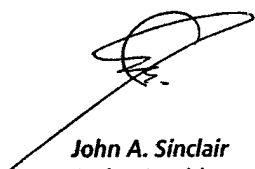
Management prepared the financial statements in accordance with generally accepted accounting principles.

The New Brunswick Investment Management Corporation maintains books of account, systems of information and systems of financial and management control which provide reasonable assurance that accurate financial information is available, that assets are protected and that resources are managed efficiently.

The Board of Directors oversees financial reporting through its Audit Committee. The committee reviews matters related to accounting, auditing, internal control systems, the financial statements and report of the external auditors.



Dan Goguen
Vice-President, Finance and Administration



John A. Sinclair
Acting President and Chief Executive Officer

AUDITORS' REPORT

To the Directors of New Brunswick Investment Management Corporation

We have audited the statement of financial position of New Brunswick Investment Management Corporation as at March 31, 2004 and the statement of operations and changes in net assets for the year then ended. These financial statements are the responsibility of the Corporation's management. Our responsibility is to express an opinion on these 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, 2004 and the results of its operations and changes in net assets and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.



KPMG LLP
Chartered Accountants

Fredericton, NB, Canada
April 29, 2004

NEW BRUNSWICK INVESTMENT MANAGEMENT CORPORATION**Statement of Financial Position**

March 31, 2004, with comparative figures for 2003

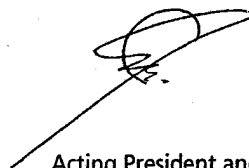
	2004	2003
Assets		
Current assets:		
Cash	\$ 4,950	\$ 10,507
Accounts receivable, Pension Funds	2,063,620	976,396
Other receivables	8,587	13,620
Prepaid expenses and other receivables	273,489	212,569
	2,350,646	1,213,092
Capital assets (note 3)	286,828	383,702
	\$ 2,637,474	\$ 1,596,794
Liabilities, Deferred Contributions and Net Assets		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 1,929,630	\$ 1,147,152
Harmonized Sales Tax	75,042	65,940
Current portion of pension liability (note 5)	22,149	-
	2,026,821	1,213,092
Pension liability (note 5)	323,825	-
Deferred contributions related to capital assets (note 6)	286,828	383,702
Net assets	-	-
Commitment (note 4)	-	-
	\$2,637,474	\$ 1,596,794

See accompanying notes to financial statements.

Approved on behalf of the Board:



Chairman of the Board



Acting President and Chief Executive Officer

NEW BRUNSWICK INVESTMENT MANAGEMENT CORPORATION**Statement of Operations and Changes in Net Assets**

Year ended March 31, 2004, with comparative figures for 2003

	2004	2003
Revenue:		
Fees:		
Public Service Superannuation Fund	\$ 4,651,713	\$ 3,784,711
Teachers' Pension Fund	4,161,675	3,480,007
Judges' Superannuation Fund	32,322	26,998
Amortization of deferred contributions related to capital assets	157,134	166,310
Other	34,197	4,424
	9,037,041	7,462,450
Expenses:		
Salaries and benefits	4,175,903	3,149,031
Other services (note 7)	4,635,285	4,074,362
Materials and supplies	68,719	72,747
Amortization of capital assets	157,134	166,310
	9,037,041	7,462,450
	\$ -	\$ -

See accompanying notes to financial statements.

NEW BRUNSWICK INVESTMENT MANAGEMENT CORPORATION**Notes to Financial Statements**

Year ended March 31, 2004

New Brunswick Investment Management Corporation (the "Corporation") was established pursuant to the New Brunswick Investment Management Corporation Act which was proclaimed on March 11, 1996. The Corporation is exempt from income taxes.

Its legislated mandate is to:

- act as trustee for the Public Service Superannuation Fund, the Teachers' Pension Fund and the Judges' Superannuation Fund ("the Funds");
- provide investment counseling services and other services for certain trust funds;
- promote the development of the financial services industry and capital markets in the Province;
- have regard to investment opportunities in the Province in developing its investment policies, and;
- carry out such other activities or duties as may be authorized or required by the Act or as the Lieutenant-Governor in Council may direct.

1. Significant accounting policies:

(a) Accounting entity:

The Corporation is an entity separate from the pension funds for which it is trustee. Expenses of the Corporation are fully funded by the Funds.

(b) Basis of accounting:

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

(c) Capital assets:

Capital assets are recorded at cost and amortization is calculated on a straight-line basis using annual rates shown in note 3.

(d) Revenue recognition:

Fees for services are recognized in revenue as services are performed.

The Corporation follows the deferral method of accounting for contributions. Contributions restricted for the purchase of capital assets are deferred and amortized into revenue on a straight-line basis at rates corresponding with amortization rates for the related capital assets.

2. Statement of Cash Flows:

A statement of cash flows has not been prepared as the required cash flow information is readily apparent from the other financial statements.

NEW BRUNSWICK INVESTMENT MANAGEMENT CORPORATION**Notes to Financial Statements (continued)**

Year ended March 31, 2004

3. Capital assets:

			2004	2003
	Rate	Cost	Accumulated depreciation	Net book value
Computer equipment	33 ⅓%	\$ 539,616	\$ 456,608	\$ 83,008
Furniture and equipment	8%	317,918	179,894	138,024
Leasehold improvements	10%	260,734	194,938	65,796
		\$1,118,268	\$ 831,440	\$ 286,828
				\$ 383,702

4. Commitments:

The Corporation leases premises and equipment under various operating leases which expire at various dates between 2005 and 2012.

Future minimum payments, by year and in aggregate, are as follows:

2005	\$ 245,700
2006	245,700
2007	245,700
2008	245,700
2009	245,700
Later years through 2012	696,150
	\$ 1,924,650

5. Pension liability:

The Corporation has recorded an estimated liability and salary and benefit expense in the amount of approximately \$346,000 for special supplemental pension relating to past service approved in the current year. This amount is equivalent to the commuted value of the expected payments. The ultimate cost to the Corporation will vary based on the rise in the consumer price index and demographic factors. Changes in the expected liability will be recorded in the period the change occurs. Payments to date and future payments will be derived from an increase in the fees charged to the Public Service Superannuation Fund, the Teachers' Pension Fund and the Judges' Superannuation Fund.

6. Deferred contributions related to capital assets:

	2004	2003
Balance, beginning of year	\$ 383,702	\$ 412,293
Additional contributions received, net	60,260	137,719
Less amounts amortized to revenue	157,134	166,310
	\$ 286,828	\$ 383,702

NEW BRUNSWICK INVESTMENT MANAGEMENT CORPORATION**Notes to Financial Statements (continued)**Year ended March 31, 2004

7. Other services:

	2004	2003
External management fees and expenses	\$ 2,743,700	\$ 2,295,590
Custodial services	160,346	106,583
Travel	209,316	204,296
Office rent	295,323	233,150
Professional services	242,594	389,616
Information systems	818,867	688,159
Other	165,139	156,968
	<hr/> \$ 4,635,285	<hr/> \$ 4,074,362

8. Fair value of financial assets and financial liabilities:

The fair value of the Corporation's cash, accounts receivable - Pension Funds, other receivables, accounts payable and accrued liabilities and pension liability approximate their carrying amounts.

9. Comparative figures:

Certain comparative figures have been reclassified to conform with the financial statement presentation adopted in the current year.



**NEW BRUNSWICK LIQUOR CORPORATION
AUDITED FINANCIAL STATEMENTS
MARCH 31, 2004**

**NB Liquor****Alcool N-B**

MANAGEMENT REPORT

The preparation of financial information is an integral part of management's responsibilities, and the accompanying financial statements are the responsibility of the management of the Corporation. This responsibility includes the selection of appropriate accounting policies and making judgements and estimates consistent with Canadian generally accepted accounting principles.

The Corporation maintains an accounting system and related controls to provide management and the Board with reasonable assurance that transactions are executed and recorded as authorized, that assets are properly safeguarded and accounted for, and that financial records are reliable for the preparation of financial statements in accordance with Canadian generally accepted accounting principles.

Financial information presented elsewhere in this annual report is consistent with that in the financial statements.

Barbara Winsor
President & CEO

Richard A. Smith, C.G.A., C.M.A.
Vice-President & CFO

May 28, 2004

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New  Nouveau
Brunswick



KPMG LLP
Chartered Accountants
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Fredericton NB E3B 6Z3
Canada

Telephone (506) 452-8000
Telefax (506) 450-0072
www.kpmg.ca

AUDITORS' REPORT

To the Directors of New Brunswick Liquor Corporation

We have audited the balance sheet of the New Brunswick Liquor Corporation as at March 31, 2004 and the statements of income and cash flows for the year then ended. These financial statements are the responsibility of the Corporation's management. Our responsibility is to express an opinion on these 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, 2004 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The current year's supplementary information included in the schedules is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such supplementary information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

KPMG LLP
Chartered Accountants

Fredericton, Canada
May 28, 2004



BALANCE SHEET

Assets	MARCH 31	
	2004	2003
<i>Current Assets</i>		
Cash	\$ 328 470	\$ 136 095
Accounts receivable	1 653 325	1 622 364
Inventories (note 1)	17 287 840	16 165 041
Prepaid expenses	646 565	454 322
Total current assets	<u>19 916 200</u>	<u>18 377 822</u>
<i>Deferred Charges</i>		
Past service pension	1 142 034	1 218 174
Deposit - injured workers (note 2)	801 564	882 337
Total deferred charges	<u>1 943 598</u>	<u>2 100 511</u>
<i>Fixed Assets</i>		
Property, plant and equipment (note 3)	<u>10 425 290</u>	<u>10 672 732</u>
Total Assets	<u>\$ 32 285 088</u>	<u>\$ 31 151 065</u>
 Liabilities		
<i>Current Liabilities</i>		
Outstanding cheques in excess of funds on deposit		\$ 1 698 532
Accounts payable and accrued liabilities	\$ 16 067 589	11 127 706
Current portion of past service pension liability	344 253	292 987
Total current liabilities	<u>16 411 842</u>	<u>13 119 225</u>
<i>Long Term Debt</i>		
Past service pension liability (note 4)	<u>3 305 188</u>	<u>3 649 441</u>
 Equity of the Province of New Brunswick		
Balance at beginning of year	14 382 399	15 659 845
Net income	118 642 398	110 046 889
	<u>133 024 797</u>	<u>125 706 734</u>
Payments to the Province of New Brunswick	120 456 739	111 324 335
Balance at end of year	<u>12 568 058</u>	<u>14 382 399</u>
Total Liabilities and Equity	<u>\$ 32 285 088</u>	<u>\$ 31 151 065</u>

Commitments (note 5)

See accompanying notes to financial statements

APPROVED BY THE BOARD:


Director


Director

INCOME STATEMENT

Year ended March 31

	Budget 2004	Actual 2004	Actual 2003
Total sales (note 6)	\$ 323 767 971	\$ 321 913 395	\$ 305 003 366
Less: commissions	4 886 384	4 553 279	4 349 581
Net sales	<u>318 881 587</u>	<u>317 360 116</u>	<u>300 653 785</u>
Cost of sales	167 805 912	165 316 294	158 565 994
Gross profit	<u>151 075 675</u>	<u>152 043 822</u>	<u>142 087 791</u>
Other income	1 068 290	1 249 991	1 124 849
	<u>152 143 965</u>	<u>153 293 813</u>	<u>143 212 640</u>
Operating expenses	<u>35 242 610</u>	<u>34 651 415</u>	<u>33 165 751</u>
Net income	<u>\$ 116 901 355</u>	<u>\$ 118 642 398</u>	<u>\$ 110 046 889</u>

See accompanying notes to financial statements

STATEMENT OF CASH FLOWS

Year ended March 31

	2004	2003
Cash from Operations		
Net income	\$ 118 642 398	\$ 110 046 889
Items not involving cash:		
Depreciation	1 734 457	2 066 250
Amortization of past service pension deferred charge	76 140	-
Loss on sale of property, plant and equipment	41 338	54 882
Decrease (increase) in deposit - injured workers	80 773	(882 337)
Change in non-cash working capital	1 946 614	3 113 056
Decrease in past service pension liability	(344 253)	(292 987)
Cash available from operations	<u>122 177 467</u>	<u>114 105 753</u>
Net Capital Investments		
Additions to property, plant and equipment	(1 537 754)	(2 852 084)
Proceeds from sale of property, plant and equipment	9 401	26 751
Net cash used for capital investments	<u>(1 528 353)</u>	<u>(2 825 333)</u>
Payments to the Province of New Brunswick	<u>(120 456 739)</u>	<u>(111 324 335)</u>
Increase (Decrease) in Cash	192 375	(43 915)
Cash at Beginning of Year	<u>136 095</u>	<u>180 010</u>
Cash at End of Year	<u>\$ 328 470</u>	<u>\$ 136 095</u>

See accompanying notes to financial statements

Schedule of Sales

Year ended March 31

	Budget 2004	Actual 2004	Actual 2003
Spirits	\$ 73 377 120	\$ 73 022 532	\$ 70 527 987
Wine	38 512 482	40 177 125	35 940 932
Other beverages	23 436 799	19 166 689	18 687 289
Beer	188 441 570	189 547 049	179 847 158
	<u>\$ 323 767 971</u>	<u>\$ 321 913 395</u>	<u>\$ 305 003 366</u>

Schedule of Cost of Sales

Year ended March 31

	Spirits	Wine	Other beverages	Beer	2004 Total	2003 Total
Inventories at beginning of year	\$ 5 086 482	\$ 6 832 858	\$ 1 057 363	\$ 3 044 336	\$ 16 021 039	\$ 16 937 790
Purchases	17 142 153	14 506 609	8 579 978	109 449 569	149 678 309	142 198 269
Freight	558 406	1 303 342	399 410	266 101	2 527 259	2 230 008
Duty and excise tax	11 681 677	1 760 778	539 044	285 243	14 266 742	13 220 966
	<u>34 468 718</u>	<u>24 403 587</u>	<u>10 575 795</u>	<u>113 045 249</u>	<u>182 493 349</u>	<u>174 587 033</u>
Inventories at end of year	5 607 586	6 532 538	1 247 101	3 789 830	17 177 055	16 021 039
	<u>\$ 28 861 132</u>	<u>\$ 17 871 049</u>	<u>\$ 9 328 694</u>	<u>\$ 109 255 419</u>	<u>\$ 165 316 294</u>	<u>\$ 158 565 994</u>

Schedule of Other Income

Year ended March 31

	Budget 2004	Actual 2004	Actual 2003
Merchandising programs	\$ 900 000	\$ 1 018 350	\$ 952 317
Private importation revenue	53 468	47 633	47 021
Commission on collection of licensee user fees	0	45 742	46 737
Beer voucher administration fees	15 000	15 486	14 629
Unredeemed beverage container deposits	71 532	80 045	60 848
Subscriptions to sales reports	11 400	15 235	12 000
Loss on sale of property, plant and equipment	(11 610)	(41 338)	(54 882)
Interest on deposit - injured workers	0	35 255	11 719
Sundry	28 500	33 583	34 460
	<u>\$ 1 068 290</u>	<u>\$ 1 249 991</u>	<u>\$ 1 124 849</u>

Schedule of Operating Expenses

Year ended March 31

	Budget 2004	Actual 2004	Actual 2003
Salaries - stores, warehouse and maintenance	\$14 448 615	\$14 220 996	\$13 606 993
- administration	3 405 363	3 383 078	3 221 801
Employee benefits	4 085 167	4 385 160	4 024 433
Rent	3 322 363	3 114 095	2 986 128
Heat and light	904 282	1 005 911	1 004 140
Depreciation	2 083 060	1 734 457	2 066 250
Training programs	221 121	141 660	165 332
Trucking	549 231	581 064	557 191
Repairs to property, plant and equipment	346 440	436 831	453 962
Property taxes	421 300	460 428	417 078
Minor equipment and supplies	564 940	450 337	471 480
Security	258 923	264 038	252 802
Retail automation system maintenance	287 783	268 914	231 291
Travel	303 062	304 803	284 623
Beverage container redemption costs	447 000	443 638	374 720
Shopping bags	233 508	257 100	246 606
Data processing	323 326	294 844	332 900
Telecommunications	497 156	503 580	342 018
Motor vehicle operation	48 107	49 630	39 848
Cleaning	182 638	181 366	172 294
Shortages	34 800	54 301	39 204
Bad debt	-	14 538	-
Management meetings	69 373	56 489	59 942
Postage	75 340	80 049	65 225
Professional services	289 264	243 256	320 472
Bank charges	1 249 300	1 118 686	1 013 254
Warehouse maintenance and supplies	46 136	50 601	51 941
Insurance	60 197	123 753	54 608
Advertising and promotions	329 400	294 755	180 700
Directors' remuneration	40 000	36 875	38 053
Other	115 415	96 182	90 462
	<u>\$35 242 610</u>	<u>\$34 651 415</u>	<u>\$33 165 751</u>

NOTES TO FINANCIAL STATEMENTS

Year ended March 31, 2004

General

This Crown Corporation is incorporated under the New Brunswick Liquor Corporation Act and its primary business activity is the purchase, distribution and sale of alcoholic beverages throughout the Province of New Brunswick.

Summary of Significant Accounting Policies

Inventories

Inventory of goods for resale is valued at cost, which is lower than net realizable value.
Inventory of supplies is valued at cost.

Past Service Pension

Past service pension costs are being amortized on a straight-line basis over sixteen years.

Deposit - Injured Workers

The cost of claims for employees injured prior to April 1, 2002 is being deducted from a deposit held in trust with the Workplace, Health, Safety and Compensation Commission and expensed as an employee benefit as incurred.

Property, Plant and Equipment

Property, plant and equipment are stated at cost. Depreciation is provided on the straight-line basis using the following annual rates:

Buildings	2 1/2%
Paving	10%
Refrigeration equipment	10%
Software and services	10%
Retail automation equipment	20%
Furniture, fixtures and equipment	20%
Automotive equipment	20%

Leasehold improvements are depreciated on the straight-line basis over the remaining lease term.

Early Retirement Program

The cost of early retirement programs is charged to employee benefits in the year the obligation can be reasonably estimated.

Retiring Allowances

The estimated cost of retiring allowances payable to employees aged fifty-five and older as of March 31, 2004 has been charged to employee benefits at their current rate of pay.

1. Inventories

	2004	2003
Spirits, wine, other beverages and beer	\$17 177 055	\$16 021 039
Supplies	110 785	144 002
	<u>\$17 287 840</u>	<u>\$16 165 041</u>

2. Deposit - Injured Workers

In conjunction with the conversion to the assessed basis of payment with the Workplace Health, Safety and Compensation Commission (WHSCC). The Corporation has placed the sum of \$1 000 000 on deposit in trust to cover the estimated cost of claims for employees injured prior to the conversion date of April 1, 2002. This deposit will be held for the period of June 1, 2002 to May 31, 2009 and accrues interest at WHSCC's accounting rate of return for the applicable year. Interest earned in 2004 was \$35 255 (\$11 719 in 2003). The actual cost of claims is deducted from the deposit in the year the expense is incurred. Actual costs for 2004 were \$116 028 (\$129 382 in 2003). At the end of the seven-year period or at any time prior, upon request of the Corporation, WHSCC will calculate the future costs associated with these claims, whereupon the Corporation will be responsible for a one-time payment of the amount. From that point forward, WHSCC will assume responsibility for the liability. It is anticipated that the amount currently on deposit will be sufficient to cover all future costs associated with injuries that occurred prior to April 1, 2002.

3. Property, Plant and Equipment

	Cost	Accumulated Depreciation	2004 Net	2003 Net
Land	\$ 209 075		\$ 209 075	\$ 209 075
Paving	503 565	\$ 450 270	53 295	46 890
Buildings	11 178 908	6 865 632	4 313 276	4 102 036
Leasehold improvements	4 558 658	2 901 918	1 656 740	1 602 667
Furniture, fixtures and equipment	8 233 828	6 863 447	1 370 381	1 363 971
Automotive equipment	251 599	182 926	68 673	103 117
Retail automation equipment	1 653 793	1 616 355	37 438	45 425
Software and services	3 820 666	1 916 343	1 904 323	2 238 705
Refrigeration equipment	3 110 111	2 298 022	812 089	960 846
	<u>\$ 33 520 203</u>	<u>\$ 23 094 913</u>	<u>\$ 10 425 290</u>	<u>\$ 10 672 732</u>

4. Past Service Pension Liability

The employees of the New Brunswick Liquor Corporation belong to the New Brunswick Public Service Superannuation Plan, a multi-employer, defined benefit pension plan.

Pursuant to a 1991 regulation under the Public Service Superannuation Act (NB), the New Brunswick Liquor Corporation was to contribute annually, until such time as the benefits were fully funded, sufficient amounts into the pension trust fund to amortize \$7 900 000 of the pension liability. The amortization period was estimated to be twenty-five years.

Through some of the payment period, experience gains had been identified by actuarial valuations of the Plan from 1992 to 1999 and these gains were amortized over the estimated remaining service life of active contributors. After March 31, 2000, no payments to the pension trust fund were made as a result of actuarial valuations that determined the Plan was fully funded.

An actuarial valuation of the Public Service Superannuation Plan as at April 1, 2002 was completed during the 2002-03 fiscal year. This valuation determined that the Plan was no longer fully funded and that the Corporation's share of the liability was now estimated to be \$3 942 428. The pension liability presently bears interest at 7.12% per year, and the Corporation was required to reinstate annual payments starting in 2004. The amount of these payments will increase each year at the rate of the Canadian Consumer Price Index plus 2%.

	2004	2003
Past service pension liability	\$3 649 441	\$3 942 428
Current portion of past service pension liability	<u>344 253</u>	<u>292 987</u>
	<u>\$3 305 188</u>	<u>\$3 649 441</u>

Principal payments in each of the following five years on the long-term debt will be approximately as follows:

2005	\$ 344 253
2006	401 000
2007	463 000
2008	531 000
2009	607 000

5. Commitments

The Corporation leases buildings, premises and equipment under operating leases which expire at various dates between 2005 and 2015. Certain of these operating leases contain renewal options at the end of the initial lease term. The following is a schedule, by years, of future minimum lease payments required under operating leases that have, as of March 31, 2004, initial lease terms in excess of one year:

2005	\$ 3 153 728
2006	2 937 923
2007	2 782 294
2008	2 574 101
2009	2 210 105
2010 to 2015	<u>6 972 213</u>
	<u>\$20 630 364</u>

6. Total Sales

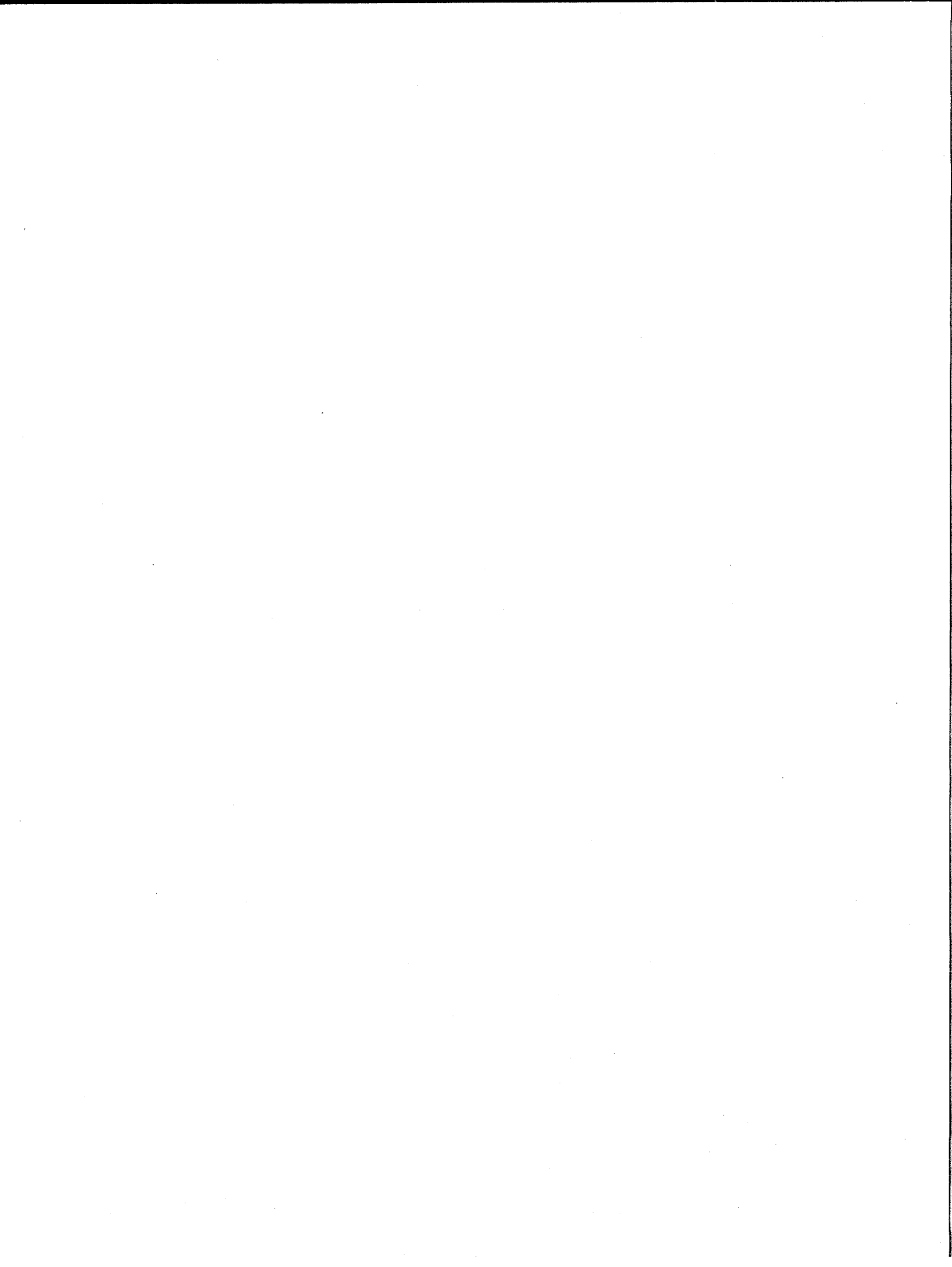
Total sales reported include sales to retail customers, licensed establishments and agency stores. These amounts do not include subsequent resale by licensed establishments and agency stores.

7. Fair Value of Financial Assets and Liabilities

The fair value of the Corporation's cash, accounts receivable, outstanding cheques in excess of funds on deposit, accounts payable and accrued liabilities and past service pension liability approximate their carrying amounts.

8. Comparative Figures

Certain 2003 comparative figures have been reclassified to conform with the financial statement presentation adopted in 2004.



FINANCIAL STATEMENTS

NEW BRUNSWICK

MUNICIPAL FINANCE CORPORATION

31 DECEMBER 2003



AUDITOR'S REPORT

To the Board of Directors
New Brunswick Municipal Finance Corporation

I have audited the balance sheet of the New Brunswick Municipal Finance Corporation as at 31 December 2003 and the statements of income and retained earnings 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 financial statements present fairly, in all material respects, the financial position of the Corporation as at 31 December 2003 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

A handwritten signature in cursive script that reads "K.D. Robinson".

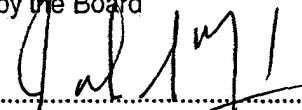
K. D. Robinson, CA
Deputy Auditor General

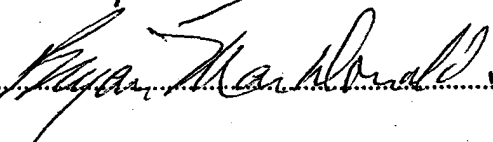
Fredericton, N. B.
25 February 2004

**NEW BRUNSWICK MUNICIPAL FINANCE CORPORATION
BALANCE SHEET
31 DECEMBER 2003**

	2003	2002
ASSETS		
Cash and short-term investments	\$ 427,544	\$ 336,333
Accrued interest receivable from municipalities and municipal enterprises	5,114,030	5,024,873
Accrued investment income receivable	14,751	14,949
	<u>5,556,325</u>	<u>5,376,155</u>
Long term investments	520,000	520,000
Add: Unamortized premium	9,455	22,779
	<u>529,455</u>	<u>542,779</u>
Loans to municipalities and municipal enterprises (Note 3)	421,418,000	386,693,000
	<u>\$ 427,503,780</u>	<u>\$ 392,611,934</u>
LIABILITIES AND RETAINED EARNINGS		
Accounts payable	\$ 3,319	\$ 3,685
Accrued interest payable on debenture debt	5,119,808	5,024,873
Debenture debt (Note 4)	421,418,000	386,693,000
	<u>426,541,127</u>	<u>391,721,558</u>
Retained earnings	962,653	890,376
	<u>\$ 427,503,780</u>	<u>\$ 392,611,934</u>

Approved by the Board


..... Director


..... Director

**NEW BRUNSWICK MUNICIPAL FINANCE CORPORATION
STATEMENT OF INCOME AND RETAINED EARNINGS
FOR THE YEAR ENDED 31 DECEMBER 2003**

	2003	2002
REVENUE		
Interest from municipalities and municipal enterprises	\$ 22,995,499	\$ 23,359,327
Retained for debenture issue expenses	125,977	119,962
Investment income	58,611	57,546
	<u>23,180,087</u>	<u>23,536,835</u>
EXPENSE		
Interest paid on debentures	23,001,277	23,359,327
Amortization of premium	13,324	13,324
Other expenses	93,209	97,203
	<u>23,107,810</u>	<u>23,469,854</u>
NET INCOME FOR THE YEAR	72,277	66,981
Retained earnings, beginning of year	890,376	823,395
RETAINED EARNINGS, end of year	<u>\$ 962,653</u>	<u>\$ 890,376</u>

**NEW BRUNSWICK MUNICIPAL FINANCE CORPORATION
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2003**

	2003	2002
CASH PROVIDED BY (USED FOR):		
Operating activities:		
Net income for the year	\$ 72,277	\$ 66,981
Add (deduct):		
Amortization of premium	13,324	13,324
Decrease (increase) in non-cash components of working capital	5,610	(917)
	<u>91,211</u>	<u>79,388</u>
Financing activities:		
Proceeds on sale of debentures	92,291,864	76,007,176
Funds retained for debenture issues expenses	(125,977)	(119,962)
Principal paid on debenture debt	(58,680,000)	(56,884,000)
	<u>33,485,887</u>	<u>19,003,214</u>
Investing activities:		
Loans to municipalities and municipal enterprises	(92,165,887)	(75,887,214)
Principal repayments made by municipalities and municipal enterprises	58,680,000	56,884,000
	<u>(33,485,887)</u>	<u>(19,003,214)</u>
INCREASE IN CASH	91,211	79,388
Cash position, beginning of year	336,333	256,945
CASH POSITION, end of year	<u>\$ 427,544</u>	<u>\$ 336,333</u>

**NEW BRUNSWICK MUNICIPAL FINANCE CORPORATION
NOTES TO FINANCIAL STATEMENTS
31 DECEMBER 2003**

1. General

The Corporation was established under the New Brunswick Municipal Finance Corporation Act, which came into force on 1 February 1983. The purpose of the Corporation is to provide financing for municipalities and municipal enterprises through a central borrowing authority.

2. Summary of significant accounting policies

a) Loans to municipalities and municipal enterprises and debenture debt

Loans to municipalities and municipal enterprises and debenture debt are recorded at par value. Any discount or premium arising on the issuance of debenture debt is transferred to the municipality or municipal enterprise, and accounted for in their financial statements.

b) Investments

Long-term investments are recorded at par value, and adjusted for any unamortized premiums less discounts. Discounts and premiums are deferred and amortized to income on a straight-line basis over the remaining life of the related security.

3. Loans to municipalities and municipal enterprises

(a) Loans to municipalities and municipal enterprises are made on the security of their debentures due in annual instalments for periods up to a maximum of fifteen years.

(b) Principal payments receivable in each of the next five years are:

2004	\$61,024,000
2005	\$60,486,000
2006	\$56,910,000
2007	\$52,383,000
2008	\$44,026,000

NEW BRUNSWICK MUNICIPAL FINANCE CORPORATION
NOTES TO FINANCIAL STATEMENTS
31 DECEMBER 2003

4. Debenture debt

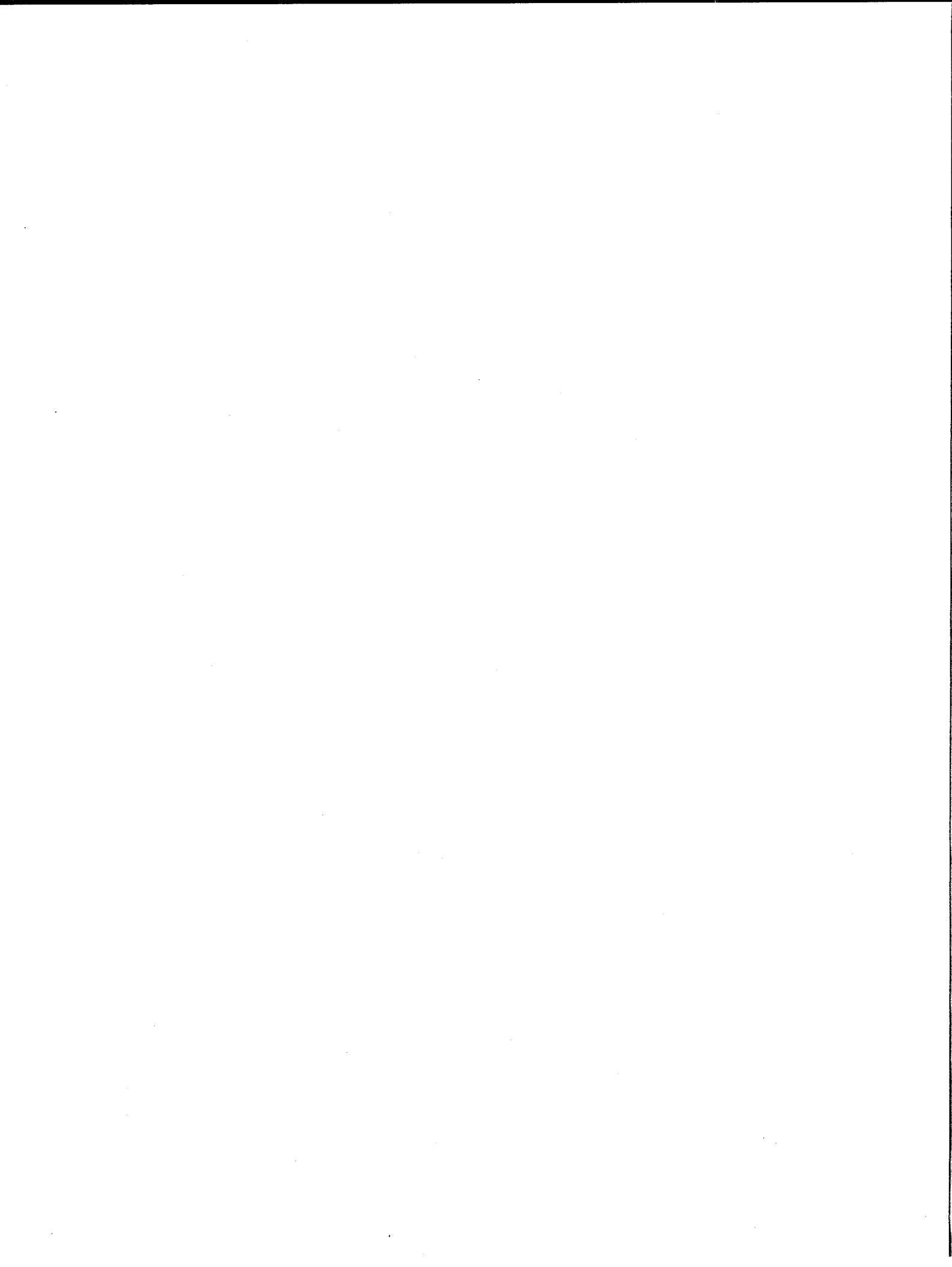
- (a) The following debenture debt outstanding at 31 December 2003 is in Canadian funds and is fully guaranteed by the Province of New Brunswick.

<u>Series</u>	<u>Date of Issue</u>	<u>Maturity Date</u>	<u>Interest Rates</u>	<u>Original Amount</u>	<u>Outstanding</u>
*U	29 July 1993	29 July 1994 to 2008	5.5% to 8.375%	\$ 34,442,000	\$ 1,354,000
*W	09 Aug. 1994	09 Aug. 1995 to 2004	8% to 9.75%	30,860,000	4,436,000
*X	21 Dec. 1994	21 Dec. 1995 to 2004	7.25% to 9.5%	14,243,000	2,029,000
*Y	07 June 1995	07 June 1996 to 2005	7.125% to 8.125%	13,611,000	4,451,000
*Z	20 Dec. 1995	20 Dec. 1996 to 2005	6.25% to 7.875%	39,032,000	11,725,000
*AA	24 July 1996	24 July 1997 to 2006	5.625% to 7.875%	19,028,000	8,272,000
*AB	02 Dec. 1996	02 Dec. 1997 to 2006	3.625% to 6.625%	38,610,000	15,956,000
*AC	16 Oct. 1997	16 Oct. 1998 to 2007	4.125% to 6%	36,187,000	17,506,000
*AD	18 Dec. 1997	18 Dec. 1998 to 2007	4.25% to 5.75%	34,346,000	16,636,000
*AE	25 Aug. 1998	25 Aug. 1999 to 2008	5.25% to 5.625%	26,566,000	13,382,000
*AF	15 Dec. 1998	15 Dec. 1999 to 2008	5.125% to 5.5%	29,838,000	17,444,000
*AG	11 Aug. 1999	11 Aug. 2000 to 2009	5.2% to 5.75%	31,633,000	20,214,000
*AH	14 Dec. 1999	14 Dec. 2000 to 2009	5.7% to 6.5%	33,575,000	22,258,000
*AI	10 Aug. 2000	10 Aug. 2001 to 2010	6.1% to 6.4%	31,887,000	22,650,000
*AJ	19 Dec. 2000	19 Dec. 2001 to 2010	6% to 6.125%	27,801,000	19,910,000
*AK	17 July 2001	17 July 2002 to 2011	4.45% to 6.2%	28,920,000	24,498,000
*AL	30 Nov. 2001	30 Nov. 2002 to 2011	2.45% to 5.5%	42,281,000	35,123,000
*AM	12 July 2002	12 July 2003 to 2012	3.375% to 5.75%	52,016,000	47,637,000
*AN	23 Dec. 2002	23 Dec. 2003 to 2012	3.1% to 5.6%	24,625,000	22,532,000
*AO	28 July 2003	28 July 2004 to 2013	3.05% to 5.0%	41,532,000	41,532,000
*AP	17 Dec. 2003	17 Dec 2004 to 2013	2.75% to 5.125%	51,873,000	51,873,000
				<u>\$ 682,906,000</u>	<u>\$ 421,418,000</u>

* These debentures were sold directly to funds administered by the Province of New Brunswick.

- (b) Principal payments due in each of the next five years are:

2004	\$60,739,000
2005	\$60,249,000
2006	\$56,723,000
2007	\$52,254,000
2008	\$43,962,000



The New Brunswick Museum

**Consolidated Financial Statements
March 31, 2004**



PricewaterhouseCoopers LLP
Chartered Accountants
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Canada E2L 4B9
Telephone +1 (506) 632-1810
Facsimile +1 (506) 632-8997

June 2, 2004

Auditors' Report

To the Directors of The New Brunswick Museum

We have audited the consolidated balance sheet of **The New Brunswick Museum** (the "Museum") as at March 31, 2004 and the consolidated statement of financial operations and changes in fund balances for the year then ended. These financial statements are the responsibility of the Museum's management. Our responsibility is to express an opinion on these 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 consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated 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 consolidated financial statements present fairly, in all material respects, the financial position of the Museum as at March 31, 2004 and the results of its operations for the year then ended in accordance with Canadian generally accepted accounting principles.

PricewaterhouseCoopers LLP

Chartered Accountants

The New Brunswick Museum

Consolidated Balance Sheet

As at March 31, 2004

	General Fund \$	Property and Equipment Fund \$	Restricted Fund \$	Endowment Fund \$	2004 \$	2003 \$
Assets						
Cash	18,998	—	59,359	93,404	171,761	52,494
Short-term investments (note 3)	—	—	314,109	—	314,109	395,171
Account receivable – trade	30,861	—	—	25,295	56,156	29,621
Accounts receivable – grants	—	—	32,636	—	32,636	70,967
Inventory	31,625	—	—	—	31,625	47,859
Due from Province of New Brunswick	101,625	—	20,639	—	122,264	16,919
	183,109	—	426,743	118,699	728,551	613,031
Investments (note 3)	—	—	—	933,486	933,486	918,076
Property and equipment (note 4)	—	112,277	45,647	—	157,924	163,400
Collection and accessions	2	—	—	—	2	2
	183,111	112,277	472,390	1,052,185	1,819,963	1,694,509
Liabilities and Fund Balances						
Accounts payable and accrued liabilities	169,890	—	18,554	2,500	190,944	218,494
Interfund loan	(5,656)	—	2,500	3,156	—	—
Due to Province of New Brunswick	—	—	—	—	—	33,115
	164,234	—	21,054	5,656	190,944	251,609
Fund balances						
Unrestricted	18,877	—	—	—	18,877	2,956
Internally restricted	—	—	109,382	35,120	144,502	149,598
Externally restricted	—	—	296,307	93,029	389,336	357,268
Endowments	—	—	—	918,380	918,380	769,678
Property and equipment	—	112,277	45,647	—	157,924	163,400
	18,877	112,277	451,336	1,046,529	1,629,019	1,442,900
	183,111	112,277	472,390	1,052,185	1,819,963	1,694,509

Approved by the Board of Directors

Director

Director

The New Brunswick Museum

Consolidated Statement of Financial Operations and Changes in Fund Balances For the year ended March 31, 2004

	General Fund \$ (note 6)	Property and Equipment Fund \$	Restricted Fund \$	Endowment Fund \$	2004 \$	2003 \$
Revenue						
Grants						
Provincial	1,853,000	—	80,413	—	1,933,413	1,838,613
Federal	—	—	33,998	—	33,998	27,837
Department of Canadian Heritage	—	—	44,700	—	44,700	—
Investment income	6,649	—	417	52,070	59,136	61,814
Webster Foundation	—	—	—	40,260	40,260	41,190
Museum services (note 5)	131,447	—	750	—	132,197	144,622
Other grants and bequests	—	—	124,785	13,000	137,785	118,701
Donations	—	—	32,135	3,382	35,517	96,804
	<u>1,991,096</u>	<u>—</u>	<u>317,198</u>	<u>108,712</u>	<u>2,417,006</u>	<u>2,329,581</u>
Expenditures						
Salaries and benefits	1,418,143	—	145,220	—	1,563,363	1,451,524
Materials, supplies and services	551,360	—	82,052	—	633,412	591,461
Amortization of property and equipment	36,053	—	22,157	—	58,210	55,618
Acquisitions	29,419	—	1,613	3,175	34,207	218,995
Scholarships	—	—	—	2,500	2,500	2,000
	<u>2,034,975</u>	<u>—</u>	<u>251,042</u>	<u>5,675</u>	<u>2,291,692</u>	<u>2,319,598</u>
Excess (deficiency) of revenue over expenditures	(43,879)	—	66,156	103,037	125,314	9,983
Gain on sale of investments	—	—	—	60,805	60,805	24,698
Internal transfer	59,800	(750)	(3,100)	(55,950)	—	—
Net surplus (deficit)	15,921	(750)	63,056	107,892	186,119	34,681
Fund balance – Beginning of year	2,956	113,027	388,280	938,637	1,442,900	1,408,219
Fund balance – End of year	<u>18,877</u>	<u>112,277</u>	<u>451,336</u>	<u>1,046,529</u>	<u>1,629,019</u>	<u>1,442,900</u>

The New Brunswick Museum

Notes to Consolidated Financial Statements

For the year ended March 31, 2004

1 Nature of organization

The New Brunswick Museum (the "Museum") is incorporated under the laws of the Province of New Brunswick. As New Brunswick's provincial museum, it is the principal repository and steward of material that documents or represents the natural and human history of New Brunswick and other related regions. The New Brunswick Museum works in partnership with institutions and communities to collect, preserve, research and interpret material to foster a greater understanding and appreciation of New Brunswick provincially and globally.

The Museum is registered as a charitable organization under the Income Tax Act (the "Act") and, as such, is exempt from income taxes and is able to issue donation receipts for income tax purposes. In order to maintain its status as a registered charity under the Act, the Museum must meet certain requirements within the Act. In the opinion of management, these requirements have been met.

2 Significant accounting policies

Financial statement presentation

In order to ensure observance of the limitations and restrictions placed on the use of resources available to the Museum, the accounts of the Museum are maintained in accordance with the principles of fund accounting. Accordingly, resources are classified for accounting and reporting purposes into separate funds. These funds are held in accordance with the objectives specified by the donors or in accordance with directives issued by the Board of Directors (the "Board") or various funding authorities.

These consolidated financial statements include the accounts of The New Brunswick Museum and its subsidiary, The New Brunswick Museum Foundation, Inc.

For financial reporting purposes, the accounts have been classified into the following four groupings.

General Fund

This fund reflects the day-to-day operating transactions of the Museum.

Property and Equipment Fund

This fund reports the assets, liabilities, revenues and expenses related to the Museum's furniture and equipment. The Museum's premises are provided by the Province of New Brunswick.

Furniture and equipment is stated at cost and is amortized on a straight-line basis over the estimated useful life of the assets as follows:

Computer equipment	33%
Vehicles and equipment	20%
Furniture	10%

The New Brunswick Museum

Notes to Consolidated Financial Statements

For the year ended March 31, 2004

2 Significant accounting policies (continued)

Restricted Fund

This fund includes amounts received by the Museum which are designated to be for certain restricted activities. Such restricted activities include the following:

Grants – Amounts received from various governments and private agencies to finance specific projects.

Department of Canadian Heritage – Amounts received from the Federal Museum's Assistance Program which provides financial assistance for specific projects that foster access by present and future generations of Canadians to their human, natural, artistic and scientific heritage.

Bequests and donations – Amounts received from sources which place specific restrictions on their use.

Internally restricted fund – Amounts restricted by the Board for exhibitions and gallery upgrades. This also includes funds received from activities of the staff in the curatorial departments to assist in financing specific project expenditures.

Endowment Fund

This fund includes amounts held for the long-term benefit of the Museum.

Webster Foundation – Contributions from the Webster Foundation are applied towards certain humanities programs under the General Fund.

Investments

Investments purchased by the Museum are valued at cost and investments donated to the Museum are valued at fair market value at the date of receipt. Investment income is recognized as earned.

Inventory

Inventory consisting of publications and items held for resale is valued at the lower of cost and net realizable value determined on a first-in, first-out basis.

The New Brunswick Museum

Notes to Consolidated Financial Statements

For the year ended March 31, 2004

2 Significant accounting policies (continued)

Collections and accessions

Collections and accessions are recorded at a nominal value. Additions to the collections are expensed in the year of acquisition.

The collections of the Museum comprise a wide range of subject matter from the humanities, archives, library and natural science, which are relevant to New Brunswick and have been continually acquired since the institution's foundation in 1842. The humanities holdings, numbering about 100,000 artifacts, include history and technology artifacts, fine and decorative arts and archival material. The archives and research library holds 250 meters of archival material, 45,000 monographs and 500 periodical titles. The natural science holdings, numbering about 300,000 specimens or specimen lots, include botanical, palaeontology and zoological collections.

Contributed services

Volunteers contributed approximately 2,416 hours to assist the Museum in carrying out its service delivery activities.

Management estimates

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, liabilities, revenues and expenditures during the reporting period. Estimates are used for, but not limited to, doubtful accounts, inventory obsolescence and amortization. Actual results could differ from those estimates.

Financial instruments

The Museum's financial instruments recognized in the consolidated balance sheet consist of cash, accounts receivable, investments and accounts payable and accrued liabilities. The fair values of these instruments approximates their carrying value unless otherwise noted.

The New Brunswick Museum
Notes to Consolidated Financial Statements
For the year ended March 31, 2004

3 Investments

Investments comprise the following:

	2004		2003	
	Cost \$	Market value \$	Cost \$	Market value \$
Short-term investments				
Treasury bills	314,109	317,175	395,171	394,957
Long-term investments				
Bonds	732,027	792,028	716,983	728,361
Equity	201,459	407,715	201,093	377,710
	<u>933,486</u>	<u>1,199,743</u>	<u>918,076</u>	<u>1,106,071</u>

4 Property and equipment

	2004		2003	
	Cost \$	Accumulated amortization \$	Net book value \$	Net book value \$
Computer equipment	189,498	137,807	51,691	42,114
Vehicles and equipment	234,374	158,928	75,446	85,455
Furniture	74,398	43,611	30,787	35,831
	<u>498,270</u>	<u>340,346</u>	<u>157,924</u>	<u>163,400</u>

5 Museum services

Museum services consist of the following revenue and expenditures:

	2004 \$	2003 \$
Revenue		
Gift shop and programs	157,468	178,313
Admissions	101,691	98,857
Facility rentals	18,852	19,626
Membership	12,809	12,666
	<u>290,820</u>	<u>309,462</u>
Expenditures		
Gift shop and programs	158,623	164,840
	<u>132,197</u>	<u>144,622</u>

The New Brunswick Museum

Notes to Consolidated Financial Statements
For the year ended March 31, 2004

6 General Fund revenue and expenditures – Detailed comparison to budget

	2004 Actual \$	2004 Budget (unaudited) \$
Revenue		
Provincial	1,853,000	1,903,000
Museum services	131,447	146,200
Investment income	6,649	5,000
	<u>1,991,096</u>	<u>2,054,200</u>
Expenditures		
Salaries and benefits	1,418,143	1,604,625
Operations	267,556	265,250
Curatorial and library	154,045	108,250
Marketing and development	100,940	88,000
Exhibition and technical services	51,417	37,500
Visitor services	25,131	23,200
Outreach	17,743	9,375
	<u>2,034,975</u>	<u>2,136,200</u>
	(43,879)	(82,000)
Less: Amortization of property and equipment not included in the above	(36,053)	–
Add: Capital expenditures included above	36,053	–
	<u>(43,879)</u>	<u>(82,000)</u>

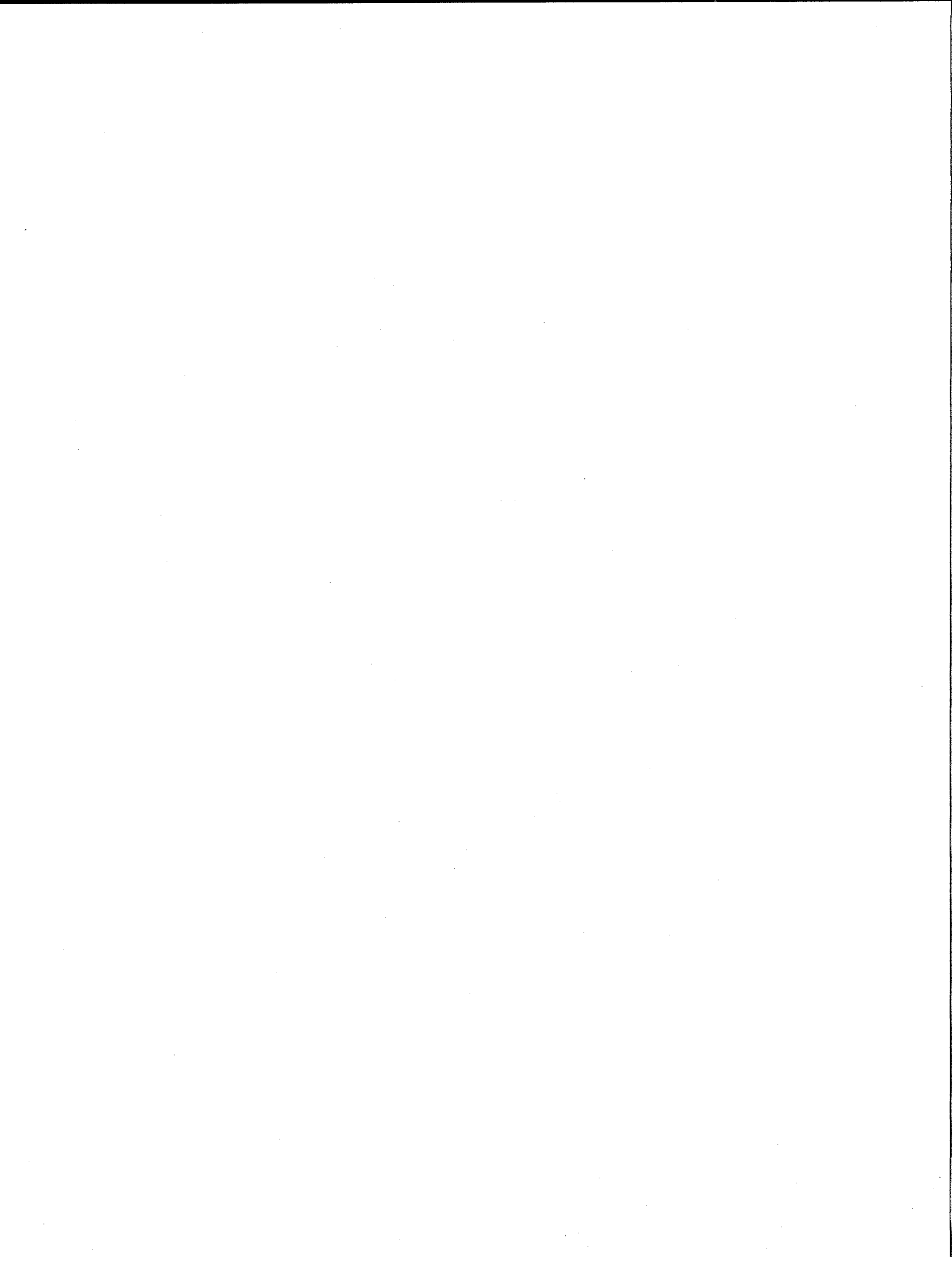
7 Commitments

Minimum annual commitments under long-term operating leases are as follows:

	\$
Year ending March 31, 2005	19,363
2006	7,216
2007	3,608

8 Comparative figures

Certain prior year's comparative figures have been reclassified to conform to the presentation adopted for the current year.



**NEW BRUNSWICK POWER CORPORATION AUDITORS' REPORT
AND CONSOLIDATED FINANCIAL STATEMENTS
March 31, 2004**



Énergie NB Power

Deloitte

Deloitte & Touche LLP
Brunswick House
44 Chipman Hill, 7th Floor
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AUDITORS' REPORT

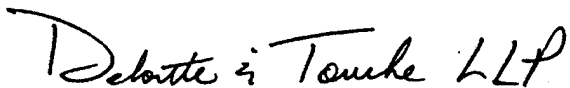
The Honourable Hermenegilde Chiasson
Lieutenant Governor of New Brunswick
Fredericton, New Brunswick

Sir:

We have audited the consolidated balance sheet of New Brunswick Power Corporation as at March 31, 2004 and the consolidated statements of loss and deficit and cash flows for the year then ended. These financial statements are the responsibility of the Corporation's management. Our responsibility is to express an opinion on these 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, 2004 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.



Chartered Accountants

May 17, 2004

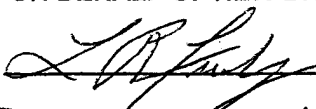
NEW BRUNSWICK POWER CORPORATION
CONSOLIDATED STATEMENT OF LOSS AND DEFICIT
For the year ended March 31, 2004
(in millions)

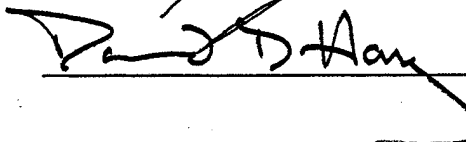
	2004	2003
REVENUES		
Sales of power (Note 2)		
In-province	\$ 1,009	\$ 993
Out-of-province	246	227
Miscellaneous	<u>56</u>	<u>53</u>
	1,311	1,273
EXPENSES		
Fuel and purchased power	467	528
Operation, maintenance and administration	388	364
Amortization and decommissioning (Note 3)	213	216
Write-off of fuel handling system costs (Note 4)	<u>44</u>	<u>-</u>
	<u>1,112</u>	<u>1,108</u>
Income before finance charges	199	165
Finance charges (Note 5)	<u>217</u>	<u>242</u>
NET LOSS FOR THE YEAR	(18)	(77)
DEFICIT		
BEGINNING OF YEAR	<u>(177)</u>	<u>(100)</u>
END OF YEAR	<u><u>\$ (195)</u></u>	<u><u>\$ (177)</u></u>

NEW BRUNSWICK POWER CORPORATION
CONSOLIDATED BALANCE SHEET
as at March 31, 2004
(in millions)

	2004	2003
CURRENT ASSETS		
Cash and short-term investments (Note 6)	\$ 7	\$ 62
Accounts receivable	181	188
Materials, supplies and fuel	96	98
Prepaid expenses	<u>3</u>	<u>7</u>
	<u>287</u>	<u>355</u>
 PROPERTY, PLANT AND EQUIPMENT (Note 7)		
Land, buildings, plant and equipment, at cost	6,016	5,607
Less: accumulated amortization	<u>2,870</u>	<u>2,725</u>
	<u>3,146</u>	<u>2,882</u>
 LONG-TERM ASSETS		
Nuclear decommissioning and used fuel management funds (Note 8)	<u>176</u>	<u>20</u>
 DEFERRED CHARGES		
Deferred debt costs, less amounts amortized	50	56
Deferred pension benefit (Note 9)	67	68
Other deferred charges	<u>3</u>	<u>6</u>
	<u>120</u>	<u>130</u>
	<u>\$ 3,729</u>	<u>\$ 3,387</u>

ON BEHALF OF NEW BRUNSWICK POWER CORPORATION


_____ Chairman


_____ President and Chief Executive Officer

**NEW BRUNSWICK POWER CORPORATION
CONSOLIDATED BALANCE SHEET**

as at March 31, 2004

(in millions)

	2004	2003
CURRENT LIABILITIES		
Short-term indebtedness (Note 11)	\$ 477	\$ 295
Accounts payable and accruals	201	184
Accrued interest	70	71
Current portion of long-term debt (Note 10)	<u>69</u>	<u>132</u>
	<u>817</u>	<u>682</u>
LONG-TERM DEBT (Note 10)		
Debentures and other loans	3,217	2,999
Less: sinking funds	<u>403</u>	<u>387</u>
	<u>2,814</u>	<u>2,612</u>
DEFERRED LIABILITIES		
Plant decommissioning and used nuclear fuel management (Note 12)	240	225
Other (Note 13)	<u>53</u>	<u>45</u>
	<u>293</u>	<u>270</u>
DEFICIT		
Deficit	<u>(195)</u>	<u>(177)</u>
	<u>\$ 3,729</u>	<u>\$ 3,387</u>

**NEW BRUNSWICK POWER CORPORATION
CONSOLIDATED STATEMENT OF CASH FLOW**

For the year ended March 31, 2004

(in millions)

	2004	2003
NET INFLOW (OUTFLOW) OF CASH RELATED TO THE FOLLOWING ACTIVITIES :		
OPERATING		
Net loss for the year	\$ (18)	\$ (77)
Amounts charged or credited to operations not requiring a current cash payment (Note 14)	<u>274</u>	<u>216</u>
	256	139
Nuclear decommissioning and used fuel management funds installments and earnings	(156)	(20)
Decommissioning liability expenditures	(3)	(1)
Additions to deferred charges	(5)	(6)
Net change in non-cash working capital balances	<u>29</u>	<u>14</u>
	<u>121</u>	<u>126</u>
INVESTING		
Expenditure on property, plant and equipment	(504)	(217)
Proceeds on disposal and customer contributions	<u>7</u>	<u>5</u>
	<u>(497)</u>	<u>(212)</u>
FINANCING		
Debt retirements net of sinking fund proceeds	(102)	(829)
Sinking fund installments and earnings	(55)	(56)
Proceeds from long-term debt obligations	296	721
Increase in short-term indebtedness	<u>182</u>	<u>295</u>
	<u>321</u>	<u>131</u>
NET CASH INFLOW (OUTFLOW)	(55)	45
CASH AND SHORT-TERM INVESTMENTS		
BEGINNING OF YEAR	<u>62</u>	<u>17</u>
END OF YEAR	<u>\$ 7</u>	<u>\$ 62</u>

NEW BRUNSWICK POWER CORPORATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Year ended March 31, 2004
(in millions)

1. SIGNIFICANT ACCOUNTING POLICIES

The New Brunswick Power Corporation ("the Corporation"), established in 1920 as a Crown Corporation of the Province of New Brunswick by enactment of the New Brunswick Electric Power Act, has a corporate mission to provide for the continuous supply of energy adequate for the needs and future development of the Province and to promote economy and efficiency in the generation, distribution, supply, sale and use of power.

The accompanying consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles, applied on a basis consistent with that of the preceding year. The financial statements include the accounts of the Corporation and those of its wholly owned subsidiary, NB Coal Limited (NB Coal).

a. Regulation

The Corporation is regulated under a system whereby annual average rate increases greater than three percent, or the Consumer Price Index, whichever is higher, require regulatory review by the Board of Commissioners of Public Utilities of the Province of New Brunswick (Public Utilities Board). The Corporation must also apply to the Public Utilities Board before making any expenditure greater than \$75 million in relation to upgrading, maintaining or decommissioning a generating facility.

b. Property, plant and equipment

The cost of additions to property, plant and equipment is the original cost of contracted services, direct labour and material, interest on funds used during construction and indirect charges for administration and other expenses, less credits for the value of power generated during commissioning. Property, plant and equipment also include the present value of asset retirement obligations related to the disposal of used nuclear fuel and decommissioning of the nuclear and thermal generating stations.

Interest during construction is capitalized monthly based on the cost of long-term borrowings. When significant assets are removed from service for extended periods of time for refurbishment, interest during construction is charged based on the net book value of the asset concerned.

Contributions in aid of construction, which include amounts received from customers as well as research and development grants in respect of new facilities, are netted against the cost of related assets. Amounts received from customers are being amortized over the estimated service lives of the related assets.

The cost of distribution assets retired, net of dismantlement and salvage, is charged to accumulated amortization. For all other property, plant and equipment dispositions, the cost and accumulated amortization is removed from the accounts, with the gain or loss on disposal being reflected in income.

NEW BRUNSWICK POWER CORPORATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Year ended March 31, 2004
(in millions)

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

b. Property, plant and equipment (continued)

Amortization is provided for all assets sufficient to amortize the cost of such assets, less estimated salvage value, over their estimated service lives. The estimated service lives of fixed assets are periodically reviewed and any changes are applied prospectively. Amortization is suspended when significant assets are removed from service for extended periods for refurbishment. Amortization is provided on certain mining equipment on an increasing charge basis, the amortization amount being based on the amount of related debt retirement required during the year. All other assets are amortized on a straight-line basis. Amortization is provided on the net cost of property, plant and equipment in respect of which grants have been provided and on amounts contributed by customers.

The main categories of property, plant and equipment are being amortized based on the following average estimated service lives:

Assets	Years
Hydro Generating Facilities	70*
Thermal Generating Stations	35
Nuclear Generating Station	27
Combustion Turbine Generating Stations	25
Terminals and Substations	40
Transmission System	35 – 55
Distribution System	10 – 35
Buildings	
- General	40
- Head Office	50
Communications and Computer Systems	3 – 15
Mining Equipment	20 – 35
Motor Vehicles	4 – 10

*Components of the hydro generating facilities have service lives between 35 – 100 years

c. Cash and short-term investments

Cash and short-term investments, which are stated at cost, consist of balances with banks and investments in money market instruments.

d. Inventories

Inventories of materials and supplies, and fuel, other than nuclear fuel, are valued at average cost. Nuclear fuel is valued at cost using the first-in, first-out method.

NEW BRUNSWICK POWER CORPORATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Year ended March 31, 2004
(in millions)

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

e. Deferred debt costs

The Corporation amortizes debenture discounts and premiums, the expenses of issues, and the deferred interest related to debt refinancing, over the lives of the issues to which they pertain.

f. Foreign exchange transactions

Monetary assets and liabilities denominated in foreign currencies are translated to Canadian (CDN) dollars at rates of exchange prevailing at the balance sheet date except where such items have been hedged by the acquisition of a forward exchange contract, in which case the rate established by the terms of the contract is used in the translation. Exchange gains and losses resulting from foreign currency translation are reflected in income.

g. Long-term debt

Long-term debt is recorded on the balance sheet at cost. The estimated fair value of long-term debt is disclosed in the notes to the financial statements using market values or estimates of market values based on debt with similar terms and maturities. The estimated fair value does not include costs that would be incurred to exchange or settle the debt.

h. Sinking funds

The Minister of Finance of the Province of New Brunswick, as Trustee for the Corporation, maintains sinking funds for all debenture issues. Sinking fund earnings are reflected in the Corporation's income and sinking fund investments are deducted from long-term debt as a legally enforceable right to offset exists.

i. Asset retirement obligations

Nuclear and Thermal Generating Stations

In order to provide for the estimated future costs of permanently disposing of used nuclear fuel and decommissioning the nuclear and thermal generating stations to return the sites to a state of unrestricted use, the Corporation recognizes these liabilities taking into account the time value of money.

The following costs have been recognized as a liability as at March 31, 2004:

- The estimated present value of the costs of decommissioning the nuclear and thermal generating stations at the end of their useful lives
- The estimated present value of the fixed cost portion of used nuclear fuel management activities that are required regardless of the volume of fuel consumed
- The estimated present value of the variable cost portion of used nuclear fuel management activities to take into account actual fuel volumes incurred up to March 31, 2004

The liability for used nuclear fuel management is increased for nuclear fuel bundles used each year with the corresponding amounts charged to operations through fuel expense.

NEW BRUNSWICK POWER CORPORATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Year ended March 31, 2004
(in millions)

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

i. Asset retirement obligations (continued)

The liabilities for nuclear and thermal plant decommissioning and used nuclear fuel management are increased for the passage of time by calculating accretion (interest) on the liabilities. The accretion expense is calculated using the Corporation's credit adjusted risk free rate and is included with amortization expense.

The calculations of the anticipated future costs are based on detailed studies which take into account various assumptions regarding the method and timing of dismantlement of the nuclear and thermal generating stations, the cost of transportation of nuclear material to permanent disposal facilities, and estimates of inflation rates in the future.

Expenditures incurred on a current basis relating to used nuclear fuel management and plant decommissioning are charged against the deferred liability accounts.

In view of potential developments in the technology of decommissioning and used nuclear fuel management, and because of the various assumptions and estimates inherent in the calculations, the Corporation reviews such calculations periodically.

Hydro Generating Stations

The Corporation currently has no intention of decommissioning its hydro generating stations. With either maintenance efforts or rebuilding, the assets are expected to be used for the foreseeable future. Therefore, no removal date can be determined and consequently a reasonable estimate of the fair value of any related asset retirement obligations cannot be made at this time. If, at some future date, it becomes possible to estimate the fair value cost of removing assets that the Corporation is legally required to remove, an asset retirement obligation will be recognized at that time.

Transmission and Distribution Assets

Although some of the Corporation's transmission and distribution assets may have asset retirement obligations, the Corporation expects to use the majority of its transmission and distribution assets for an indefinite period of time. Therefore, no removal date can be determined and consequently a reasonable estimate of the fair value of any related asset retirement obligation cannot be made at this time. If, at some future date, it becomes possible to estimate the fair value cost of removing assets that the Corporation is legally required to remove, an asset retirement obligation will be recognized at that time.

j. Pension plans

Corporation employees are members of the Province of New Brunswick Public Service Superannuation Plan. This multi-employer, defined benefit plan provides pensions based on length of service and the average of the highest five consecutive years of earnings. Pension benefits paid are escalated each year based on the Consumer Price Index to a maximum of 5 or 6% depending on retirement date. The Corporation and its employees make contributions to the plan as prescribed in the Public Service Superannuation Act and its regulations. NB Coal maintains a private defined benefit pension plan for its employees.

NEW BRUNSWICK POWER CORPORATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Year ended March 31, 2004
(in millions)

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

j. Pension plans (continued)

Under both plans, future salary levels affect the amount of employee future benefits, and therefore the projected benefit method pro-rated on services has been used to determine the accrued benefit obligation. The expected return on plan assets is based on the fair value of plan assets. Actuarial gains or losses in excess of 10% of the greater of the accrued benefit obligation and the fair value of the plan assets at the beginning of the year are amortized over the expected average remaining service life of the employee group. The transitional asset (fair market value of the plan assets less the accrued benefit obligation as determined at April 1, 2000), is also amortized over the average remaining service life of the employee group.

k. Retirement allowance

The Corporation has a retirement allowance program for employees that provides a lump-sum payment equal to one week of pay for each full year of employment to a maximum of 26 weeks of pay. Actuarial calculations are prepared to determine the amount of the Corporation's obligations for retirement allowances. The actuarial method used incorporates management's best estimate assumptions to determine the present value of the accrued retirement allowance obligation based on projections of salaries and wages to normal retirement dates. The actuarial present value of accrued retirement allowance obligations for past service is amortized on a straight-line basis over the expected average remaining service life of the employee group.

l. Early retirement programs

The total cost of such programs is charged to income in the year the program is initiated, irrespective of when payments are actually made.

m. Revenue

Billings to residential and general service customers are rendered monthly on a cyclical basis. All other customers are billed at the end of each month. Revenue in respect of items not billed at the end of a fiscal period is estimated and accrued.

n. Derivative financial instruments

In accordance with its hedging policies and objectives, the Corporation only enters into derivative financial instruments to manage underlying exposures. The Corporation formally documents all relationships between hedging instruments and hedged items, as well as its hedging objectives and strategy underlying various hedge transactions. This process includes linking all derivatives to specific assets and liabilities on the balance sheet or to specific forecasted transactions.

Hedge accounting, which allows deferral of gains and losses until settlement, is applied when the derivative instrument is designated as a hedge and the derivative is expected to be effective throughout the life of the hedged item. Effectiveness is achieved when changes in the cash flows or fair value of the derivative instrument substantially offset changes in the cash flows or fair value of the hedged item. The Corporation assesses both at inception and on an ongoing basis whether the derivatives used in hedging transactions are effective.

NEW BRUNSWICK POWER CORPORATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Year ended March 31, 2004
(in millions)

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

n. Derivative financial instruments (continued)

Effective derivatives that meet hedge criteria are not recorded on the balance sheet and any gain or losses on these instruments are deferred and only recognized at the settlement date. Derivative instruments not meeting hedge criteria are accounted for on the balance sheet at fair value and subsequent changes in fair value are recorded in earnings.

If a derivative instrument ceases to exist and is not replaced as part of the Corporation's hedging strategy, the termination gain or loss is deferred and recognized when the gain or loss of the hedged item is recognized. If a hedged item ceases to exist or is no longer probable of occurring, any previously deferred gains or losses associated with a derivative instrument are recognized in earnings. If a hedging relationship is terminated or ceases to be effective, any previously deferred gains or losses are carried forward and recognized in earnings in the same period as the hedged item and any subsequent gains or losses on the fair value of the instrument are recognized in earnings.

The Corporation periodically uses derivative financial instruments to manage the following risks:

- Interest rates
- Foreign currency exchange rates
- Oil and natural gas prices

Interest Rates and Foreign Currency Exchange Rates

The Corporation enters into interest rate swaps to hedge against the interest rate exposure associated with the future issuance of debt. The gains or losses on these interest rate swaps that meet the hedge criteria are accounted for on a settlement basis and are recognized only when the debt is refinanced. The resulting gains or losses are deferred and amortized to interest expense over the new debt term.

The Corporation enters into Canadian dollar – US dollar forward contracts or Canadian dollar – US dollar cross currency interest rate swaps to hedge exchange risk related to forecasted US dollar purchases, and interest and principal obligations on US dollar denominated long-term debt.

Gains or losses on forward contracts hedging forecasted US dollar purchases are deferred and recognized at the settlement date as part of the underlying item. In the event that a forward contract is terminated the realized gain or loss would be recognized under deferred assets or liabilities and recognized in income at the settlement date of the related underlying item.

Gains or losses on forward contracts and cross currency interest rate swaps hedging US dollar interest and principal obligations are recognized through income at the settlement date. Interest is accrued at the hedged rate and outstanding US dollar denominated debt is translated to Canadian dollars at the hedged rate. In the event that a cross currency interest rate swap is terminated, the realized gain or loss would be recognized under deferred assets or liabilities and amortized over the debt term.

NEW BRUNSWICK POWER CORPORATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Year ended March 31, 2004
(in millions)

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

n. Derivative financial instruments (continued)

The Corporation has also assigned certain US dollar denominated sinking fund assets to provide a hedge against outstanding US dollar debentures. The sinking fund assets and outstanding debentures are translated to Canadian dollars at the current exchange rate with the resulting gains or losses recorded in income in the current period.

Oil and Natural Gas Prices

The Corporation enters into oil and natural gas swaps to hedge the anticipated exposure related to changes in the cost of heavy fuel oil in the operations of its generating stations and on a purchase contract largely based on natural gas prices.

Gains or losses on these swaps are recognized at the settlement dates as an adjustment to the fuel or purchased power expense.

o. Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenue and expense during the reporting period. Actual results could differ from the estimates.

2. REVENUES

- a) Power sales to the Province of New Brunswick and other government owned organizations are recorded and paid at normal commercial rates.
- b) Total revenue includes \$84 million (2003 - \$135 million) of sales to customers in the United States.

3. AMORTIZATION AND DECOMMISSIONING

	2004	2003
Amortization	\$ 196	\$ 190
Decommissioning	17	26
	<u>\$ 213</u>	<u>\$ 216</u>

During 2003, an environmental liability for \$11 million related to NB Coal was setup and charged to decommissioning expense.

NEW BRUNSWICK POWER CORPORATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Year ended March 31, 2004
(in millions)

4. WRITE-OFF OF FUEL HANDLING SYSTEM COSTS

The Corporation received environmental approvals and commenced a project in December 2002 to refurbish the 998 megawatt Coleson Cove Generating Station to extend its life and convert it to burn Orimulsion® fuel.

The project also included development and construction of facilities and pipeline capable of handling Orimulsion® fuel. The Corporation had signed a memorandum of understanding for the development of these facilities. The site chosen required investment in a fixed jetty, storage tanks, pumping, and piping to the existing pipelines used to transport heavy oil to the generating station.

Expenses incurred to March 31, 2004 on the fuel delivery system amounted to \$47 million (\$1 million – 2003). The availability of Orimulsion® fuel is currently uncertain. The method chosen to deliver the Orimulsion® fuel will be determined in conjunction with the pending resolution of the supply contract negotiations for Orimulsion® fuel. Of the \$47 million, \$44 million is not expected to provide future service value and has been expensed in the year ended March 31, 2004, while \$3 million remains in construction-in-progress, pending resolution of the supply contract negotiations for Orimulsion® fuel and evaluation of fuel delivery options (See Note 16).

5. FINANCE CHARGES

	2004	2003
Interest expense	\$ 240	\$ 256
Less: Income from sinking funds, trust funds, and other investments	<u>(31)</u>	<u>(27)</u>
	209	229
Provincial government guarantee fee	20	19
Amortization of deferred debt costs	7	6
Unrealized foreign exchange gains	(1)	(3)
Realized foreign exchange (gains) losses	<u>(2)</u>	<u>1</u>
	233	252
Less: Interest capitalized	<u>(16)</u>	<u>(10)</u>
	<u>\$ 217</u>	<u>\$ 242</u>

Interest paid on debt during the year was \$238 million (2003 - \$255 million). Interest received on investments during the year was \$27 million (2003 - \$23 million).

6. CASH AND SHORT-TERM INVESTMENTS

	2004	2003
Cash	\$ 4	\$ 60
Short-term investments	<u>3</u>	<u>2</u>
	<u>\$ 7</u>	<u>\$ 62</u>

NEW BRUNSWICK POWER CORPORATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Year ended March 31, 2004
(in millions)

7. PROPERTY, PLANT AND EQUIPMENT

	2004		2003	
	Cost	Accumulated amortization	Cost	Accumulated amortization
Power generating stations	\$ 3,742	\$ 2,052	\$ 3,731	\$ 1,926
Transmission system	284	132	278	126
Terminals and substations	428	220	417	213
Distribution system	709	296	719	306
Buildings and properties	59	30	58	29
Communications and computer systems	86	42	79	34
Mining equipment and related assets	53	52	53	49
Motor vehicles	50	32	50	30
Miscellaneous assets	18	14	17	12
Construction-in-progress*	587	-	205	-
	<u>\$ 6,016</u>	<u>\$ 2,870</u>	<u>\$ 5,607</u>	<u>\$ 2,725</u>

*Construction-in-progress at March 31, 2004 includes \$71 million (2003 - \$59 million) of expenditures on the Point Lepreau Generating Station Refurbishment Project. Management's forecasted total construction cost for the project is \$940 million. The project has not received final approval.

Construction-in-progress at March 31, 2004 also includes \$467 million (2003 - \$106 million) of expenditures on the Coleson Cove Generating Station Refurbishment Project. Management's forecasted total construction cost for the project is \$672 million, which may increase pending resolution of the supply contract negotiations for Orimulsion® fuel and evaluation of fuel delivery options. In addition, \$44 million has been written off (See Note 4).

NEW BRUNSWICK POWER CORPORATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Year ended March 31, 2004
(in millions)

8. NUCLEAR DECOMMISSIONING AND USED FUEL MANAGEMENT FUNDS

<u>Used Nuclear Fuel Management Funds</u>	2004	2003
The used nuclear fuel management trust funds are comprised of:		
1. The Corporation has established a used nuclear fuel segregated fund held in a custodial account to meet the license conditions of the Point Lepreau Generating Station set by the Canadian Nuclear Safety Commission (CNSC).	\$ 76	\$ -
2. The Corporation has also established a trust fund pursuant to the Federal Nuclear Fuel Waste Act (NFWA). In accordance with the NFWA, the Nuclear Waste Management Organization was formed to prepare and review alternatives, and provide recommendations for long-term management of nuclear waste. This submission is to occur within three years of the NFWA coming into force. The federal government will determine the strategy for dealing with the long-term management of used nuclear fuel based on submitted plans.		
The NFWA requires major owners of used nuclear fuel in Canada to establish trust funds to finance the long-term management of used nuclear fuel. The NFWA requires the Corporation to contribute \$4 million annually for the next two years to its trust fund. Further funding requirements beyond this time will be based on the plan chosen. The funds contained in the established fund to meet the license conditions of the generating station described above will also be used to meet these requirements.	<u>24</u>	<u>20</u>
	<u>100</u>	<u>20</u>
<u>Nuclear Decommissioning Fund</u>		
The Corporation has established a decommissioning segregated fund held in a custodial account to meet the license conditions for the Point Lepreau Generating Station set by the CNSC.	76	-
	<u>\$ 176</u>	<u>\$ 20</u>

NEW BRUNSWICK POWER CORPORATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Year ended March 31, 2004
(in millions)

9. DEFERRED PENSION BENEFIT

Corporation employees are members of the Province of New Brunswick Public Service Superannuation Plan (Public Service Plan) as described in Note 1j. Pension assets and liabilities for the Public Service Plan are measured as at March 31, 2004 while the assets and liabilities for the NB Coal plan are measured as at December 31, 2003. The most recent actuarial valuation done for funding purposes for the Public Service Plan was April 1, 2002. The next valuation for funding purposes is required to be completed as at April 1, 2005.

The significant assumptions of management include the following:

- Discount rate used at March 31, 2004 to determine the accrued benefit obligation – 6.5% (March 2003 – 6.5%)
- Expected long-term rate of return on plan assets – 7.5%
- Salary increases – 2.5%

The costs recognized for the year are:

	2004	2003
Current service cost	\$ 13	\$ 12
Interest on accrued benefit obligation	50	45
Actual (gain) or loss on plan assets	(153)	52
Difference between actual and expected return on plan assets	106	(103)
Amortization of gain/losses and transitional surplus	8	(1)
Costs recognized	<u>\$ 24</u>	<u>\$ 5</u>

The status of the assets and obligations of the Corporation's share of the Public Service Plan and NB Coal's private plan as at March 31, 2004 was as follows:

	2004	2003
Pension fund assets at fair value	\$ 778	\$ 621
Accrued benefit obligation	<u>810</u>	<u>756</u>
Pension deficit	(32)	(135)
Unamortized transitional obligation	(40)	(44)
Unamortized losses	<u>139</u>	<u>247</u>
Pension asset	<u>\$ 67</u>	<u>\$ 68</u>

In accordance with prescribed regulations, employees contributed \$10 million (2003 - \$10 million) and the Corporation contributed \$ 23 million to the plan (2003 - \$12 million) during the year. Total contributions to date in excess of pension expense, in the amount of \$67 million (2003 - \$68 million), have been recorded as an asset under deferred charges.

NEW BRUNSWICK POWER CORPORATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Year ended March 31, 2004
(in millions)

10. LONG-TERM DEBT

	2004	2003
Debtenture guaranteed by the Province of New Brunswick	\$ 125	\$ 125
Debtentures held by the Province of New Brunswick	3,155	2,998
Other loans	6	8
	3,286	3,131
Less: payments due within one year	69	132
Long-term debt	3,217	2,999
Less: sinking funds	403	387
	\$ 2,814	\$ 2,612

Debtentures

Date of maturity	Average Coupon Rate	Canadian	US	2004	2003
Years ending:					
March 31, 2004	7.5%				100
March 31, 2005	2.7%	36	-	36	-
March 31, 2006	5.7%	436	-	436	400
March 31, 2007	5.6%	106	-	106	70
March 31, 2008	4.7%	39	317	356	317
March 31, 2009	7.3%	275	-	275	-
1-5 years	5.7%	892	317	1,209	887
6-10 years	7.2%	1,275	319	1,594	1,459
11-30 years	8.8%	150	327	477	777
Debtentures		\$ 2,317	\$ 963	\$ 3,280	\$ 3,123

Loans payable in annual installments of principal and interest at rates varying from 4.5% to 8.26% per annum to the year 2011.

Total long-term debt

	6	8
	\$ 3,286	\$ 3,131

The weighted average coupon interest rate on all debtentures outstanding at March 31, 2004 is 6.89% (2003 - 7.24%).

The US dollar debtenture balance outstanding at March 31, 2004 is US \$650 million (2003 - \$650 million).

NEW BRUNSWICK POWER CORPORATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
 Year ended March 31, 2004
 (in millions)

10. LONG-TERM DEBT (continued)

Long-term debt and sinking fund obligations

Long-term debt principal and sinking fund obligations with respect to debt outstanding at March 31, 2004 are as follows for the five years ending March 31, 2009:

Year ending March 31, 2005	\$ 69
Year ending March 31, 2006	469
Year ending March 31, 2007	134
Year ending March 31, 2008	380
Year ending March 31, 2009	297

Cross-currency interest rate swaps

- a) 7.625% Debentures, due February 2013 – US \$100 million

With respect to this debt, the Corporation has entered into a cross-currency interest rate swap transaction with Canadian banks that results in an effective fixed interest rate of 7.75125% on CDN \$159 million.

- b) 6.75% Debentures, due August 2013 – US \$100 million

With respect to this debt, the Corporation has entered into a cross-currency interest rate swap transaction with Canadian banks that results in an effective fixed interest rate of 6.80025% on CDN \$159 million.

- c) 3.50% Debentures, due October 2007 – US \$200 million

With respect to this debt, the Corporation has entered into a cross-currency interest rate swap transaction with the Province of New Brunswick that results in an effective fixed interest rate of 4.7925% on CDN \$317 million.

Guarantee fee

The Corporation pays an annual guarantee fee to the Province of New Brunswick, amounting to 0.6489% of the total of long-term debt guaranteed by the Province, debentures held by the Province and short-term indebtedness to the Province, less the balance held in sinking funds, measured as at the previous year end.

11. SHORT-TERM INDEBTEDNESS

The Corporation borrows funds for temporary purposes from the Province of New Brunswick. The short-term borrowings from the Province of New Brunswick are \$477 million at March 31, 2004 (2003 - \$295 million). The Corporation may also borrow from banks from time to time. Such borrowings are payable on demand. The Corporation has \$89 million in bank lines of credit available for short-term borrowings, guaranteed by the Province of New Brunswick.

NB Coal has bank lines of credit totaling \$4 million, which are secured by a general assignment of book debts.

NEW BRUNSWICK POWER CORPORATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Year ended March 31, 2004
(in millions)

12. PLANT DECOMMISSIONING AND USED NUCLEAR FUEL MANAGEMENT

The Corporation's nuclear generating station produces used nuclear fuel in the form of radioactive fuel bundles. The used nuclear fuel will need to be disposed of and the nuclear station will need to be dismantled and decommissioned at the end of its service life.

The Corporation also provides for decommissioning its thermal generating stations at the end of their useful lives.

The liability for plant decommissioning and used nuclear fuel management consists of the following:

	2004	2003
<u>Used Nuclear Fuel Management</u>		
Balance, beginning of year	\$ 61	\$ 56
Add: Liabilities incurred	1	1
Add: Accretion expense	4	4
Balance, end of year	66	61
 <u>Nuclear Decommissioning</u>		
Balance, beginning of year	129	120
Add: Accretion expense	9	9
Balance, end of year	138	129
 <u>Thermal Decommissioning</u>		
Balance, beginning of year	35	33
Add: Accretion expense	2	2
Less: Expenditures	1	-
Balance, end of year	36	35
 Total plant decommissioning and used nuclear fuel management liability at end of year	 \$ 240	 \$ 225

Liability for Used Nuclear Fuel Management

The liability for used nuclear fuel management costs represents the cost of managing the radioactive used nuclear fuel bundles generated by the nuclear station. The liability is partially funded (See Note 8). The key assumptions on which the liability is based are:

- The total undiscounted amount of the estimated cash flows required to settle the liability is \$454 million
- The management of the used nuclear fuel will require cash expenditures until 2047 to settle the liability
- The credit adjusted risk free rate at which the estimated cash flows have been discounted is 7.1%
- The end of the service life of the station is 2010

NEW BRUNSWICK POWER CORPORATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Year ended March 31, 2004
(in millions)

12. PLANT DECOMMISSIONING AND USED NUCLEAR FUEL MANAGEMENT (continued)

Liability for Nuclear Decommissioning

The liability for nuclear decommissioning represents the costs of decommissioning the nuclear generating station after the end of its service life. The liability is partially funded (See Note 8). The key assumptions on which the liability is based are:

- The total undiscounted amount of the estimated cash flows required to settle the liability is \$478 million
- The decommissioning of the nuclear generating station will require cash expenditures until 2052 to settle the liability
- The credit adjusted risk free rate at which the estimated cash flows have been discounted is 7.1%
- The end of the service life of the station is 2010

Liability for Thermal Decommissioning

The liability for thermal decommissioning represents the costs of decommissioning the thermal generating stations after the end of their service lives. The liability is not funded. The key assumptions on which the liability is based are:

- The total undiscounted amount of the estimated cash flows required to settle the liability is \$94 million
- The decommissioning of the thermal generating stations will require cash expenditures until 2033 to settle the liability
- The credit adjusted risk free rate at which the estimated cash flows have been discounted is 7.1%

13. DEFERRED LIABILITIES – OTHER

	2004	2003
Early retirement programs	\$ 30	\$ 24
Retirement allowance program	15	13
Other future employee benefits payable	1	1
NB Coal environmental liability	10	11
	56	49
Less: amounts due within one year	3	4
	\$ 53	\$ 45

NEW BRUNSWICK POWER CORPORATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Year ended March 31, 2004
(in millions)

13. DEFERRED LIABILITIES – OTHER (continued)

Retirement Allowance Liability

The interest rate used in the calculation of this obligation was 6.5% and the assumed rate of salary escalation was 2.5%. The latest actuarial calculation was completed as at April 1, 2003.

The retirement allowance obligation as at March 31, 2004 is \$28 million (2003 - \$27 million). The retirement allowance expense for the year ended March 31, 2004 was \$4 million (2003 - \$4 million). The cumulative amount expensed in excess of amounts paid out under the retirement allowance program has been set up as a deferred liability.

NB Coal Environmental Liability

During the prior year, the Corporation and its subsidiary, NB Coal, developed a long-term plan to treat acidic water drainage from an inactive mine. The plan involves building a permanent water treatment facility, which will be used to treat the site for as long as required. In 2003, NB Coal recognized an environmental liability equal to the net present value of the expected future costs.

	2004	2003
Balance, beginning of year	\$ 11	\$ -
Add: Liabilities incurred	-	11
Add: Accretion expense	1	1
Less: Expenditures	2	1
Balance, end of year	<u>\$ 10</u>	<u>\$ 11</u>

14. AMOUNTS CHARGED OR CREDITED TO OPERATIONS NOT REQUIRING A CURRENT CASH PAYMENT

	2004	2003
Amortization and decommissioning	\$ 213	\$ 216
Amortization of deferred debt costs	7	6
Unrealized foreign exchange gains	(1)	(3)
Used nuclear fuel liabilities incurred	1	1
Retirement expenses less related funding	7	3
Pension expenses less related funding	1	(7)
Write-off of fuel handling system costs	44	-
Other	2	-
	<u>\$ 274</u>	<u>\$ 216</u>

NEW BRUNSWICK POWER CORPORATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Year ended March 31, 2004
(in millions)

15. FINANCIAL INSTRUMENTS

Fair value of financial instruments

The fair value of financial instruments have been estimated by reference to quoted market prices or from valuations supplied by counter-parties for actual or similar instruments at the fiscal year-end, unless otherwise noted.

Interest rate and foreign exchange risk management

At March 31, 2004, the Corporation had outstanding forward cross-currency interest rate swaps effectively hedging principal and interest payments as follows:

	2004	2003
<u>Cross-Currency Interest Rate Swaps</u>		
US debt amount (in millions)	\$ 400	\$ 400
Weighted average interest rate	6.04%	6.04%
Weighted average exchange rate	1.5883	1.5883
Fair value liability (in millions)	\$ (122)	\$ (21)

At March 31, 2004, the Corporation had outstanding foreign exchange contracts maturing over the next eighteen months as follows:

	2004	2003
<u>Foreign Exchange Contracts</u>		
Net commitment to purchase USD (in millions)	\$ 106	\$ 263
Weighted average exchange rate	1.4879	1.5554
Fair value liability (in millions)	\$ (18)	\$ (17)

Fuel price risk management

At March 31, 2004, the Corporation had outstanding heavy fuel oil swap contracts maturing over the next twelve months as follows:

	2004	2003
<u>Heavy Fuel Oil Swaps</u>		
Notional amount (in barrels)	3.3 million	3.2 million
Weighted average fixed price/barrel (in USD)	\$ 21.92	\$ 17.89
Fair value asset (in millions)	\$ 9	\$ 8

NEW BRUNSWICK POWER CORPORATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Year ended March 31, 2004
(in millions)

15. FINANCIAL INSTRUMENTS (continued)

At March 31, 2004, the Corporation had outstanding natural gas swap contracts maturing over the next eighteen months as follows:

	2004	2003
<u>Natural Gas Swaps</u>		
Notional amount (in btu's)	10.1 million	1.3 million
Weighted average fixed price/btu (in USD)	\$ 5.95	\$ 3.92
Fair value asset (in millions)	\$ 14	\$ 4

Under these agreements, the Corporation exchanges monthly payments based on the differential between a fixed price and a monthly cumulative floating price for the associated fuel. The differential to be paid or received is reflected in the cost of purchased power or fuel expense.

Fair value of debt and sinking funds

	2004	2003
<u>Long - Term Debt</u>		
Book value (in millions)	\$ 3,286	\$ 3,131
Fair value (in millions)	\$ 3,879	\$ 3,639
<u>Sinking Funds</u>		
Book value (in millions)	\$ 403	\$ 387
Fair value (in millions)	\$ 452	\$ 420

Fair value of nuclear decommissioning and used fuel management funds

	2004	2003
<u>Nuclear Decommissioning & Used Fuel Management Funds</u>		
Book value (in millions)	\$ 176	\$ 20
Fair value (in millions)	\$ 183	\$ 20

Fair value of other financial assets and liabilities

The fair values of all other financial assets and liabilities are not materially different from their carrying values

Credit risk

Credit risk arises from the potential that a counter party will fail to perform its obligations. The Corporation conducts a thorough assessment of debtors prior to granting credit and actively monitors the financial health of its debtors on an on-going basis. The maximum credit risk exposure is deemed to be the sum of accounts receivable, net of applicable reserves, and the total unrealized gains on other financial instruments exposed to credit risk. Accounts receivable, net of applicable reserves is \$181 million (2003 - \$188 million). The total unrealized gain on other financial instruments exposed to credit risk is \$23 million (2003 - \$12 million).

NEW BRUNSWICK POWER CORPORATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Year ended March 31, 2004
(in millions)

16. COMMITMENTS AND CONTINGENCIES

Coleson Cove Generating Station Refurbishment

Expenditures to March 31, 2004 to refurbish, extend its service life and install emission control equipment amounted to \$ 467 million (2003 - \$106 million). The refurbishment project is expected to be completed by January 2005 (See Note 7).

Belledune Wharf

The Corporation has entered into an operating lease expiring in 2013, with a 20-year renewal option, for the port facility at Belledune. This lease provides for annual charges of approximately \$5 million.

Courtenay Bay Generating Station

The Corporation has entered into a lease agreement for site facilities, expiring in 2021, with a five-year option to extend. The tenant has repowered an existing 100 MW unit to a 280 MW combined cycle natural gas unit, which began commercial operation effective September 2001.

The Corporation has also entered into a related power purchase and transmission access agreement expiring in 2021, with a 5-year option to extend, with the same third party. The Corporation will purchase all the electrical energy produced by the re-powered 280 MW combined cycle natural gas unit during the winter period, November 1 to March 31, and from time to time, some or all of the electrical energy produced during the summer period.

Power Purchase Agreements

The Corporation has entered into a 20-year power purchase agreement to purchase all the capacity and electrical energy produced by a 90 MW co-generation facility that is expected to begin production in December 2004.

The Corporation also has an outstanding power purchase agreement for 38.5 MW of capacity and energy from a co-generation facility which expires in 2027.

Gas Transportation Agreement

The Corporation has entered into an agreement expiring in 2015, for firm natural gas transportation service to the re-powered Courtenay Bay Generating Station. The cost of transportation will be recovered from the tenant referred to in the lease of the generating station.

Orimulsion® Fuel Supply

The Corporation has an agreement with Bitor America Corporation to purchase Orimulsion® fuel for the Dalhousie Generating Station to 2010. Also, the Corporation signed a term sheet and negotiated a contract with Bitor America Corporation for the purchase of Orimulsion® fuel for the Coleson Cove Generating Station for a 20-year term, beginning in 2004. In February 2004, the Corporation filed a lawsuit against Bitor America Corporation and Petroleos de Venezuela ("PDVSA") for breach of contract. The legal action was taken against the Orimulsion® fuel supplier to protect the benefits in the contract for the Coleson Cove Generating Station Refurbishment.

NEW BRUNSWICK POWER CORPORATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Year ended March 31, 2004
(in millions)

16. COMMITMENTS AND CONTINGENCIES (continued)

Computer Equipment

The Corporation has entered into operating leases relating to computer equipment. The future minimum lease payments under these leases are as follows:

	2004	2003
2005	\$ 4	\$ 3
2006	2	1
2007	1	-
	\$ 7	\$ 4

17. RESTRUCTURING

In April 2003 the Province of New Brunswick enacted the "Electricity Act". This Act provides for:

- The restructuring of New Brunswick Power Corporation into five crown corporations:
 - New Brunswick Power Holding Corporation
 - New Brunswick Power Nuclear Corporation
 - New Brunswick Power Generation Corporation
 - New Brunswick Power Transmission Corporation
 - New Brunswick Power Distribution and Customer Service Corporation
- The establishment of a New Brunswick System Operator, a not for profit organization whose primary objective is to independently direct the operation of the electricity market and maintain the adequacy and reliability of the transmission grid.
- The establishment of the New Brunswick Electric Finance Corporation. The New Brunswick Electric Finance Corporation will provide financing and financial backing as required by the new operating companies until such time as they can borrow on their own.

The Act also allows for the Province of New Brunswick to:

- Cause the Generation Corporation to sell all or part of its assets comprising the Coleson Cove Generating Station, or enter into an agreement including a trust, lease, partnership, joint venture or operating agreement, with respect to the Coleson Cove Generating Station.
- Cause the Nuclear Corporation to enter into an arrangement including a trust, lease, partnership, joint venture or operating agreement with respect to the Point Lepreau Nuclear generating Station.
- Effect the transferring of officers, employees, assets, liabilities, rights and obligations of New Brunswick Power Corporation to the New Brunswick Power Holding Corporation, the four operating companies, the System Operator and the Electric Finance Corporation. The transfers of assets, liabilities, rights and obligations will be done at their book values.

The Act received royal assent on April 11, 2003 and is expected to be proclaimed during 2004-05.

18. COMPARATIVE FIGURES

Certain 2003 figures have been reclassified to conform to the 2004 financial statement presentation.

FINANCIAL STATEMENTS

NEW BRUNSWICK

PUBLIC LIBRARIES FOUNDATION

31 MARCH 2004

Office of the
Auditor General

Bureau du
vérificateur général



AUDITOR'S REPORT

To the Chairperson and Directors
New Brunswick Public Libraries Foundation

I have audited the statement of financial position of the New Brunswick Public Libraries Foundation as at 31 March 2004 and the statement of operations and changes in net assets for the year then ended. These financial statements are the responsibility of the Foundation's management. My responsibility is to express an opinion on these financial statements based on my audit.

Except as explained in the following paragraph, 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 common with many charitable organizations, the organization derives revenue from the general public, the completeness of which is not susceptible of satisfactory audit verification. Accordingly, my verification of these revenues was limited to the amounts recorded in the records of the organization and I was not able to determine whether any adjustments might be necessary to public donations, excess (deficiency) of revenue over expenditure, assets and net assets.

In my opinion, except for the effect of adjustments, if any, which I might have determined to be necessary had I been able to satisfy myself concerning the completeness of the contributions referred to in the preceding paragraph, these financial statements present fairly, in all material respects, the financial position of the Foundation as at 31 March 2004 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

K D Robinson

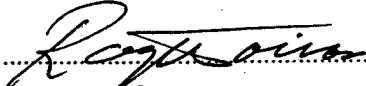
K. D. Robinson, CA
Deputy Auditor General

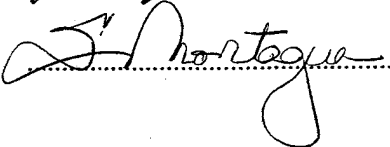
Fredericton, N. B.
6 October 2004

**NEW BRUNSWICK PUBLIC LIBRARIES FOUNDATION
STATEMENT OF FINANCIAL POSITION
31 MARCH 2004**

	2004	2003
ASSETS		
Current assets		
Cash	\$ 384,164	\$ 342,084
Accounts receivable	89,272	25,726
	<u>\$ 473,436</u>	<u>\$ 367,810</u>
LIABILITIES AND NET ASSETS		
Due to Province of New Brunswick	\$ 236,402	\$ 65,092
Deferred revenue	71,114	25,000
Net assets	<u>165,920</u>	<u>277,718</u>
	<u>\$ 473,436</u>	<u>\$ 367,810</u>

Approved by the Board

..... Chairperson

..... Director

**NEW BRUNSWICK PUBLIC LIBRARIES FOUNDATION
STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED 31 MARCH 2004**

	2004 Actual	2003 Actual
REVENUE		
Grants from the Department of Education	\$ 48,249	\$ 100,000
Bank interest	8,519	6,394
Funding from Industry Canada	42,272	-
Funding from the Department of Family and Community Services	886	-
Public donations	6,108	-
	<u>106,034</u>	<u>106,394</u>
EXPENDITURE		
Salaries and related expense	89,150	8,430
Advertising, office supplies and printing	10,436	3,173
Books, magazines and other	105,305	-
Telephone	1,893	-
Meetings	1,952	411
Travel	6,519	2,833
Postage	941	-
Other	1,636	245
	<u>217,832</u>	<u>15,092</u>
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURE	(111,798)	91,302
Net assets, beginning of year	277,718	186,416
NET ASSETS, end of year	<u>\$ 165,920</u>	<u>\$ 277,718</u>

**NEW BRUNSWICK PUBLIC LIBRARIES FOUNDATION
NOTES TO FINANCIAL STATEMENTS
31 MARCH 2004**

1. Authority and Objective

The New Brunswick Public Libraries Foundation is an independent entity created under the provisions of the New Brunswick Public Libraries Foundation Act proclaimed 1 March 1998. The mandate of the Foundation is

- (1) to receive gifts of real and personal property, including money, to support public library services in the Province, including support for capital projects for public library facilities, purchase of materials, equipment and supplies for public libraries and support for such library services as may be delivered through the public library system in the Province,
- (2) to invest and administer the property received,
- (3) to encourage, facilitate and carry out programs and activities that will directly or indirectly increase the financial support of or confer a benefit on public libraries in the Province,
- (4) to make grants and gifts in support of the public library system in the Province,
- (5) to promote the use and benefits of public libraries in the Province, and
- (6) to assist public library boards in raising funds for public libraries in the Province.

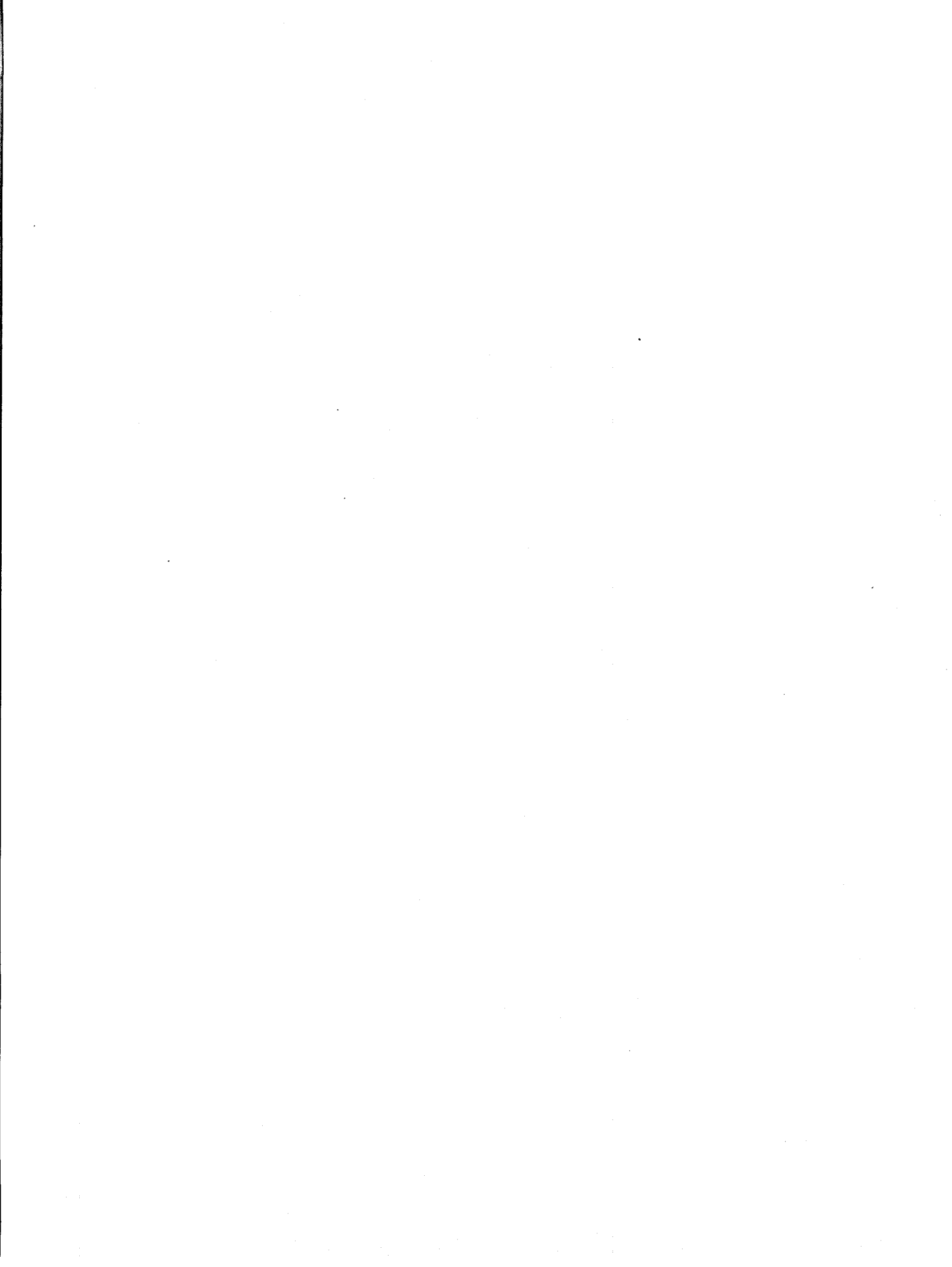
The affairs of the Foundation are administered by a Board of Directors of ten persons appointed by the Lieutenant-Governor in Council. The Department of Education is responsible for the administration of the New Brunswick Public Libraries Foundation Act.

2. Expenses not included in these financial statements

Certain direct and indirect costs of operating the Foundation are absorbed by the Province of New Brunswick through the Department of Education.

3. Statement of cash flows

A statement of cash flows has not been prepared as the required cash flow information is readily apparent from the other financial statements.



CONSOLIDATED FINANCIAL STATEMENTS

NEW BRUNSWICK

RESEARCH AND PRODUCTIVITY COUNCIL

31 MARCH 2004

Office of the
Auditor General

Bureau du
vérificateur général



AUDITOR'S REPORT

The Honourable Bernard Lord
Premier of the Province of New Brunswick

- and -

The Chairman and Members of the
New Brunswick Research and Productivity Council

I have audited the consolidated statement of financial position of the New Brunswick Research and Productivity Council as at 31 March 2004 and the consolidated statements of operations and changes in fund balances and cash flows for the year then ended. These financial statements are the responsibility of the Council'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 the Council as at 31 March 2004 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

KD Robinson

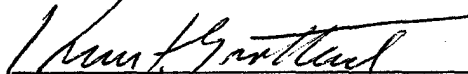
K. D. Robinson, CA
Deputy Auditor General

Fredericton, N.B.
9 June 2004

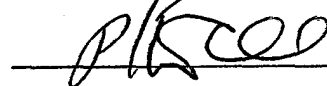
**NEW BRUNSWICK RESEARCH AND PRODUCTIVITY COUNCIL
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
31 MARCH 2004**

	Operating Fund	Capital Fund	2004 Total	2003 Total
ASSETS				
Current assets				
Cash and term deposits	\$ 1,210,115	\$ -	\$ 1,210,115	\$ 859,562
Accounts receivable	1,690,300	-	1,690,300	1,765,729
Work in progress	267,225	-	267,225	114,825
Prepaid expenses	62,766	-	62,766	54,948
	<u>3,230,406</u>	<u>-</u>	<u>3,230,406</u>	<u>2,795,064</u>
Long term investments, at cost (Note 3)	78,565	2,136,990	2,215,555	2,181,427
Capital assets, net (Note 4)	-	2,528,475	2,528,475	2,391,852
	<u>\$ 3,308,971</u>	<u>\$ 4,665,465</u>	<u>\$ 7,974,436</u>	<u>\$ 7,368,343</u>
LIABILITIES AND FUND BALANCES				
Current liabilities				
Accounts payable and accrued liabilities	\$ 1,205,461	\$ -	\$ 1,205,461	\$ 1,302,881
Deferred revenue	307,855	-	307,855	204,286
Current portion of long term debt (Note 5)	72,674	59,400	132,074	34,400
	<u>1,585,990</u>	<u>59,400</u>	<u>1,645,390</u>	<u>1,541,567</u>
Long term debt				
Accrued retirement benefits	405,910	-	405,910	495,305
Notes payable (Note 5)	-	144,608	144,608	85,258
	<u>405,910</u>	<u>144,608</u>	<u>550,518</u>	<u>580,563</u>
Deferred contributions (Note 6)	-	79,180	79,180	20,502
Fund balances				
Unrestricted	1,317,071	-	1,317,071	1,183,044
Board restricted (Note 7)	-	2,136,990	2,136,990	1,790,975
Invested in capital assets	-	2,245,287	2,245,287	2,251,692
	<u>1,317,071</u>	<u>4,382,277</u>	<u>5,699,348</u>	<u>5,225,711</u>
	<u>\$ 3,308,971</u>	<u>\$ 4,665,465</u>	<u>\$ 7,974,436</u>	<u>\$ 7,368,343</u>

Approved by the Council



Chairman



Executive Director

**NEW BRUNSWICK RESEARCH AND PRODUCTIVITY COUNCIL
CONSOLIDATED STATEMENT OF OPERATIONS AND
CHANGES IN FUND BALANCES
FOR THE YEAR ENDED 31 MARCH 2004**

	Operating Fund	Capital Fund	2004 Total	2003 Total
REVENUE				
Operations	\$ 7,820,098	\$ -	\$ 7,820,098	\$ 7,334,570
Operating grant				
Province of New Brunswick	740,700	-	740,700	740,700
Interest	92,148	-	92,148	114,012
Sundry	88,960	-	88,960	80,097
Gain (loss) on sale of capital assets	-	4,284	4,284	(1,176)
	<u>8,741,906</u>	<u>4,284</u>	<u>8,746,190</u>	<u>8,268,203</u>
EXPENSE				
Operations	5,993,676	-	5,993,676	6,231,127
General and administrative	1,783,286	-	1,783,286	1,594,791
Restructuring	-	-	-	256,281
Amortization (Notes 4 and 6)	464,674	-	464,674	450,875
Bad Debts	30,917	-	30,917	28,319
	<u>8,272,553</u>	<u>-</u>	<u>8,272,553</u>	<u>8,561,393</u>
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSE				
	469,353	4,284	473,637	(293,190)
Fund balances, beginning of year	1,183,044	4,042,667	5,225,711	5,518,901
Interfund adjustment	(335,326)	335,326	-	-
FUND BALANCES, end of year	<u>\$ 1,317,071</u>	<u>\$ 4,382,277</u>	<u>\$ 5,699,348</u>	<u>\$ 5,225,711</u>

**NEW BRUNSWICK RESEARCH AND PRODUCTIVITY COUNCIL
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2004**

	Operating Fund	Capital Fund	2004 Total	2003 Total
CASH PROVIDED BY (USED FOR):				
Operating activities				
Excess (deficiency) of revenue over expense	\$ 469,353	\$ 4,284	\$ 473,637	\$ (293,190)
Amortization	464,674	-	464,674	450,875
Loss (gain) on sale of capital assets	-	(4,284)	(4,284)	1,176
Net change in non-cash working capital	(5,966)	25,000	19,034	598,279
Net cash provided by operating activities	928,061	25,000	953,061	757,140
Financing and investing activities				
Purchase or transfer of long-term investment	311,887	(346,015)	(34,128)	(236,716)
Accrual of retirement allowance entitlements	(89,395)	-	(89,395)	(31,970)
Proceeds from long term loan	-	100,000	100,000	-
Payment of long term loans	-	(40,650)	(40,650)	(34,400)
Proceeds on disposal of capital assets	-	8,000	8,000	2,000
Deferred contributions towards capital assets	-	70,867	70,867	23,337
Acquisition of capital assets	-	(617,202)	(617,202)	(498,882)
Net cash provided (used) in financing and investing activities	222,492	(825,000)	(602,508)	(776,631)
NET INCREASE (DECREASE) IN CASH	1,150,553	(800,000)	350,553	(19,491)
Cash and term deposits, beginning of year	859,562	-	859,562	879,053
Interfund transfer (Note 7)	(800,000)	800,000	-	-
CASH AND TERM DEPOSITS, end of year	\$ 1,210,115	\$ -	\$ 1,210,115	\$ 859,562

**NEW BRUNSWICK RESEARCH AND PRODUCTIVITY COUNCIL
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
31 MARCH 2004**

1. Purpose of the organization

The New Brunswick Research and Productivity Council is a non-profit organization incorporated under the Research and Productivity Council Act 1962. The objectives of the Council are to promote, stimulate and expedite continuing improvement in productive efficiency and expansion in the various sectors of the New Brunswick economy. The Council provides independent research, testing and technical services to enterprises primarily within New Brunswick on a fee-for-service basis.

2. Significant accounting policies

(a) Fund accounting

Revenue and expense associated with delivery of services and administrative support are reported in the Operating Fund. The Capital Fund reports assets, liabilities, gains and expenditures related to the acquisition, disposal and financing of capital assets, as well as the amount of net assets restricted for capital purposes.

(b) Revenue recognition

Revenue is determined to be earned and is recorded in the Operating Fund on a percentage of completion basis when services are performed. The value of work completed but not billed is reported as Work in Progress, while amounts which have been paid or billed in advance, but for which work has not been done, are reflected as Deferred Revenue. All interest income is reported in the Operating Fund in the year it is earned, while gains and losses relating to disposal of capital assets are reported in the Capital Fund in the year the disposal occurs.

(c) Capital assets

Capital assets are recorded in the Capital Fund at cost. Amortization is provided on a straight-line basis over the assets' estimated useful lives. Amortization expense is recorded in the Operating Fund as part of the cost of service delivery.

(d) Consolidation policy

These consolidated financial statements include the accounts of the Council and those of its wholly-owned subsidiary, Minuvar Ltd.

**NEW BRUNSWICK RESEARCH AND PRODUCTIVITY COUNCIL
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
31 MARCH 2004**

3. Long-term investments

Investments held at 31 March 2004 have a market value of \$2,273,025 (2003 - \$2,268,021). The fundamental source of uncertainty to which long-term investments are exposed is interest rate risk. Interest rate risk is the risk that the value of an investment will fluctuate due to future changes in market interest rates.

4. Capital assets

	Amortization Rates	2004	2003
Vehicles	25 percent	\$ 14,343	\$ 14,343
Computer equipment	25 percent	1,307,246	1,257,938
Other equipment	12.5 percent	6,321,912	5,831,062
Building	3 percent	2,247,415	2,202,954
Cost		9,890,916	9,306,297
Less: accumulated amortization		7,362,441	6,914,445
Capital assets, net		<u>\$ 2,528,475</u>	<u>\$ 2,391,852</u>

Amortization expense is comprised of the following amounts:

	2004	2003
Amortization of assets	\$ 476,863	\$ 469,766
Amortization of deferred contributions	(12,189)	(18,891)
	<u>\$ 464,674</u>	<u>\$ 450,875</u>

5. Note payable

	2004	2003
Atlantic Canada Opportunities Agency, interest free, payable \$3,750 quarterly through May 1, 2006	\$ 32,004	\$ 47,004
Atlantic Canada Opportunities Agency, interest free, payable \$4,850 quarterly through November 1, 2006	53,254	72,654
Atlantic Canada Opportunities Agency, interest free, payable \$6,250 quarterly through October 1, 2008	118,750	-
	<u>204,008</u>	<u>119,658</u>
Less: current portion	59,400	34,400
	<u>\$ 144,608</u>	<u>\$ 85,258</u>

**NEW BRUNSWICK RESEARCH AND PRODUCTIVITY COUNCIL
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
31 MARCH 2004**

6. Deferred contributions

Deferred contributions reported in the Capital Fund represent the unamortized portion of external contributions received towards the cost of specific capital assets. Amortization of deferred contributions is calculated at the same rate as amortization of the assets to which they relate, and is netted with amortization expense for presentation purposes. This method of presentation became effective 1 April 1995.

The changes for the year in the deferred contributions balance reported in the Capital Fund are as follows:

	2004	2003
Deferred contributions at 1 April	\$ 20,502	\$ 16,056
Contributions to the cost of equipment	70,867	23,337
Amortization of deferred contributions	(12,189)	(18,891)
Deferred contributions at 31 March	<u>\$ 79,180</u>	<u>\$ 20,502</u>

Contributions towards the cost of capital assets in years prior to 1 April 1995 were credited to the cost of the related assets and thus reduced the net asset value subject to amortization. Since the Council's inception it has been the recipient of capital funding from a variety of programs; details concerning the amount and classification of assets funded through these programs are not reasonably determinable. For this reason, capital assets purchased prior to 1 April 1995 continue to be carried at cost net of external contributions.

7. Inter-fund transfers and internally restricted fund balances

The board of directors of the New Brunswick Research and Productivity Council internally restricted resources amounting to \$2,136,990 as at 31 March 2004 (2003 - \$1,790,975). This internally restricted amount is intended for the acquisition of capital assets and payment of capital obligations and is not available for other purposes without the approval of the board of directors. This amount includes a 31 March 2004 transfer of \$800,000 from the Operating Fund to the Capital Fund (2003 - \$500,000).

**NEW BRUNSWICK RESEARCH AND PRODUCTIVITY COUNCIL
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
31 MARCH 2004**

8. Related party transactions

During the year the Council provided services to government departments and Crown agencies of the Province of New Brunswick. The Council provides these services under its normal terms and conditions.

	2004	2003
Revenue from services provided for the year		
Government departments and agencies	\$ 955,441	\$ 956,214
Accounts receivable at 31 March		
Government departments and agencies	\$ 292,518	\$ 125,358



Financial Statements of

**NEW BRUNSWICK TIRE
STEWARDSHIP BOARD**

Year ended December 31, 2003



KPMG LLP
Chartered Accountants
Frederick Square
77 Westmorland Street Suite 700
Fredericton NB E3B 6Z3
Canada

Telephone (506) 452-8000
Telefax (506) 450-0072
www.kpmg.ca

AUDITORS' REPORT

To the Board of Directors

We have audited the statement of financial position of the New Brunswick Tire Stewardship Board as at December 31, 2003 and the statements of operations, changes in net assets and cash flows for the year then ended. These financial statements are the responsibility of the Board's management. Our responsibility is to express an opinion on these 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.

The Board derives revenue from the collection of tire levies pursuant to the provisions of the Clean Environment Act, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of these fee and levy revenues was limited to the amounts recorded in the records of the Board and we were not able to determine whether any adjustments might be necessary to revenues, excess of revenue over expenses, assets, liabilities and surplus.

In our opinion, except for the effect of adjustments, if any, which we might have determined to be necessary had we been able to satisfy ourselves concerning the completeness of the fee and levy revenue referred to in the preceding paragraph, these financial statements present fairly, in all material respects, the financial position of the Board as at December 31, 2003 and the results of its operations and changes in its net assets and cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

KPMG LLP

Chartered Accountants

Fredericton, Canada
March 2, 2004



NEW BRUNSWICK TIRE STEWARDSHIP BOARD

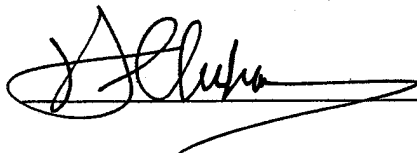
Statement of Financial Position

December 31, 2003, with comparative figures for 2002

	2003	2002
Assets		
Cash	\$ 749,216	\$ 486,522
Accounts receivable	408,347	457,553
Investments	1,514,313	1,451,561
Prepaid expenses	2,657	962
Capital assets (note 2)	9,849	10,557
	\$ 2,684,382	\$ 2,407,155
Liabilities and Net Assets		
Liabilities:		
Accounts payable and accrued liabilities	\$ 1,836,046	\$ 1,698,434
Accrued processing fees	300,000	225,000
Net assets:		
Invested in capital assets	9,849	10,557
Unrestricted	538,487	473,164
	548,336	483,721
	\$ 2,684,382	\$ 2,407,155

See accompanying notes to financial statements.

On behalf of the Board:



Director

NEW BRUNSWICK TIRE STEWARDSHIP BOARD

Statement of Operations

Year ended December 31, 2003, with comparative figures for 2002

	2003	2002
Fees and levies	\$ 2,600,807	\$ 2,568,883
Expenses:		
Scrap tire processing costs	2,275,026	2,429,962
Salaries and employee benefits	150,154	146,321
Travel	26,523	27,011
Board meetings	2,386	7,881
Professional services	69,030	24,974
Consulting fees	10,224	1,800
Communication and translation	35,338	28,160
Office	19,517	17,927
Telephone	5,026	4,033
Rent	12,420	12,420
Insurance	3,432	1,874
Training and subscriptions	2,259	729
Interest and bank charges	1,649	861
Depreciation	6,485	8,048
Recyclable Development Program	-	7,500
Security service	4,891	-
	2,624,360	2,719,501
	(23,553)	(150,618)
Investment income	88,168	66,274
Excess (deficiency) of revenue over expenses	\$ 64,615	\$ (84,344)

See accompanying notes to financial statements.

NEW BRUNSWICK TIRE STEWARDSHIP BOARD

Statement of Changes in Net Assets

Year ended December 31, 2003, with comparative figures for 2002

	Invested in capital assets	Unrestricted	2003 Total	2002 Total
Balance, beginning of year	\$ 10,557	\$ 473,164	\$ 483,721	\$ 568,065
Excess (deficiency) of revenue over expenses	(6,485)	71,100	64,615	(84,344)
Net change in investment in capital assets	5,777	(5,777)	-	-
Balance, end of year	\$ 9,849	\$ 538,487	\$ 548,336	\$ 483,721

See accompanying notes to financial statements.

NEW BRUNSWICK TIRE STEWARDSHIP BOARD

Statement of Cash Flows

Year ended December 31, 2003, with comparative figures for 2002

	2003	2002
Cash provided by (used in):		
Operating activities:		
Excess (deficiency) of revenue over expenses	\$ 64,615	\$ (84,344)
Depreciation, not involving cash	6,485	8,048
Changes in non-cash operating working capital:		
Decrease in accounts receivable	49,206	115,901
Increase in prepaid expenses	(1,695)	(194)
Increase in accounts payable and accrued liabilities	137,612	296,146
Increase (decrease) in accrued processing fees	75,000	(150,000)
	331,223	185,557
Financing and investing activities:		
Capital assets acquired	(5,777)	(5,604)
Increase in investments	(62,752)	(54,992)
Increase in loans receivable	-	11,258
	(68,529)	(49,338)
Increase in cash position	262,694	136,219
Cash position, beginning of year	486,522	350,303
Cash position, end of year	\$ 749,216	\$ 486,522

See accompanying notes to financial statements.

NEW BRUNSWICK TIRE STEWARDSHIP BOARD

Notes to Financial Statements

Year ended December 31, 2003

The New Brunswick Tire Stewardship Board (the "Board") is a not-for-profit organization incorporated under the Clean Environment Act. The principal business activity is overseeing the collection and recycling of used tires on behalf of the Minister of Environment for the Province of New Brunswick.

1. Significant accounting policies:

(a) General:

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

(b) Investments:

Investments are carried at lower of cost and market value.

(c) Fees and levies:

The New Brunswick Tire Stewardship Board requires retail registrants to remit to the Board, a levy on prescribed new tires sold. Revenue is recognized by the Board at the time tires are sold.

(d) Capital assets:

Capital assets are recorded at cost. Depreciation is recorded using the following method and annual rates:

Asset	Basis	Rate
Office equipment	Straight-line	5 years
Furniture and fixtures	Straight-line	5 years
Computer equipment	Straight-line	3 years

(e) Scrap tire processing costs:

The Board remits a portion of all levies to Tire Recycling Atlantic Canada Corporation (TRACC). Half of the amount payable is remitted at time of collection and half is payable when TRACC has sold products containing the recycled material. The total amount due to TRACC is accounted for at time of pickup.

NEW BRUNSWICK TIRE STEWARDSHIP BOARD

Notes to Financial Statements

Year ended December 31, 2003

2. Capital assets:

	Cost	Accumulated depreciation	2003 Net book value	2002 Net book value
Office equipment	\$ 15,275	\$ 14,642	\$ 633	\$ 1,744
Furniture and fixtures	9,619	5,206	4,413	4,579
Computer equipment	31,351	26,548	4,803	4,234
	\$ 56,245	\$ 46,396	\$ 9,849	\$ 10,557

3. Fair value of financial assets and financial liabilities:

The fair value of the Board's cash, accounts receivable, accounts payable and accrued liabilities and accrued processing fees approximate their carrying amounts.

The fair value of investments at December 31, 2003 was \$1,515,515 (2002 - \$1,458,115) based on published listings of market values.

FINANCIAL STATEMENTS
PREMIER'S COUNCIL ON THE
STATUS OF DISABLED PERSONS
31 MARCH 2004

Office of the
Auditor General

Bureau du
vérificateur général



AUDITOR'S REPORT

To the Chairperson and Members of
Premier's Council on the Status of Disabled Persons

I have audited the balance sheet of the Premier's Council on the Status of Disabled Persons as at 31 March 2004 and the statement of revenue, expenditure and surplus for the year then ended. These financial statements are the responsibility of the Council'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 Council as at 31 March 2004 and the results of its operations for the year then ended in accordance with Canadian generally accepted accounting principles.

K D Robinson

K. D. Robinson, CA
Deputy Auditor General

Fredericton, N.B.
14 June 2004

**PREMIER'S COUNCIL ON THE STATUS OF DISABLED PERSONS
BALANCE SHEET
31 MARCH 2004**

	2004	2003
ASSETS		
Current assets		
Cash	\$ 14,356	\$ 4,990
Accounts receivable	3,913	2,846
Prepaid expenses	2,557	2,662
	<u>\$ 20,826</u>	<u>\$ 10,498</u>
LIABILITIES AND SURPLUS		
Current liabilities		
Accounts payable and accrued liabilities	\$ 5,794	\$ 5,482
Surplus	15,032	5,016
	<u>\$ 20,826</u>	<u>\$ 10,498</u>

Approved by the Council

Barry Freeze Chairperson

Allen Sault Member

**PREMIER'S COUNCIL ON THE STATUS OF DISABLED PERSONS
STATEMENT OF REVENUE, EXPENDITURE AND SURPLUS
FOR THE YEAR ENDED 31 MARCH 2004**

	2004 Budget	2004 Actual	2003 Actual
REVENUE			
Grants - Province of New Brunswick	\$ 255,500	\$ 252,000	\$ 250,900
Miscellaneous revenue	2,014	6,983	355
	<u>257,514</u>	<u>258,983</u>	<u>251,255</u>
EXPENDITURE			
Salaries and employee benefits	189,000	190,158	183,762
Furniture and equipment	2,500	2,299	2,451
Office supplies	3,600	3,488	3,770
Telephone	3,800	3,835	3,343
Printing	10,000	9,301	9,787
Translation	7,500	5,353	7,284
Honoraria	8,000	6,500	7,225
Travel expenses	6,500	6,332	6,512
Postage	7,000	3,157	6,414
Maintenance	1,500	882	1,194
Hotel expenses	8,000	5,861	5,946
Parking	2,600	2,535	2,332
Council meetings	5,000	3,162	2,932
Consultations and seminars	-	125	1,402
Meals	1,800	1,396	1,495
Library and subscriptions	2,400	1,479	2,435
Office equipment rental	2,100	2,007	2,257
Insurance	700	643	568
Miscellaneous	858	293	910
Bank charges	300	161	200
	<u>263,158</u>	<u>248,967</u>	<u>252,219</u>
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURE FOR THE YEAR	<u>\$ (5,644)</u>	10,016	(964)
Surplus, beginning of year		<u>5,016</u>	5,980
SURPLUS, END OF YEAR		<u>\$ 15,032</u>	<u>\$ 5,016</u>

**PREMIER'S COUNCIL ON THE STATUS OF DISABLED PERSONS
NOTES TO FINANCIAL STATEMENTS
31 MARCH 2004**

1. Summary of significant accounting policies

(a) Capital assets

It is the policy of the Council to charge all capital asset purchases to expense in the period in which the expenditure is incurred.

(b) Services provided by the Province of New Brunswick

The Council uses an office for which rent is paid by the Province of New Brunswick. Therefore, no rental charge has been included in the Council's expenses.

2. Other activities – Disability Awareness Week

The Council acts as a co-ordinator for Disability Awareness Week (D.A.W.). The Council pays for some costs incurred in holding this event on behalf of the provincial D.A.W. committee. These funds are reimbursed to the Council from grants received by the provincial D.A.W. committee from Human Resources Development Canada (H.R.D.C.). Should the committee not receive sufficient funding from H.R.D.C. the Council is responsible for expenditures not reimbursed.



FINANCIAL STATEMENTS
PROVINCIAL HOLDINGS LTD.
31 MARCH 2004

Office of the
Auditor General

Bureau du
vérificateur général



AUDITOR'S REPORT

To the Shareholder of
Provincial Holdings Ltd.

I have audited the balance sheet of Provincial Holdings Ltd. as at 31 March 2004 and the statements of income 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 the Company as at 31 March 2004 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

KD Robinson

K. D. Robinson, CA
Deputy Auditor General

Fredericton, N. B.
7 October 2004

**PROVINCIAL HOLDINGS LTD.
BALANCE SHEET
31 MARCH 2004**

	2004	2003
ASSETS		
Current assets		
Cash and short-term investments	\$ 565,605	\$ 442,897
Interest receivable	4,665	4,160
Miscellaneous receivable	2,745	220
	<u>573,015</u>	<u>447,277</u>
Industrial development projects (Notes 2 and 3)		
Loans to client companies	4,760,408	5,246,273
Shares in client companies	2,941,045	2,941,045
Building held for development purposes	310,000	310,000
	<u>8,011,453</u>	<u>8,497,318</u>
Less: Provision for loss	3,399,440	2,627,353
	<u>4,612,013</u>	<u>5,869,965</u>
	<u>\$ 5,185,028</u>	<u>\$ 6,317,242</u>
LIABILITIES AND SHAREHOLDER'S EQUITY		
Current liabilities		
Accounts payable - due to Province of New Brunswick	\$ 110,424	\$ 89,487
Accounts payable - other	31,713	10,335
Provision for loss on guaranteed loans	100,000	
	<u>242,137</u>	<u>99,822</u>
Long-term debt		
Due to Province of New Brunswick (Note 3)	6,623,498	6,976,488
Less: Provision for loss on industrial development projects (Note 2)	2,371,485	2,367,185
	<u>4,252,013</u>	<u>4,609,303</u>
Capital stock		
Authorized: 500 common shares, par value of \$10 each		
Issued: 500 shares	5,000	5,000
Retained earnings		
	685,878	603,117
	<u>690,878</u>	<u>608,117</u>
	<u>\$ 5,185,028</u>	<u>\$ 6,317,242</u>

Approved by the Board

Maurice J. Bernier Director

[Signature] Director

**PROVINCIAL HOLDINGS LTD.
STATEMENT OF INCOME AND RETAINED EARNINGS
FOR THE YEAR ENDED 31 MARCH 2004**

	2004	2003
REVENUE		
Loss recovery - provincially funded (Note 2)	\$ 1,018,261	\$ 753,900
Interest income	81,235	59,943
Miscellaneous revenue	15,000	1,000
	<u>1,114,496</u>	<u>814,843</u>
EXPENSE		
Loss on sale of capital asset	-	753,900
Bad debts	999,762	14,069
Amortization on building	-	20,350
Real estate commission	-	11,550
Miscellaneous	290	200
Rent	-	125
Property tax	-	13,433
Holding costs for investment in building	31,683	-
Accounting and legal fees	-	1,512
	<u>1,031,735</u>	<u>815,139</u>
NET INCOME (LOSS) FOR THE YEAR	82,761	(296)
Retained earnings, beginning of year	603,117	603,413
RETAINED EARNINGS, end of year	<u>\$ 685,878</u>	<u>\$ 603,117</u>

**PROVINCIAL HOLDINGS LTD.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2004**

	2004	2003
CASH PROVIDED BY (USED FOR)		
Operating activities:		
Net income (loss) for the year	\$ 82,761	\$ (296)
Add (deduct) items not requiring, or generating cash		
Amortization	-	20,350
Bad debt expense	999,762	14,069
Bad debt recovery - provincially funded	(868,924)	-
Uncollectible investment income	(16,950)	-
Loss (gain) on sale of capital asset	-	753,900
Loss recovery - provincially funded	(149,337)	(753,900)
	<u>47,312</u>	<u>34,123</u>
Changes in non-cash working capital components*	39,284	118,848
	<u>86,596</u>	<u>152,971</u>
Investing activities:		
Industrial development projects - recoveries		
Loans	389,029	315,061
Industrial development projects - investments		
Loans	(13,888)	(64,069)
Property purchase	-	(310,000)
Proceeds from land and building sale	-	165,000
	<u>375,141</u>	<u>105,992</u>
Financing activities:		
Repayments to the Province	(339,029)	(470,084)
INCREASE (DECREASE) IN CASH	122,708	(211,121)
Cash position, beginning of year	442,897	654,018
CASH POSITION, end of year	<u>\$ 565,605</u>	<u>\$ 442,897</u>

* Non-cash working capital components include accounts receivable and accounts payable.

**PROVINCIAL HOLDINGS LTD.
NOTES TO FINANCIAL STATEMENTS
31 MARCH 2004**

1. Description of operations

Provincial Holdings Ltd. was established in 1973 under the Companies Act of the Province of New Brunswick. The Company is wholly owned by the Province of New Brunswick and is responsible for administering industrial development project investments. The administration of the Company's affairs is carried out by employees of the Province of New Brunswick under the direction of the Company's Board of Directors. All costs associated with these employees are paid by the Province.

2. Summary of significant accounting policies

Industrial development projects

The Company's investments in industrial development projects are carried at cost except where, by agreement, interest on such projects is capitalized. In these cases the capitalized interest is added to the cost of the investment.

To recognize potential losses relating to industrial development project investments, the Company maintains a provision for loss against its investments. Pursuant to Treasury Board minute 74-57, any losses arising on investments funded by advances from the Province of New Brunswick will be borne by the Province through a corresponding reduction in the long term debt of the Company. As a result of this undertaking by the Province, any losses recorded as an expense by the Company are offset by a recovery from the Province.

3. Long-term debt

Pursuant to Treasury Board Minute 74-57, advances from the Province of New Brunswick are interest free and are to be repaid from recoveries of amounts invested in industrial development projects.

4. Contingent liabilities

The Company has guaranteed loans to two client companies. Under one agreement, the amount guaranteed shall not exceed the lesser of \$7,500,000 or 50% of the balance of the loan. The contingent liability in respect of this guarantee was \$1,761,682 (2003 - \$2,634,597) at 31 March 2004. In this case, any resulting loss will be borne by the Province of New Brunswick and will not be reflected as an expense of the Company.

The other agreement is new in 2004. The amount guaranteed shall not exceed the lesser of \$1,000,000 or the balance of the loans. The contingent liability in respect to this guarantee was \$500,000 at 31 March 2004.

FINANCIAL STATEMENTS

REGIONAL DEVELOPMENT CORPORATION

31 MARCH 2004

Office of the
Auditor General

Bureau du
vérificateur général



AUDITOR'S REPORT

Lieutenant-Governor in Council
- and -
The Chairperson and Directors
Regional Development Corporation
Fredericton, New Brunswick

I have audited the balance sheet of the Regional Development Corporation as at 31 March 2004 and the statement of revenue and expenditure 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 financial statements present fairly, in all material respects, the financial position of the Corporation as at 31 March 2004 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

A handwritten signature in cursive script that reads "K. D. Robinson".

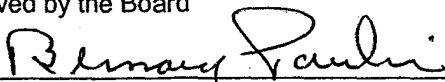
K. D. Robinson, CA
Deputy Auditor General

Fredericton, N. B.
21 September 2004

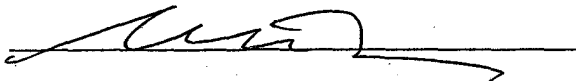
**REGIONAL DEVELOPMENT CORPORATION
BALANCE SHEET
31 MARCH 2004**

	2004	2003
ASSETS		
Current assets		
Cash	\$ 690,864	\$ 82,565
Accounts receivable		
Canada - Regional Economic Development Agreement	4,542,239	626,219
- Other agreements	2,691,726	1,150,600
Province of New Brunswick - operating and capital funds	5,511,401	4,821,352
Other	119,443	20,448
Prepays	-	290,000
	<u>13,555,673</u>	<u>6,991,184</u>
Other assets		
Advance to Fundy Trail Endowment Fund - In Trust (Note 2)	3,800,000	3,600,000
Loan receivable (Note 3)	837,969	629,144
	<u>\$ 18,193,642</u>	<u>\$ 11,220,328</u>
LIABILITIES		
Current liabilities		
Accounts payable		
Province of New Brunswick - claims on Canada	\$ 6,956,902	\$ 1,759,656
Deferred revenue	1,988,849	2,786,664
Provision for losses on guaranteed loans	450,000	850,000
Other	4,159,922	1,594,864
	<u>13,555,673</u>	<u>6,991,184</u>
Due to Province of New Brunswick		
Fundy Trail Endowment Fund - In Trust (Note 2)	3,800,000	3,600,000
Loan receivable (Note 3)	837,969	629,144
	<u>\$ 18,193,642</u>	<u>\$ 11,220,328</u>

Approved by the Board



Chairperson



Director

**REGIONAL DEVELOPMENT CORPORATION
STATEMENT OF REVENUE AND EXPENDITURE
FOR THE YEAR ENDED 31 MARCH 2004**

	2004	2003
REVENUE		
Federal contribution (Schedule 1)	\$ 9,751,544	\$ 7,990,626
Provincial contribution (Schedule 2)	45,220,398	45,751,535
	<u>54,971,942</u>	<u>53,742,161</u>
EXPENDITURE		
Cost shared agreements		
Regional Economic Development Agreement	8,851,757	8,457,096
Atlantic Canada Tourism Partnership	724,000	856,012
International Business Development Agreement	290,368	218,000
	<u>9,866,125</u>	<u>9,531,108</u>
Developmental funding		
Acadian Peninsula Economic Development Fund	5,899,912	4,578,478
Total Development Fund	4,193,878	5,019,879
Restigouche-Chaleur Economic Development Fund	3,910,357	-
Community Economic Development Fund	1,366,040	1,180,940
	<u>15,370,187</u>	<u>10,779,297</u>
Other activities		
Grants to RDC - SOA (Note 1)	12,284,583	18,380,468
Special initiatives	4,365,898	2,901,497
Official Languages and Intergovernmental Cooperation	6,234,602	3,936,741
Operations	2,028,848	2,304,655
Youth Community Assistance Program	1,932,747	2,349,559
Centres scolaires communautaires	1,715,500	1,712,400
Aboriginal Economic Development Program	587,439	43,771
Other projects (Schedule 3)	586,013	952,665
Provision for loss	-	850,000
	<u>29,735,630</u>	<u>33,431,756</u>
	<u>54,971,942</u>	<u>53,742,161</u>
EXCESS OF REVENUE OVER EXPENDITURE	<u>\$ -</u>	<u>\$ -</u>

**REGIONAL DEVELOPMENT CORPORATION
SCHEDULES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2004**

	2004	2003
Schedule 1 - Revenue - Federal Contribution		
Regional Economic Development Agreement	\$ 6,196,230	\$ 5,906,570
Other Activities		
Official Languages and Intergovernmental Cooperation	2,744,669	1,677,276
Centres scolaires communautaires	282,500	282,500
Tobacco Sales Enforcement	124,280	124,280
Aboriginal Economic Development Program	403,865	-
	<u>3,555,314</u>	<u>2,084,056</u>
	<u>\$ 9,751,544</u>	<u>\$ 7,990,626</u>
Schedule 2 - Revenue - Provincial Contribution		
Cost shared agreements		
Regional Economic Development Agreement	\$ 2,655,527	\$ 2,550,526
Atlantic Canada Tourism Partnership	724,000	856,012
International Business Development Agreement	290,368	218,000
	<u>3,669,895</u>	<u>3,624,538</u>
Developmental Funding		
Acadian Peninsula Economic Development Fund	5,899,912	4,578,478
Total Development Fund	4,193,878	5,019,879
Restigouche - Chaleur Economic Development Fund	3,910,357	-
Community Economic Development Fund	1,366,040	1,180,940
	<u>15,370,187</u>	<u>10,779,297</u>
Other Activities		
Grant to RDC - SOA (Note 1)	12,284,583	18,380,468
Special initiative	4,365,898	2,901,497
Official languages and intergovernmental cooperation	3,489,933	2,259,465
Operations	2,028,848	2,304,655
Youth Community Assistance Program	1,932,747	2,349,559
Centres scolaires communautaires	1,433,000	1,429,900
Aboriginal Economic Development Program	183,574	43,771
Other projects	461,733	828,385
Provision for loss	-	850,000
	<u>26,180,316</u>	<u>31,347,700</u>
	<u>\$ 45,220,398</u>	<u>\$ 45,751,535</u>

**REGIONAL DEVELOPMENT CORPORATION
SCHEDULES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2004**

	2004	2003
Schedule 3 - Expenditure - Other Projects		
Premier's Action Committee	\$ -	\$ 335,627
Queen's visit	-	201,925
Restigouche-Chaleur initiative	-	172,376
DIIR - Special initiative - administration expenses	346,539	-
Tobacco sales enforcement	124,280	125,000
Community Events Program	115,194	117,737
	<u>\$ 586,013</u>	<u>\$ 952,665</u>

**REGIONAL DEVELOPMENT CORPORATION
NOTES TO FINANCIAL STATEMENTS
31 MARCH 2004**

1. General comments on operations

The Regional Development Corporation is a provincial Crown agency incorporated by an Act of the New Brunswick Legislature. The Corporation has administrative responsibility for all provincially delivered programs under the Regional Economic Development Agreement. The Corporation is also responsible for a number of other projects assigned to it by the Province.

Federal contributions are in some instances paid directly to project recipients. Such payments are not recorded in the revenues and expenditures of the Corporation.

The Regional Development Corporation established a Special Operating Agency (SOA) effective 31 March 1994. Amounts provided to the Corporation by the Province, which were subsequently transferred to the SOA, are shown in the Corporation's statement of revenue and expenditure. Amounts provided by other agencies or departments of government to the SOA are included in the financial statement of the SOA but are not included in these financial statements.

2. Fundy Trail Endowment Fund

The Province of New Brunswick and the Government of Canada have agreed to the establishment of this fund. The sole purpose of the fund is to assist in the construction of a scenic roadway from St. Martins, N.B. to Alma, N.B.

The Province of New Brunswick has advanced \$5 million to this fund. This \$5 million was advanced through the Regional Development Corporation. At a future date all or part of this \$5 million may be returned to the Regional Development Corporation. This date is to be no later than 31 March 2010.

Loans such as these, that are significantly concessionary because they earn a low rate of return, are originally recorded as assets at the net present value of the expected future cash flows. The net present value is calculated at each year end using the Province's borrowing rate at the time the loan was issued.

3. Loan Receivable

The loan receivable is interest free and therefore concessionary in nature. The loan is recorded at the net present value of its estimated future cash flows using the Province's borrowing rate at the time the loan was issued. The difference between the nominal value of the loan and its net present value is recorded as an expenditure.

4. Commitments

Under the Regional Economic Development Agreement, the provincial government has committed funds subsequent to 31 March 2004 totalling approximately \$5.3 million (31 March 2003 - \$7.2 million).

Such commitments are made subject to funds being approved by the Legislature of New Brunswick.

**REGIONAL DEVELOPMENT CORPORATION
NOTES TO FINANCIAL STATEMENTS
31 MARCH 2004**

5. Contingent liabilities

Contributions received from the federal government under federal/provincial cost sharing agreements are subject to adjustment following audits by federal authorities. Adjustments as a result of federal audits will be reflected in the financial statements of the Corporation in the period of settlement.

The Corporation has guaranteed loans of certain organizations. At 31 March 2004 the contingent liability in respect of these guarantees was \$3,419,003 (31 March 2003 - \$3,650,079). Any resulting losses will be borne by the Corporation.

6. Statement of cash flows

A statement of cash flows has not been prepared as the required cash flow information is readily apparent from the other financial statements.

FINANCIAL STATEMENTS
REGIONAL DEVELOPMENT CORPORATION
SPECIAL OPERATING AGENCY
31 MARCH 2004

Office of the
Auditor General

Bureau du
vérificateur général



AUDITOR'S REPORT

Lieutenant Governor in Council
- and -
The Chairperson and Directors
Regional Development Corporation
Fredericton, New Brunswick

I have audited the balance sheet of the Regional Development Corporation - Special Operating Agency as at 31 March 2004 and the statement of revenue and expenditure 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 financial statements present fairly, in all material respects, the financial position of the Regional Development Corporation - Special Operating Agency as at 31 March 2004 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

A handwritten signature in cursive script that reads "K. D. Robinson".

K. D. Robinson, CA
Deputy Auditor General

Fredericton, N. B.
15 September 2004

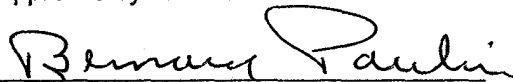
**REGIONAL DEVELOPMENT CORPORATION
SPECIAL OPERATING AGENCY
BALANCE SHEET
31 MARCH 2004**

ASSETS	2004	2003
Current assets		
Accounts receivable		
Canada - Infrastructure Agreement	\$ 4,935,396	\$ 2,944,906
Province of New Brunswick - Operating and capital funds	-	3,750,987
	<u>\$ 4,935,396</u>	<u>\$ 6,695,893</u>

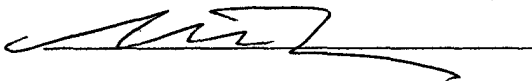
LIABILITIES AND EQUITY

Current liabilities		
Accounts payable		
Province of New Brunswick - Operating and capital funds	\$ 1,125,922	\$ -
Equity	<u>3,809,474</u>	<u>6,695,893</u>
	<u>\$ 4,935,396</u>	<u>\$ 6,695,893</u>

Approved by the Board



Chairperson



Director

**REGIONAL DEVELOPMENT CORPORATION
SPECIAL OPERATING AGENCY
STATEMENT OF REVENUE AND EXPENDITURE
FOR THE YEAR ENDED 31 MARCH 2004**

	2004	2003
REVENUE		
Federal contribution		
- Infrastructure Agreement	\$ 13,457,074	\$ 13,560,882
Provincial contribution		
- Infrastructure Agreement	10,751,500	10,857,840
- Canada Winter Games 2003	333,084	6,322,628
- Community Economic Development Agencies	1,200,000	1,200,000
- Planning initiatives	-	13,727
	<u>12,284,584</u>	<u>18,394,195</u>
	<u>25,741,658</u>	<u>31,955,077</u>
EXPENDITURE		
Infrastructure Agreement	27,098,316	27,096,356
Canada Winter Games 2003	333,084	6,795,928
Community Economic Development Agencies	1,196,677	1,196,677
	<u>28,628,077</u>	<u>35,088,961</u>
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURE	(2,886,419)	(3,133,884)
Equity, beginning of year	6,695,893	9,829,777
EQUITY, end of year	<u>\$ 3,809,474</u>	<u>\$ 6,695,893</u>

**REGIONAL DEVELOPMENT CORPORATION
SPECIAL OPERATING AGENCY
NOTES TO FINANCIAL STATEMENTS
31 MARCH 2004**

1. General comments on operations

The Regional Development Corporation Special Operating Agency (SOA) was established effective 31 March 1994. The SOA was formed initially for the purpose of providing financial management for the Canada - New Brunswick Infrastructure Agreement. The Agency is now also responsible for a number of other projects assigned to it by the Province.

The equity balance for the SOA represents amounts funded by the Province for future expenditures by the SOA.

2. Contingent liabilities - federal contribution

Contributions received from the federal government under federal/provincial cost sharing agreements are subject to adjustment following audits by federal authorities. Adjustments as a result of federal audits will be reflected in the financial statements of the Agency in the period of settlement.

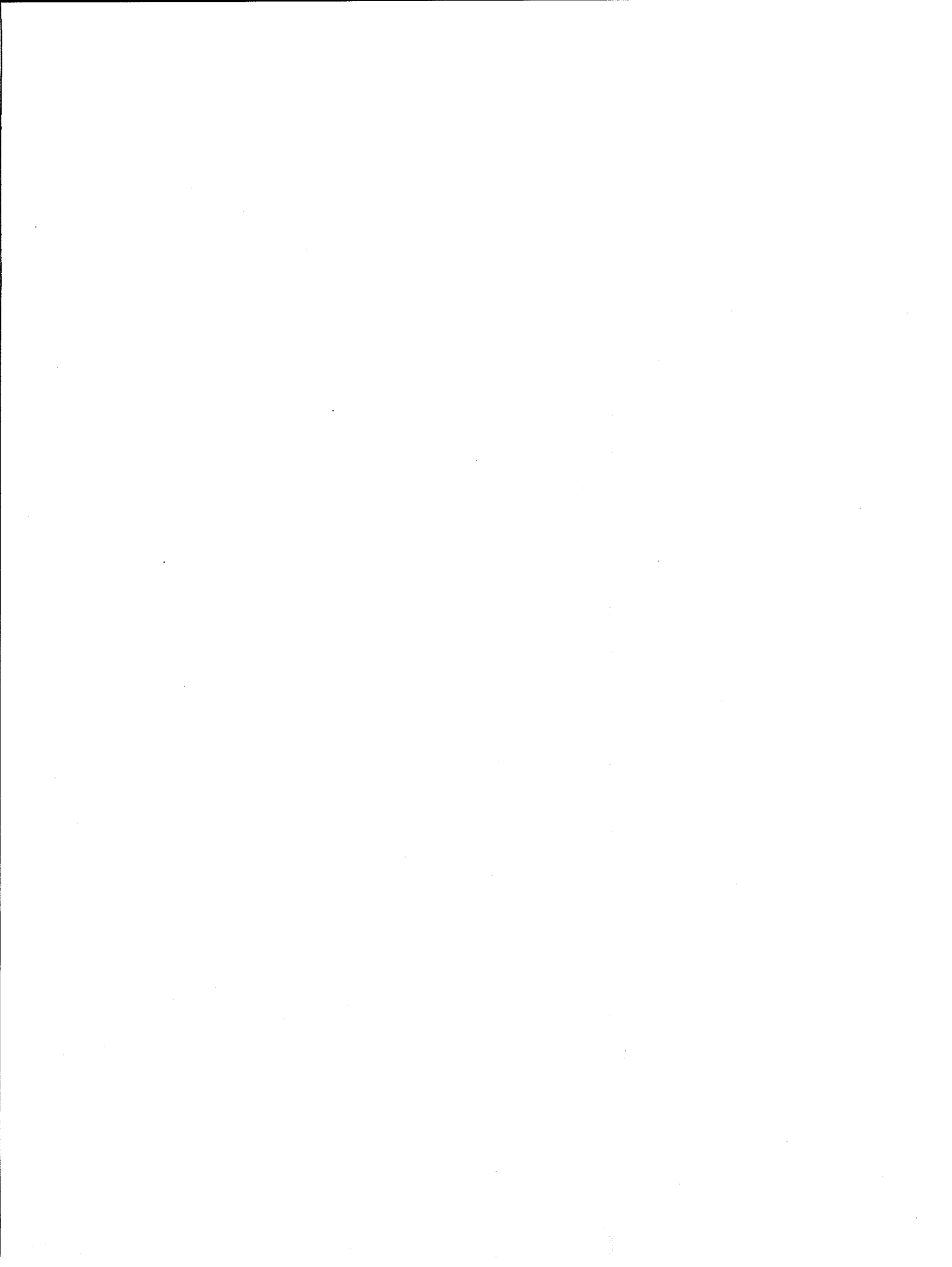
3. Commitments

Under the Canada-New Brunswick Infrastructure Agreement, the provincial government has committed funds subsequent to 31 March 2004 totalling approximately \$21.8 million.

Such commitments are made subject to funds being approved by the Legislature of New Brunswick.

4. Statement of cash flows

A statement of cash flows has not been prepared as the required cash flow information is readily apparent from the other financial statements.





Service New Brunswick
Services Nouveau-Brunswick

Financial Statements

March 31, 2004

Service New Brunswick

MANAGEMENT REPORT

The preparation of financial information is an integral part of management's responsibilities, and the accompanying financial statements are the responsibility of the management of the Corporation.

The Corporation maintains an accounting system and related controls to provide management and the Board with reasonable assurance that transactions are executed and recorded as authorized, that assets are properly safeguarded and accounted for, and that financial records are reliable for the preparation of financial statements in accordance with generally accepted accounting principles.

It is the responsibility of the Board to oversee management's performance of its financial reporting responsibilities and to review and approve the financial statements. Upon the recommendation of the Audit Committee, these financial statements are approved by the Board of the Corporation.



Jacques Dubé
President



Carol Macdonald, CA
Vice President Corporate Services

Fredericton, N B Canada
June 7, 2004

Service New Brunswick

AUDITORS' REPORT

To the Members of the Board:

We have audited the balance sheet of Service New Brunswick as at March 31, 2004 and the statements of income and changes in equity and cash flows for the year then ended. These financial statements are the responsibility of the Corporation's management. Our responsibility is to express an opinion on these 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, 2004 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Ernst + Young LLP

Saint John, N B Canada
June 7, 2004


Chartered Accountants

Service New Brunswick

BALANCE SHEET As at March 31

ASSETS	2004	2003 (Restated-Note 2)
CURRENT ASSETS		
Cash and cash equivalents	\$ 9,733,861	\$ 8,200,434
Partner cash (Note 4)	8,608,977	8,477,891
Accounts receivable (Note 5)	1,642,639	2,085,005
Prepaid expenses	974,453	566,766
	20,959,930	19,330,096
LONG TERM ASSETS		
Equipment (Note 6)	3,019,648	3,828,136
System development (Notes 2, 6, and 10)	17,625,512	16,885,752
	20,645,160	20,713,888
	\$ 41,605,090	\$ 40,043,984
LIABILITIES & EQUITY		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities (Note 7)	\$ 5,931,123	\$ 5,761,788
Partner remittances payable (Note 4)	8,608,977	8,477,891
Deferred revenue	55,702	35,938
Land titles assurance (Note 8)	1,212,477	757,255
	15,808,279	15,032,872
EQUITY (Restated-Note 2)	25,796,811	25,011,112
	\$ 41,605,090	\$ 40,043,984

Commitments Note 12
See accompanying notes


Georgette M. Roy
Chairman


Jacques Dubé
President

Service New Brunswick

STATEMENT OF INCOME AND CHANGES IN EQUITY For the year ended March 31

	2004	2003 (Restated- Note 2)
REVENUES		
Provincial services	\$ 25,271,512	\$ 26,123,423
Municipal services	6,592,455	6,328,818
Registry fees	13,892,603	13,775,552
Products and services	2,575,759	2,247,954
Interest	453,552	422,615
Software sales	5,000	236,000
Salary recoveries	140,665	150,493
	48,931,546	49,284,855
EXPENSES		
Personnel services	28,631,288	27,829,235
Communications and computer services	4,871,879	4,750,954
Space and equipment services	4,971,508	4,673,145
Amortization	3,865,292	3,871,875
Professional and banking services	2,919,757	3,413,474
Travel and meetings	1,057,942	1,029,018
Materials and supplies	730,857	969,930
Furniture and equipment	609,234	616,381
Other	488,090	427,270
	48,145,847	47,581,282
NET INCOME	785,699	1,703,573
OPENING EQUITY (as previously stated)	26,020,241	23,555,415
Less: Restatement due to change of accounting policy (Note 2)	1,009,129	247,876
OPENING EQUITY (as restated)	25,011,112	23,307,539
ENDING EQUITY	\$ 25,796,811	\$ 25,011,112

See accompanying notes

Service New Brunswick

STATEMENT OF CASH FLOWS
 For the year ended March 31

	2004	2003 (Restated-Note 2)
Cash and cash equivalents provided by (used in)		
Operations		
Net income	\$ 785,699	\$ 1,703,573
Items not involving cash:		
Amortization	3,865,292	3,871,875
Change in non-cash working capital (Note 9)	223,778	(400,497)
	4,874,769	5,174,951
Financing		
Increase in Land Titles Assurance	455,222	421,305
Investments		
Additions to equipment	(575,949)	(1,086,038)
Additions to system development	(3,235,417)	(4,271,269)
Proceeds from disposal	14,802	3,557
	(3,796,564)	(5,353,750)
Increase in cash	1,533,427	242,506
Cash and cash equivalents, beginning of year	8,200,434	7,957,928
Cash and cash equivalents, end of year	\$ 9,733,861	\$ 8,200,434

 See accompanying notes

Service New Brunswick

NOTES TO FINANCIAL STATEMENTSFor the year ended March 31, 2004

1. SERVICE NEW BRUNSWICK

Service New Brunswick is a non-taxable Crown Corporation established under the *Service New Brunswick Act*. Its mission is making government services more accessible and being stewards for authoritative information.

2. ACCOUNTING POLICIES**General**

The Corporation follows Canadian generally accepted accounting principles (GAAP).

Cash and cash equivalents

Cash and cash equivalents includes cash on hand and short term, highly liquid financial instruments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Financial instruments

The carrying values of the Corporation's financial instruments approximate fair market values because of their short-term maturity and normal credit terms.

Long-term assets

Investments in information systems and databases and in physical assets having a value of \$5,000 or greater are capitalized and written off to income in accordance with the amortization policy.

Revenue

Revenue is recognized on an accrual basis as earned with an offset, in the case of Corporate Registry annual filing, for fees from businesses likely to be inactive. Amounts deemed receivable but uncollected are recognized as bad debt expense.

Pension expense

Service New Brunswick employees are part of a multi-employer plan. Although the plan is a defined benefit plan, only current year contributions are expensed.

CGI Commercial Alliance Agreement and Change of accounting policy

Funds received from CGI Information Systems and Management Consultants Inc. (CGI), under this Agreement (Note 10), are applied against the capital cost of the related investment.

In prior years, receipts from the CGI Commercial Alliance Agreement were treated as revenue in the year received. Because the related investments were amortized over the life of the asset, the timing of the revenue recognition did not match the related expense. In these financial statements, funds received from the CGI Commercial Alliance Agreement have been netted against the related asset. This better matches receipt and expense.

Prior year results have been restated to reflect this change. The impact on the Financial Statements for the year ended March 31, 2003 was to reduce net system development assets and

Service New Brunswick

retained earnings by \$761,253. Opening equity for the year ended March 31, 2003 was reduced by \$247,876. Opening equity for the year ended March 31, 2004 was decreased by a total of \$1,009,129.

	Year Ended 2003	Year Ended 2002
Decrease in revenue	(820,502)	(250,000)
Decrease in amortization	59,249	2,124
Reduction in net income and system assets	(761,253)	(247,876)

Amortization

Amortization is computed on a straight-line basis on original cost with rates as follows:

Furniture, Databases and systems	10 years
Leasehold improvements	duration of lease up to 10 years
Equipment and Vehicles	5 years
Computers and software	4 years

Measurement uncertainty

The preparation of financial statements in accordance with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting periods. Actual results could differ from those estimates.

3. RELATED ENTITY TRANSACTIONS

Service New Brunswick is solely owned by the Province of New Brunswick. The Balance Sheet contains the following related entity amounts:

	Year Ended 2004	Year Ended 2003
Accounts receivable	\$ 200,015	\$ 338,909
Accounts payable	834,330	808,076
Net liability	\$ 634,315	\$ 469,167

Service New Brunswick

The Statement of Income and Changes in Equity contains the following related entity amounts:

	Year Ended 2004	Year Ended 2003
Revenue	\$ 32,591,915	\$ 33,280,303
Expense	1,676,755	1,978,405
Net revenue	<u>\$ 30,915,160</u>	<u>\$ 31,301,898</u>

4. PARTNER CASH AND REMITTANCES PAYABLE

Service New Brunswick collects cash on behalf of the Province of New Brunswick and other business partners. The following amounts were payable to the Province and other partners at year end.

	Year Ended 2004	Year Ended 2003
Province	\$ 7,089,230	\$ 6,680,984
Other Partners	1,519,747	1,796,907
	<u>\$ 8,608,977</u>	<u>\$ 8,477,891</u>

5. ACCOUNTS RECEIVABLE

	Year Ended 2004			Year Ended 2003
	Accounts Receivable	Allowance for Doubtful Accounts	Net	Net
Current				
HST rebate	\$ 652,308	\$ -	\$ 652,308	\$ 640,796
Corporate registry	482,333	204,114	278,219	297,377
Province of NB	200,015	986	199,029	338,909
Software sales	-	-	-	322,825
Trade	370,966	17,739	353,227	274,420
Employee PC loans	159,856	-	159,856	158,187
Interest receivable	-	-	-	52,491
	<u>\$ 1,865,478</u>	<u>\$ 222,839</u>	<u>\$ 1,642,639</u>	<u>\$ 2,085,005</u>

The Corporation's trade accounts receivable do not represent significant concentration of credit risk because the accounts are owed by a large number of organizations on normal credit terms. Most other receivables are deemed collectable because of the nature of the debtor or the transactions.

Service New Brunswick

6. LONG TERM ASSETS

	Year Ended 2004		
	Cost	Accumulated Amortization	Net
Equipment			
Computers and software	\$ 6,771,942	\$ 5,525,316	\$ 1,246,626
Furniture and equipment	1,843,001	1,169,658	673,343
Leasehold improvements	2,136,742	1,044,358	1,092,384
Vehicles	7,910	615	7,295
	<u>\$ 10,759,595</u>	<u>\$ 7,739,947</u>	<u>\$ 3,019,648</u>
System development			
Systems	\$ 27,601,939	\$ 10,926,456	\$ 16,675,483
Databases	1,018,040	1,011,421	6,619
Work in process	943,410	-	943,410
	<u>\$ 29,563,389</u>	<u>\$ 11,937,877</u>	<u>\$ 17,625,512</u>

	Year Ended 2003		
	Cost	Accumulated Amortization	Net
Equipment			
Computers and software	\$ 6,492,599	\$ 4,525,305	\$ 1,967,294
Furniture and equipment	1,759,598	1,022,699	736,899
Leasehold improvements	1,931,449	824,425	1,107,024
Vehicles	18,120	1,201	16,919
	<u>\$10,201,766</u>	<u>\$ 6,373,630</u>	<u>\$ 3,828,136</u>
System development			
Systems (Restated-Note 2)	\$22,562,302	\$ 8,438,006	\$ 14,124,296
Databases	1,018,040	1,004,215	13,825
Work in process	2,747,631	-	2,747,631
	<u>\$26,327,973</u>	<u>\$ 9,442,221</u>	<u>\$ 16,885,752</u>

7. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	Year Ended 2004	Year Ended 2003
Trade payables	\$ 2,963,252	\$ 2,902,004
Salary and benefit accruals	1,748,111	1,670,057
Payroll deductions payable	385,430	381,651
Province of New Brunswick payables	834,330	808,076
	<u>\$ 5,931,123</u>	<u>\$ 5,761,788</u>

Service New Brunswick

8. LAND TITLES ASSURANCE

Under the *Land Titles Act*, the Province guarantees title to real property registered under Land Titles. The Corporation has established a fund, based on actuarial estimate, to provide for potential claims respecting indemnification pursuant to the *Land Titles Act*. An assurance fee of \$5.00 is charged for each registration in the Land Titles registry.

	Year Ended 2004	Year Ended 2003
Opening balance	\$ 757,255	\$ 335,950
Assurance fees collected	457,855	421,305
Less: claims	(2,633)	-
Ending balance	<u>\$ 1,212,477</u>	<u>\$ 757,255</u>

9. CHANGE IN NON-CASH WORKING CAPITAL

	Year Ended 2004	Year Ended 2003
Accounts receivable	442,366	1,669,973
Prepaid expenses	(407,687)	260,382
Accounts payable	169,335	(2,320,612)
Deferred revenue	19,764	(10,240)
	<u>\$ 223,778</u>	<u>(\$ 400,497)</u>

10. CGI COMMERCIAL ALLIANCE AGREEMENT

CGI Information Systems and Management Consultants Inc. (CGI) and Service New Brunswick signed a seven-year agreement in 2001. Under the terms of the agreement, CGI provides up to \$3.5 million to the Corporation in exchange for considerations that enable CGI to establish credibility as experts in the provision of e-government services. The considerations provided by Service New Brunswick include the contracting of CGI resources for project management and technical architecture, presentations of Service New Brunswick systems to potential clients, and exclusive access to CGI to market g-commerce software developed for Service New Brunswick. All solutions and other intellectual property developed under this Agreement are jointly owned by CGI and SNB.

Under this agreement, Service New Brunswick received \$408,733 in the year ended March 31, 2004 and \$820,502 in the year ended March 31, 2003. The total amount received since 2002 was \$1,479,235.

Service New Brunswick

11. EMPLOYEE FUTURE BENEFITS

- a) Regular employees of Service New Brunswick are covered by the Public Service Superannuation Plan of the Province of New Brunswick. The Superannuation Plan is a defined benefit multi-employer plan under which contributions are made by both Service New Brunswick and the employees. For the year ended March 31, 2004, the Corporation expensed contributions of \$1,721,481 under the terms of the plan. The comparable amount for the year ended March 31, 2003 was \$1,544,719. Service New Brunswick has no direct liability or entitlement to any unfunded liability or surplus in the plan related to its current or former employees.
- b) Regular employees of Service New Brunswick are entitled to a paid retirement allowance prior to their retirement based upon years of service. Over the service life of its employees, the Corporation accrues the estimated future liability based upon actuarial estimate and assumptions. The accrued liability is reduced by actual payments made. The significant assumptions used in determining the accrued liability are 0.89% of payroll costs to provide for the current service cost and 7.55% of the accrued liability to provide for interest costs. The obligation was \$220,093 at March 31, 2004 and \$212,611 at March 31, 2003.
- c) Service New Brunswick incurred a liability related to an early retirement incentive offered to employees, including those of the Corporation, by the Province of New Brunswick in 1995/96. Pursuant to an agreement with the Province, the amount of the obligation and expense recorded was equal to the amount of the employer contributions that the Corporation would have otherwise funded to the Public Service Superannuation Plan. The Corporation annually reduces the recorded obligation by the amount it remits to the Province. The benefit obligation was \$474,265 at March 31, 2004 and \$551,288 at March 31, 2003.

12. LEASE COMMITMENTS

The following are future minimum payments for leased premises and equipment for the years ending:

2005	\$ 3,163,944
2006	2,576,414
2007	1,831,007
2008	1,484,907
2009	1,161,826
Thereafter	2,355,775
	<u>\$12,573,873</u>

13. COMPARATIVE FIGURES

Certain comparative figures have been restated to conform to minor reclassifications in the financial statement presentation adopted for the current year.

Financial Statements of

STRAIT CROSSING FINANCE INC.

Year ended October 30, 2003



STRAIT CROSSING FINANCE INC.

Statement of Financial Position

October 30, 2003, with comparative figures for 2002

	2003	2002
Assets		
Current assets:		
Cash	\$ 1	\$ 1
Accounts receivable	1,241	6,882
	<u>\$ 1,242</u>	<u>\$ 6,883</u>

Liabilities and Shareholder's Equity

Current liabilities:		
Accounts payable and accrued liabilities	\$ 1,241	\$ 6,882
Shareholder's equity:		
Share capital:		
Authorized:		
Unlimited common shares without par value		
Issued:		
1 Share	1	1
	<u>\$ 1,242</u>	<u>\$ 6,883</u>

See accompanying notes to financial statements.

On behalf of the Board:

 Director

STRAIT CROSSING FINANCE INC.

Statement of Earnings and Retained Earnings

Year ended October 30, 2003, with comparative figures for 2002

	2003	2002
Revenue:		
Financial maintenance fee (note 2(d))	\$ 19,372	\$ 21,438
Expenses:		
Trustee fees	17,127	19,358
Professional services	1,955	1,840
Filing fees	290	240
	19,372	21,438
Net earnings, being retained earnings, end of year	\$ —	\$ —

See accompanying notes to financial statements.

STRAIT CROSSING FINANCE INC.

Notes to Financial Statements

Year ended October 30, 2003

1. Incorporation:

Strait Crossing Finance Inc. ("SC Finance" or the "Company") was incorporated under the Canada Business Corporations Act as a special purpose corporation. Its sole business is restricted to the issuance and sale of Indexed Fully Amortizing Bonds due April 1, 2032, the lending of money to and making payments to Strait Crossing Development Inc. (SC Development) and matters related thereto.

The outstanding share of SC Finance is owned by Her Majesty the Queen in Right of New Brunswick. No shareholder is entitled to transfer any shares of SC Finance. SC Finance is exempt from taxes otherwise payable under the provisions of section 149(1)(d) of the Income Tax Act (Canada).

2. Transactions and agreements:

(a) Issue of Bonds:

On October 7, 1993, SC Finance issued Indexed Fully Amortizing Bonds (the "Bonds") in the principal amount of \$661,542,612 maturing on April 1, 2032. The Bonds will bear interest at an annual real rate, compounded annually, equivalent to 4.50% compounded semi-annually. Irrespective of any decline in the level of the consumer price index over any period after May 27, 1992, the aggregate payment to be made on the Bonds on May 31, 1997 will not be less than \$35,012,328 and on April 1, 1998 will equal at least \$41,900,000. On any subsequent Payment Date, the aggregate payment to be made on the Bonds will be not less than the highest payment made on any previous Payment Date, except for the payment made on April 1, 2032. No interest payments are required on the Bonds until May 31, 1997. Commencing May 31, 1997 and thereafter on April 1st of each year, 36 annual payments are due on account of principal and interest, such that all interest and principal will be fully repaid as of April 1, 2032.

(b) Subsidy Agreement and Assignment:

Also on October 7, 1993, SC Finance entered into a Subsidy Agreement with the Government of Canada whereby Canada agreed to make payments to SC Finance which correspond in timing and amount with the payments required on the Bonds, as described above. On the same date, SC Finance irrevocably assigned its rights to receive payments under the Subsidy Agreement to the Bond Trustee. The recourse of the Bondholders is limited to the Bond Trustee's right to receive payments under the Subsidy Agreement. Since an obligation of the Government of Canada has been irrevocably assigned to a trust, solely to satisfy the scheduled interest and principal repayment requirements of the Bonds, the Bonds are considered extinguished for financial reporting purposes. Accordingly, the Bonds payable and the amounts receivable under the Subsidy Agreement have been removed from the Company's statement of financial position.

STRAIT CROSSING FINANCE INC.

Notes to Financial Statements

Year ended October 30, 2003

2. Transactions and agreements (continued):

(c) Developer Loan Agreement:

The proceeds from the issuance of Bonds were loaned by SC Finance to SC Development pursuant to a Developer Loan Agreement (the "Agreement") dated October 7, 1993. The Promissory Note from SC Development is unsecured and bears interest at a rate equivalent to that owing on the Bonds. The Promissory Note cannot be assigned or transferred by SC Finance without the consent of SC Development. The repayment terms of the Promissory Note are matched exactly with the payments required on the Bonds.

Under the terms of the Agreement, when the Bond Trustee receives a payment from the Government of Canada under the Subsidy Agreement, SC Finance must, on the same day, make a Contribution in the same amount to SC Development provided that SC Finance has received the required payment from SC Development under the Promissory Note.

Since the Promissory Note from SC Development is exactly matched by SC Finance's obligation to make Contributions to SC Development, and SC Finance and SC Development intend to settle these assets and liabilities simultaneously, the Promissory Note from SC Development and the Contributions due to SC Development have been removed from the Company's statement of financial position.

(d) Financial Maintenance Fee:

Under the Developer Loan Agreement, SC Finance is entitled to receive a Financial Maintenance Fee from SC Development to compensate SC Finance for on-going financial services. The Financial Maintenance Fee is to be equal to the costs SC Finance incurs with respect to the maintenance of records, including the fees and expenses of the Bond Trustee, less any other net revenues received.

3. Fair value of financial assets and financial liabilities:

The fair value of the Company's cash, accounts receivable and accounts payable and accrued liabilities approximate their carrying amounts.