



Annual Report

Yukon Liquor Corporation

For the year ended March 31, 2003

2002

2003



Yukon
Community Services
Yukon Liquor Corporation
Yukon Housing Corporation



[Table of Contents]

Letter of Transmittal	2
Vision, Mission, and Values	3
President’s Report.	4
Operational Overview	5
General	
Corporate Services	5
Operations and Purchasing	6
Licensing and Development.	7
Sales	
Comparative Statement of Sales by Product Type	8
Pricing Structure by Product Type	9
Schedule of Spirits, Wine and Beer & Cider Sales by Store ...	10
Schedule of Hectolitres of Liquor Sold	10
Licences, Permits and Infractions	
Liquor Licences and Permits Issued.	11
Summary of Licence Infractions.	12
Financial Statements	13
Management’s Responsibility for Financial Reporting	13
Auditor’s Report	14
Balance Sheet	15
Statement of Income	16
Statement of Cash Flows.	17
Notes to the Financial Statements	18

[Letter of Transmittal]

The Honorable Glenn Hart, Minister
Yukon Liquor Corporation
Government of Yukon

Dear Mr. Hart:

I have the honor to submit the Annual Report of the Yukon Liquor Corporation for the fiscal year ended March 31, 2003.

I respectfully request that this report be tabled in the Legislative Assembly, in accordance with Section 14 of the *Liquor Act*.

Respectfully submitted,



Marc Tremblay
President
Yukon Liquor Corporation



[Glenn Hart, Minister]

[Our Vision]

To support the evolution of a Yukon culture where all beverage alcohol is consumed in a legal, socially responsible manner, while continuing to provide quality customer service.

[Our Mission]

To control the purchase and sale of beverage alcohol products to balance the needs: to maintain the health and safety of Yukoners; to provide alcohol products to those who desire it; and to provide a reliable source of revenue for the Yukon Government.

[Corporation Values]

- Treating its staff and customers fairly, reasonably, with respect and in a consistent manner;
- Employing a participative management style to keep staff and customers informed on the issues and the decisions that affect the Corporation; and
- Providing excellent service to its customers.



[Kim Snowdon
Warehouse]



[Dennis Salamandyk
Whitehorse Liquor Store]

[Awareness Campaign
printed on packaging]



**Drinking while
pregnant can
harm your baby.**

[President's Report]

The Yukon Liquor Corporation (YLC) continued to fulfill its administrative mandate under the *Liquor Act* and *Liquor Tax Act* in the 2002/2003 fiscal year.

Relocation of the Haines Junction Liquor Store to street level access in the James Smith Administrative Building was completed during the fiscal year in order to improve service to the public and respond to community concerns. This move also helped to consolidate the liquor store operations to one level.

The Yukon Liquor Corporation focuses on providing quality customer service through our liquor stores, by issuing licences and permits to licencees, and by providing valuable product and consumer information to both the hospitality industry and the general public.

The Corporation has an important role to play as a corporate citizen. It is our role to educate customers and the public about responsible consumption of alcohol. In conjunction with other levels of government and special interest partners, YLC continues to assist in the development, promotion and distribution of materials promoting the safe use of beverage alcohol.

The 2002/2003 fiscal year was one of reasonable financial stability. With a slight increase of 477 hectolitres in beverage alcohol sold, sales also increased by approximately \$656 thousand from the preceding year. The Net Income for the year was \$4.5 million with revenue earned for the Government of Yukon's General Revenue Fund totalling \$6.8 million in Net Income and Liquor Tax combined.

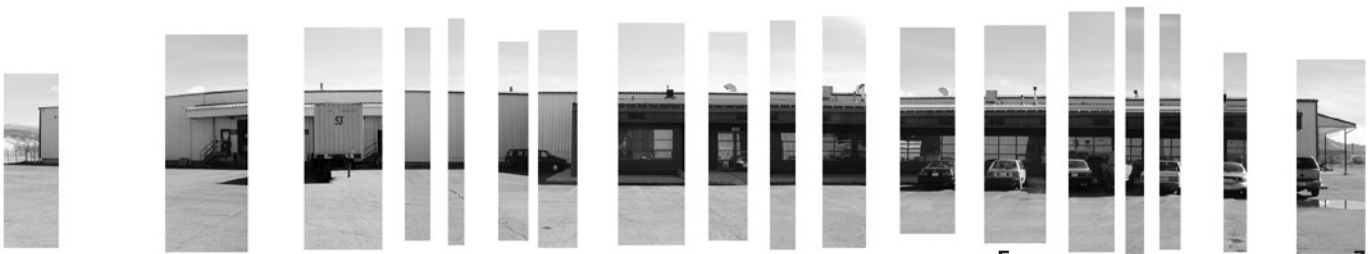
The Corporation gratefully acknowledges the support and co-operation of the members of the Royal Canadian Mounted Police in assisting YLC to fulfill its legislative and regulatory responsibilities.

On behalf of the Yukon Liquor Corporation, I would like to thank our employees who are committed to the Corporation's goals. Their dedication and commitment enable us to improve efficiency, build on existing or new initiatives, provide quality customer service, and to sustain revenue delivery to the Government of Yukon while acting in a socially responsible and environmentally conscientious manner.



Marc Tremblay
President
Yukon Liquor Corporation





[Operations Headquarters]

[Operational Overview]

General

Established in 1977, the 2002/2003 fiscal year marked the Yukon Liquor Corporation's twenty-sixth anniversary in the territory.

The Yukon Liquor Corporation (YLC) is a Yukon Territory Crown Corporation responsible for the administration of the *Liquor Act*, Liquor Regulations and the *Liquor Tax Act*. YLC is also responsible for the purchase, control and sale of beverage alcohol, and the licensing and inspection of premises licensed for the service and consumption of liquor in the Yukon.

YLC operates six (6) liquor stores that offer an extensive and varied selection of products from around the world. Yukon Liquor Stores carry 938 standard products and in this year added 78 new products to the inventory. As well, 58 products were de-listed due to unavailability from suppliers, or poor sales in the territory.

Through the special order feature, our customers can choose from a wide selection of domestic and imported liquor products that are not carried as part of the regular inventory. In this year we processed 124 special orders.

Throughout the 2002/2003 fiscal year, the Yukon Liquor Corporation issued a total of 343 licenses for the sale of spirits, wine and beer. In addition to annual licence renewals, this figure represents the issuance of 20 new licences and 12 licences resulting from changes in ownership. 246 Special Occasion and 131 Reception Permits were issued.

The operational and administrative duties of the Corporation are conducted through its three branches - Corporate Services; Operations and Purchasing; and Licensing and Development.



[Ellie Atkinson, Corporate Services]

Corporate Services Branch

The Finance & Systems unit of this branch ensures the financial control and reporting needs of YLC. This unit is also responsible for the enhancement of information systems and the development of any new systems as required. During the year, the YLC continued to refine its Point of Sale system.

The Administration unit provides YLC with a variety of essential support services. The responsibilities and services of this unit include electronic and telecommunications, records management, contract administration, administrative and reception functions, and other general support services to all branches of the Corporation.

The Human Resources unit supports YLC on a territory wide basis to meet its human resource needs in compliance with territorial legislation and guidelines.

[Operational Overview]

The Communications & Social Responsibility unit conducts research, analysis and policy development for corporate projects and procedures, and co-ordinates the Corporation's social responsibility initiatives.

The unit also works to develop and implement communication support and marketing strategies in partnerships with other Government of Yukon departments and community stakeholders to address alcohol related issues.

A monthly Licensee Information Bulletin was introduced in 1994 and continued in this year to help communicate YLC and industry initiatives, and clarify new or changing policies.

Operations and Purchasing Branch

The Operations and Purchasing Branch provides service to the public and to licensees by:

- operating the Corporation's network of six (6) retail stores;
- operating the central warehouse and distribution centre in Whitehorse;
- working closely with suppliers to develop and implement progressive marketing strategies and merchandising programs for shelf management, merchandise display and in-store tasting programs;
- providing product and service information to customers and staff in the monthly Licensee Information Bulletin;
- applying stringent procedures to ensure quality control;
- developing and implementing proposals for the improvement of facilities and services offered to customers;
- purchasing beverage alcohol products in response to evolving consumer demand;

- placing special orders on behalf of licensees and individuals for products not carried by the Corporation;
- operating a Bottle Your Own Wine (BYOW) facility at the Whitehorse liquor store providing value, selection and quality to our retail customers;
- working with local service clubs and industry representatives to organize and facilitate annual wine and beer tasting festivals including an on site store; and
- participating in the beverage container deposit and refund system to support and encourage recycling.

During 2002/2003 fiscal year the relocation of the Haines Junction Liquor Store to the lower level of the James Smith Administrative Building was completed.

Yukon Liquor Corporation staff continued to operate territorial government agencies annexed to liquor store operations in communities outside Whitehorse. The territorial agents provide a variety of government services relating to motor vehicles, renewable resources and justice.



[Territorial Agent Services]

Licensing and Development Branch

The Licensing and Development Branch is responsible for liquor licensing, inspecting licensed premises, interpreting and enforcing liquor legislation, and developing and delivering responsible server programs to reach the ultimate goal of socially responsible service of beverage alcohol throughout the Yukon.

The Branch endeavours to promote voluntary compliance particularly in the areas of public safety, including concerns like the sale and service of liquor to minors and intoxicated persons, and overcrowding. Liquor inspectors maintain a balanced schedule of walk-through and full-premise inspections of licensed establishments and permitted functions. These inspections focus on aspects of both operations and facilities.

During routine visits to licensed premises and through the performance of permit functions, the majority of infractions noted during the year had to do with over-service and permitting intoxicated persons to remain on premises. Although it is the inspectors' duty to identify instances of non-compliance and initiate enforcement action when necessary, liquor inspectors spend a great deal of time consulting with licensees to promote greater awareness and compliance. Licensees and their staff are encouraged to participate in various training and information sessions offered by the Branch.

The "Be A Responsible Server" (B.A.R.S.) program was delivered to 95 participants at 8 seminars in five Yukon Communities. The training sessions were held for licensees, managers, servers and permit holders. These programs are designed to make the participants aware of their legal responsibilities as alcohol providers and to encourage both responsible service and voluntary compliance.

This Branch continues to work closely with other regulatory agencies within the Yukon and in other jurisdictions to stay abreast of and address liquor service and health and safety issues in regard to licensed premises.

24 applications for new liquor licences were received in the fiscal year. Of these, 20 were approved and one was deferred. 12 applications for transfer of licences were received and approved. These figures do not necessarily reflect all those who expressed interest in licensing matters.

[Awareness Campaign
printed on packaging]

Plan ahead to get home safe.

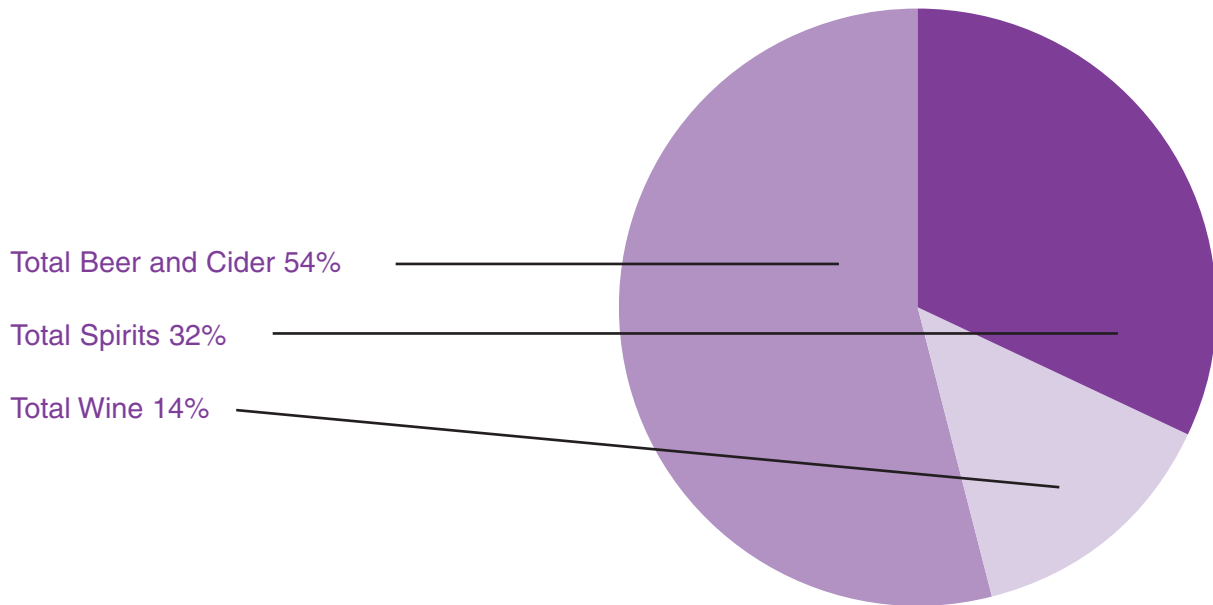


Don't Drink and Drive.

Comparative Statement of Sales by Product Type [\$000's]

		2002/2003		2001/2002	
		\$	%	\$	%
Rye	Domestic	1,309	6.5	1,293	6.6
	Imported	77	0.4	77	0.4
Scotch	Domestic	0	0.0	0	0.0
	Imported	418	2.1	423	2.2
Rum	Domestic	844	4.2	895	4.6
	Imported	59	0.3	54	0.3
Gin	Domestic	66	0.3	63	0.3
	Imported	126	0.6	112	0.6
Brandy	Domestic	13	0.1	13	0.1
	Imported	108	0.5	107	0.5
Liqueur	Domestic	231	1.1	225	1.2
	Imported	827	4.1	832	4.3
Vodka	Domestic	1,352	6.7	1,326	6.8
	Imported	144	1.7	124	0.6
Coolers	Domestic	622	3.1	610	3.1
	Imported	17	0.1	20	0.1
Other	Domestic	30	0.1	19	0.1
	Imported	138	0.7	117	0.6
Total Spirits		6,381	31.7	6,310	32.4
Wine	Domestic	1,268	6.3	1,221	6.3
	Imported	1,700	8.4	1,554	8.0
Total Wine		2,968	14.7	2,775	14.2
Beer	Domestic	9,881	49.0	9,594	49.2
	Imported	434	2.2	348	1.8
Cider	Domestic	488	2.4	469	2.4
	Imported	0	0.0	0	0.0
Total Beer & Cider		10,803	53.6	10,411	53.4
Total		20,152	100.0	19,496	100.0

Sales by Product Type



Why does a 12 bottle case of domestic beer cost \$17.50?

Producer	\$4.76
Federal Duty & Excise Tax	1.23
Freight	1.07
YLC Mark-up	6.64
Yukon Liquor Tax	1.64
Refundable Deposits	1.20
G.S.T.	0.96

Why does a typical 750 ml bottle of spirits cost \$21.70?

Producer	\$3.56
Federal Duty & Excise Tax	3.32
Freight	0.16
YLC Mark-up	10.91
Yukon Liquor Tax	2.15
Refundable Deposits	0.25
Recycling Fee	0.10
G.S.T.	1.25

Why does a typical 750 ml bottle of wine cost \$12.95?

Producer	\$3.92
Federal Duty & Excise Tax	0.38
Freight	0.20
YLC Mark-up	6.08
Yukon Liquor Tax	1.28
Refundable Deposits	0.25
Recycling Fee	0.10
G.S.T.	0.74

Schedule of Spirits, Wine, Beer & Cider Sales by Store [\$000's]

	Spirits	Wine	Beer & Cider	2002/2003	2001/2002
	\$	\$	\$	\$	\$
Whitehorse	3,218	1,674	3,199	8,091	7,510
Dawson City	555	224	1,232	2,011	2,006
Mayo	182	78	204	464	475
Watson Lake	468	179	795	1,442	1,371
Haines Junction	197	79	504	780	688
Faro	138	75	305	518	512
Licenced Outlet	1,623	659	4,564	6,846	6,934
Total 2002/2003	6,381	2,968	10,803	20,152	
% of Sales	31.7	14.7	53.6	100.0	
Total 2001/2002	6,310	2,775	10,411		19,496
% of Sales	32.4	14.2	53.4		100.0

Schedule of Hectolitres of Liquor Sold

	Spirits	Wine	Beer & Cider	2002/2003	2001/2002
Whitehorse	1,672	1,764	10,720	14,156	13,392
Dawson City	288	237	4,129	4,654	4,752
Mayo	94	81	681	856	897
Watson Lake	243	189	2,666	3,098	2,938
Haines Junction	102	83	1,686	1,871	1,686
Faro	71	78	1,021	1,170	1,172
Licenced Outlet	844	694	15,298	16,836	17,327
Total 2002/2003	3,314	3,126	36,201	42,641	
Total 2001/2002	3,306	2,987	35,871		42,164
% Increase/(Decrease)	0.2%	4.7%	0.9%		1.1%

Note: One hectolitre equals 22 imperial gallons

Licences, and Permits

LIQUOR LICENCES ISSUED	2002/2003	2001/2002
Liquor Cocktail Lounge	62	60
Beer Tavern	-	-
Dining Room	64	60
Restaurant Beer and Wine	43	40
Liquor Off Premises	68	67
Beer Off Premises	24	24
Club Liquor	10	10
Beer Canteen	-	-
Special Liquor	35	35
Aircraft/Ship Liquor	3	3
Room Service Liquor	22	22
Mess Liquor	1	1
Sport Stadium	1	1
Recreation Facility	8	8
Brewer's	1	1
Brewer's Retail	1	1
TOTAL	343	333
PERMITS ISSUED		
Reception Permits	131	191
Special Occasion Permits	246	269
TOTAL	377	460

SUMMARY OF PERMITS ISSUED BY LOCATION DURING 2002/2003

	Reception	Special Occasion
Whitehorse Office	69	120
Faro Store	2	17
Mayo Store	1	9
Watson Lake Store	4	19
Haines Junction Store	12	24
Dawson City Store	43	57
TOTAL	131	246

SUMMARY OF LICENCE INFRACTIONS

During the 2002/2003 fiscal year seven (7) liquor licence suspensions were upheld and forty-five (45) letters of warning were issued for offences under the *Liquor Act* and Regulations:

- Permitting violent, riotous or disorderly conduct on premises
- Permitting minors on premises
- Permitting intoxicated patrons to enter or remain on premises
- Permitting server to consume liquor while on duty
- Over-serving patrons
- Sale/service of liquor to minors
- Sale of liquor to intoxicated persons or persons appearing to be intoxicated
- Operating outside the terms and conditions of licence type/class
- Sale/service of liquor outside the authorized hours
- Sale/service of liquor from unlicensed area
- Violation of entertainment policies
- Failure to enforce off sales policy
- Failure to maintain premises health and safety standards
- Failure to clear premises at stated time
- Exceeding the maximum seating limits (overcrowding)
- Creating noise disturbance to occupants of neighboring premises
- Permitting liquor purchased for on premises consumption to be taken off premises
- Failure to maintain draught beer at required temperature
- Failure to equip draft beer storage area with thermometer
- Selling off-sales for more than 30% markup
- Liquor price lists not available

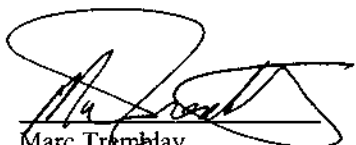
Management's Responsibility for Financial Statements

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

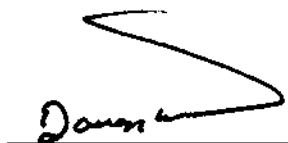
The management of the Yukon Liquor Corporation is responsible for establishing and maintaining a system of books, records, internal controls and management practices designed to provide reasonable assurance that reliable financial information is produced; the assets of the Corporation are safeguarded and controlled; the transactions of the Corporation are in accordance with the relevant legislation, regulations and by-laws of the Corporation; the resources of the Corporation are managed efficiently and economically; and operations of the Corporation are carried out effectively.

Management is also responsible for the integrity and objectivity of the financial statements of the Corporation. The accompanying financial statements, which include amounts based on management's best estimates as determined through experience and judgement, are prepared in accordance with Canadian generally accepted accounting principles.

These financial statements have been independently audited by the Corporation's external auditor, the Auditor General of Canada, and her report is included in this report.



Marc Tremblay
President



David Steele
Vice President

June 6, 2003

Auditor's Report



Auditor General of Canada
Vérificatrice générale du Canada

AUDITOR'S REPORT

To the Executive Council Member responsible for the
Yukon Liquor Corporation

I have audited the balance sheet of the Yukon Liquor Corporation as at March 31, 2003 and the statements of income 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, 2003 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles. As required by the *Liquor Act*, I report that, in my opinion, these principles have been applied on a basis consistent with that of the preceding year.

Further, in my opinion, proper books of account have been kept and the financial statements are in agreement therewith, and the transactions of the Corporation that have come to my notice during my audit of the financial statements have, in all significant respects, been in accordance with the *Liquor Act* and regulations, the *Liquor Tax Act*, the *Financial Administration Act* and regulations and the by-laws of the Corporation.

A handwritten signature in black ink, appearing to read 'Roger Simpson'.

Roger Simpson, FCA
Principal
for the Auditor General of Canada

Vancouver, Canada
June 6, 2003

Balance Sheet

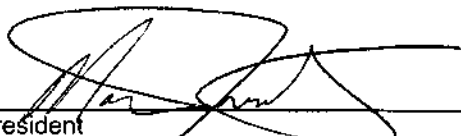
YUKON LIQUOR CORPORATION
Balance Sheet
as at March 31, 2003

	<u>2003</u>	<u>2002</u>
	(thousands of dollars)	
<u>ASSETS</u>		
Current		
Cash	\$ 1,323	\$ 579
Accounts receivable (Note 3)	49	142
Inventories	<u>1,887</u>	<u>1,817</u>
	3,259	2,538
Capital assets (Note 4)	<u>2,958</u>	<u>2,878</u>
	<u>\$ 6,217</u>	<u>\$ 5,416</u>
 <u>LIABILITIES & EQUITY</u>		
Current		
Accounts payable (Note 3)	\$ 1,507	\$ 1,366
Due to the Government of the Yukon (Note 5)	865	304
Deferred revenue	<u>89</u>	<u>93</u>
	2,461	1,763
Employee termination benefits	<u>798</u>	<u>775</u>
	<u>3,259</u>	<u>2,538</u>
Equity (Note 6)	<u>2,958</u>	<u>2,878</u>
	<u>\$ 6,217</u>	<u>\$ 5,416</u>


Commitments (Note 9)

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

Approved by Management:



President



Vice President

Statement of Income

YUKON LIQUOR CORPORATION
Statement of Income
for the year ended March 31, 2003

	<u>2003</u>	<u>2002</u>
	(thousands of dollars)	
Sales		
Beer	\$ 10,804	\$ 10,411
Spirits	6,382	6,310
Wine	2,966	2,775
	<u>20,152</u>	<u>19,496</u>
Cost of goods sold	<u>9,654</u>	<u>9,371</u>
Gross profit	<u>10,498</u>	<u>10,125</u>
Expenses		
Salaries and benefits	3,729	3,715
Rent, utilities and maintenance	757	723
Amortization	604	305
Professional services	260	142
Cartage	230	211
General and office supplies	206	134
Bank expenses	205	98
Travel and communications	121	134
Miscellaneous	24	31
Board expenses	19	19
	<u>6,155</u>	<u>5,512</u>
Operating income	<u>4,343</u>	<u>4,613</u>
Other income		
Fees, permits and licences	117	106
Miscellaneous	12	3
	<u>129</u>	<u>109</u>
Net Income	<u><u>\$ 4,472</u></u>	<u><u>\$ 4,722</u></u>

Statement of Cash Flows

YUKON LIQUOR CORPORATION
Statement of Cash Flows
 for the year ended March 31, 2003

	2003	2002
	(thousands of dollars)	
Cash provided by (used in):		
Operating activities		
Net income for the year	\$ 4,472	\$ 4,722
Adjustment for non-cash items:		
Amortization	604	305
Decrease (increase) in accounts receivable	93	(14)
(Increase) decrease in inventories	(70)	70
Increase (decrease) in due to the Government of the Yukon	561	(176)
Increase in accounts payable	141	549
(Decrease) increase in deferred revenue	(4)	1
Increase in accrued employee future benefits	23	23
	5,820	5,480
Investing activities:		
Acquisition of capital assets	(685)	(107)
Financing activities:		
Adjusted net income due to the Government of the Yukon	(4,391)	(4,920)
Increase in cash during the year	744	453
Cash at the beginning of the year	579	126
Cash at the end of the year	\$ 1,323	\$ 579

Notes to the Financial Statements

YUKON LIQUOR CORPORATION Notes to the Financial Statements March 31, 2003

1. Authority and Operations

The Corporation, established in 1977, under the *Liquor Act*, is responsible for the purchase, distribution and sale of liquor within the Territory. It is responsible for controlling the sale of liquor through licensed outlets and enforcing all matters related to the *Act*.

In accordance with the *Liquor Act*, the net income for the year, before amortization, less amounts expended on capital assets, is remitted to the Government of the Yukon on a monthly basis.

The Corporation is required by the *Liquor Tax Act* to collect liquor taxes on behalf of the Government of the Yukon and to remit these taxes on a monthly basis. The current rate is 12%, and is applied on the amount the Corporation would otherwise charge for its products.

In accordance with the provisions of the *Beverage Container Regulations* under the *Environment Act*, the Corporation collects various beverage container deposits and recycling surcharges on the sale of its products. These amounts are remitted to the Recycling Fund on a monthly basis after deducting deposit refunds paid and fees earned under the program.

The employees of the Corporation are paid by the Government of the Yukon. The Corporation reimburses the Government on a monthly basis for salaries and benefits expenses paid.

2. Accounting Policies

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles. The more significant accounting policies are as follows:

Inventories

Inventories are comprised of alcoholic beverages for resale and are valued at the lower of landed cost at Whitehorse, or market.

Amortization

Amortization of capital assets owned by the Corporation is calculated using the straight-line method over the estimated useful life of the assets as follows:

Buildings	20 years
Furniture and office equipment	5 years
Equipment	5 years
Systems equipment & software	3 years
Leasehold improvements	4 years or remaining term of lease

Employee termination benefits

Non-pension benefits

Under the conditions of employment, employees may qualify and earn employment benefits for vacation, sick, compensatory and personal leave, travel bonus, and severance benefits. The benefit obligation was determined on an actuarial basis. The key assumptions used were a liability discount rate of 7% and an annual rate of general salary escalation of 3%. The obligation for vacation leave, sick leave, and severance benefits were calculated using the projected benefit method pro-rated on service. The remainder was calculated assuming all employees would receive the benefits on valuation date.

Pension benefits

Employees participate in the Public Service Superannuation Plan administered by the Government of Canada. The Corporation's contribution to the Plan reflects the full cost of the employer contribution. This amount is currently based on a multiple of the employee's required contributions, and may change from time to time depending on the experience of the Plan. These contributions represent the total pension

Notes to the Financial Statements

YUKON LIQUOR CORPORATION

Notes to the Financial Statements

March 31, 2003

2. Accounting Policies (continued)

obligations of the Corporation and are charged to operations on a current basis. The Corporation is not currently required to make contributions with respect to actuarial deficiencies of the Public Service Superannuation Plan.

Services provided without charge

The Corporation does not record the value of services it receives or provides without charge. These services include the following:

- capital assets such as liquor store buildings, store and warehouse improvements, furniture and equipment acquired by the Government of the Yukon until March 31, 1990 for use by the Corporation, see (Note 4 b);
- services, primarily accommodation, provided by the Government of the Yukon;
- services provided by the Corporation to the Government in its capacity of Territorial Agent in localities outside of Whitehorse; and
- annual audit provided by the Office of the Auditor General of Canada.

3. Fair Values of Financial Instruments

Accounts receivable, accounts payable and the amount due to the Government of the Yukon are incurred in the normal course of business. All are due on demand and are non-interest bearing. The carrying amounts of each approximate fair values because of their short maturity.

4. Capital Assets

a) Capital assets purchased by the Corporation after March 31, 1990 are as follows:

	2003		2002
	Cost	Accumulated Amortization	Net book Value
	(thousands of dollars)		
Land	\$ 268	\$ 0	\$ 268
Buildings	4,685	2,461	2,443
Equipment	389	311	60
Systems equipment and software	593	543	54
Leasehold improvements	395	73	46
Furniture and office equipment	75	59	7
	<u>\$ 6,405</u>	<u>\$ 3,447</u>	<u>\$ 2,878</u>

Notes to the Financial Statements

YUKON LIQUOR CORPORATION Notes to the Financial Statements March 31, 2003

4. Capital Assets (continued)

- b) The un-amortized cost of capital assets acquired by the Government of the Yukon until March 31, 1990 and held by the Corporation is as follows:

	<u>2003</u>	<u>2002</u>
	(thousands of dollars)	
Liquor store buildings	\$ 978	\$ 978
Store and warehouse improvements	1,167	1,167
Equipment	375	375
Furniture and office equipment	104	104
	<u>\$ 2,624</u>	<u>\$ 2,624</u>

5. Due to the Government of the Yukon

	<u>2003</u>	<u>2002</u>
	(thousands of dollars)	
Adjusted net income due (Note 7a)	\$ 111	\$ (300)
Reimbursements due for salaries paid to employees on behalf of the Corporation	547	418
Liquor tax (Note 7b)	155	142
Net remittances due to the Recycling Fund	52	44
	<u>\$ 865</u>	<u>\$ 304</u>

6. Equity

This amount represents the sum of the net book value of capital assets purchased by the Corporation after March 31, 1990, \$2,958,000 (2001 - \$2,878,000) which the Government of the Yukon has provided to the Yukon Liquor Corporation on a cumulative basis.

7. Related Party Transactions

a) **Adjusted Net Income**

Calculation of adjusted net income due to the Government of the Yukon for the year (Note 1):

	<u>2003</u>	<u>2002</u>
	(thousands of dollars)	
Balance due at the beginning of the year	\$ (300)	\$ 20
Net income	4,472	4,722
Capital expenditures	(685)	(107)
Capital asset amortization	604	305
Adjusted net income due to the Government of the Yukon	<u>4,391</u>	<u>4,920</u>
Less: remitted during the year	<u>(3,980)</u>	<u>(5,240)</u>
Balance due at the end of the year	<u>\$ 111</u>	<u>\$ (300)</u>

Notes to the Financial Statements

YUKON LIQUOR CORPORATION

Notes to the Financial Statements

March 31, 2003

7. Related Party Transactions (continued)

b) **Liquor tax**

Liquor tax collected and due to the Government of the Yukon for the year (Note 1):

	<u>2003</u>	<u>2002</u>
	(thousands of dollars)	
Balance due at the beginning of the year	\$ 142	\$ 31
Liquor tax collected during the year	2,419	2,340
Less: remitted during the year	<u>(2,406)</u>	<u>(2,229)</u>
Balance due at the end of the year	<u>\$ 155</u>	<u>\$ 142</u>

c) **Other transactions**

The value of services provided without charge by the Government of the Yukon to the Corporation is estimated to be \$553,000 (2002 - \$553,000). The value of services provided without charge by the Corporation to the Government is estimated to be \$389,000 (2002 - \$394,000). These transactions were not included in the financial statements of the Corporation.

8. Pensions

During the year, the Corporation is required to contribute 2.14 times the employees' contributions to the Public Service Superannuation Plan.

	<u>2003</u>	<u>2002</u>
	(thousands of dollars)	
Employer Contribution	\$244	\$259
Employees' Contribution	<u>113</u>	<u>121</u>
Total	<u>\$357</u>	<u>\$380</u>

9. Commitments

The Corporation has the following commitments for annual rentals of leased premises:

	<u>Whitehorse Store</u>	<u>Haines Junction Store</u>
2004	210,120	68,775
2005	210,120	68,775
2006	210,120	68,775
2007	17,510	68,775
2008	-	51,581

10. Comparative Amounts

Certain of the comparative amounts have been reclassified to conform with the current year's presentation.

