

# MINISTRY OF REVENUE

## Consolidated Financial Statements

YEAR ENDED MARCH 31, 2003

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# AUDITOR'S REPORT



## To the Members of the Legislative Assembly

I have audited the consolidated statement of financial position of the Ministry of Revenue as at March 31, 2003 and the consolidated statements of operations and changes in financial position for the year then ended. These financial statements are the responsibility of the management of the Ministry. 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.

The Ministry is required to follow the corporate government accounting policies and reporting practices established by Alberta Finance, including the following policy that is an exception from Canadian generally accepted accounting principles. Capital assets costing less than \$15,000 are expensed in the year acquired and have not been recognized as assets in the consolidated statement of financial position. The effect of this omission is to understate net assets as at March 31, 2003 by approximately \$1,998,000, and to understate expenses by approximately \$91,000 for the year ended March 31, 2003.

In my opinion, except for the effects of the matter discussed in the preceding paragraph, these consolidated financial statements present fairly, in all material respects, the financial position of the Ministry as at March 31, 2003 and the results of its operations and the changes in its financial position for the year then ended in accordance with Canadian generally accepted accounting principles.

Edmonton, Alberta  
May 23, 2003

[original signed]

FCA  
Auditor General

## MINISTRY OF REVENUE

## CONSOLIDATED STATEMENT OF OPERATIONS

Year Ended March 31, 2003 (*thousands*)

	Budget (Schedule 2)	2003 Actual	2002 Actual
<b>Revenues</b> (Schedule 1)			
Income Taxes	\$ 6,258,397	\$ 6,852,823	\$ 6,411,650
Other Taxes	1,416,486	1,430,255	1,148,901
Net investment income (loss)	654,505	(1,034,089)	182,898
Fees, permits and licences	15,372	14,813	15,088
Internal government transfers	200	3,480	2,200
Other	16,827	18,890	18,367
	8,361,787	7,286,172	7,779,104
<b>Expenses</b> (Schedule 3)			
Investment	114,739	89,068	85,681
Tax and revenue collection	40,463	83,673	49,079
Regulation of capital markets	17,682	19,013	15,073
Government risk management and insurance	7,759	11,384	5,914
Ministry support services	3,897	3,889	3,699
	184,540	207,027	159,446
<b>Net operating results</b>	\$ 8,177,247	\$ 7,079,145	\$ 7,619,658

*The accompanying notes and schedules are part of these financial statements.*

## MINISTRY OF REVENUE

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

March 31, 2003 (*thousands*)

	2003	2002
<b>Assets</b>		
Cash and temporary investments (Schedule 5)	\$ 430,843	\$ 286,783
Accrued interest and accounts receivable (Schedule 6)	641,438	553,124
Portfolio investments (Schedule 7)	12,411,632	13,983,856
Loans and advances to government entities (Schedule 8)	100,037	104,622
Other loans and advances (Schedule 9)	98,362	98,479
Capital assets (Schedule 10)	8,550	6,521
	<u>\$ 13,690,862</u>	<u>\$ 15,033,385</u>
<b>Liabilities</b>		
Accounts payable (Schedule 11)	\$ 360,217	\$ 550,307
Vacation entitlements	2,880	2,779
	<u>363,097</u>	<u>553,086</u>
<b>Net Assets</b>		
Net assets at beginning of year	14,480,299	14,752,190
Net operating results	7,079,145	7,619,658
Net transfer to general revenues	(8,231,679)	(7,891,549)
Net assets at end of year	<u>13,327,765</u>	<u>14,480,299</u>
	<u>\$ 13,690,862</u>	<u>\$ 15,033,385</u>

*The accompanying notes and schedules are part of these financial statements.*

## MINISTRY OF REVENUE

## CONSOLIDATED STATEMENT OF CHANGES IN FINANCIAL POSITION

Year Ended March 31, 2003 (*thousands*)

	2003	2002
<b>Operating activities</b>		
Net operating results	\$ 7,079,145	\$ 7,619,658
Non-cash items included in net operating results	77,075	(40,880)
	7,156,220	7,578,778
Other	(278,589)	524,417
Cash provided by operating activities	6,877,631	8,103,195
<b>Investing activities</b>		
Disposals of portfolio investments	5,821,281	13,002,975
Purchases of portfolio investments	(4,323,377)	(13,512,655)
Repayment of loans and advances	4,702	145,916
Other	(4,498)	(1,408)
Cash used for investing activities	1,498,108	(365,172)
<b>Financing activities</b>		
Net transfer to general revenues	(8,231,679)	(7,891,549)
Cash used for financing activities	(8,231,679)	(7,891,549)
<b>Net cash provided (used)</b>	144,060	(153,526)
<b>Cash and temporary investments at beginning of year</b>	286,783	440,309
<b>Cash and temporary investments at end of year</b>	\$ 430,843	\$ 286,783

*The accompanying notes and schedules are part of these financial statements.*

## MINISTRY OF REVENUE

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2003

## NOTE 1 AUTHORITY

The Minister of Revenue has been designated as responsible for various Acts by the *Government Organization Act*, Chapter G-10, Revised Statutes of Alberta 2000, and its regulations. To fulfill these responsibilities, the Minister of Revenue administers the organizations listed below. The authority under which each organization operates is also listed. Together, these organizations form the Ministry of Revenue (the Ministry).

Department of Revenue (the Department)	<i>Government Organization Act</i> , Chapter G-10, Revised Statutes of Alberta 2000
Alberta Heritage Foundation for Medical Research Endowment Fund	<i>Alberta Heritage Foundation for Medical Research Act</i> , Chapter A-21, Revised Statutes of Alberta 2000
Alberta Heritage Savings Trust Fund	<i>Alberta Heritage Savings Trust Fund Act</i> , Chapter A-23, Revised Statutes of Alberta 2000
Alberta Heritage Scholarship Fund	<i>Alberta Heritage Scholarship Act</i> , Chapter A-24, Revised Statutes of Alberta 2000
Alberta Heritage Science and Engineering Research Endowment Fund	<i>Alberta Heritage Foundation for Science and Engineering Research Act</i> , Chapter A-22, Revised Statutes of Alberta 2000
Alberta Risk Management Fund	<i>Financial Administration Act</i> , Chapter F-12, Revised Statutes of Alberta 2000
Alberta Securities Commission	Incorporated June 1, 1995 under the <i>Securities Act</i> , Chapter S-4, Revised Statutes of Alberta 2000

## NOTE 2 PURPOSE

The Ministry's core businesses are to:

- a) Manage tax and revenue programs fairly and efficiently,
- b) Manage and invest financial assets prudently,
- c) Manage risk associated with the loss of public assets, and
- d) Regulate Alberta's capital market.

## MINISTRY OF REVENUE

**NOTE 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND REPORTING PRACTICES**

The recommendations of the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants are the primary source for the disclosed basis of accounting. Recommendations of the Accounting Standards Board of the Canadian Institute of Chartered Accountants, other authoritative pronouncements, accounting literature, and published financial statements relating to either the public sector or analogous situations in the private sector are used to supplement the recommendations of the Public Sector Accounting Board where it is considered appropriate.

These financial statements are prepared in accordance with the following accounting policies.

**a) Method of Consolidation**

The accounts of the Department, the Alberta Heritage Foundation for Medical Research Endowment Fund, the Alberta Heritage Savings Trust Fund, the Alberta Heritage Scholarship Fund, the Alberta Heritage Science and Engineering Research Endowment Fund, the Alberta Risk Management Fund, and Alberta Securities Commission are consolidated after adjusting them to a basis consistent with the accounting policies described below. Intra-ministry transactions (revenues, expenses, investing and financing transactions, and related asset and liability accounts) have been eliminated.

**b) Basis of Financial Reporting****REVENUES**

All revenues are reported on the accrual method of accounting. Corporate income tax receipts from corporations in anticipation of an upward reassessment of Alberta income tax payable are described as corporate income tax receipts in abeyance and recorded as accounts payable.

**EXPENSES**

Expenses represent the cost of resources consumed during the year on Ministry operations. Expenses include amortization of capital assets.

Pension costs included in these statements comprise the cost of employer contributions for current service of employees during the year.

Certain expenses, primarily for office space and legal advice, incurred on behalf of the Ministry by other Ministries are not reflected in the consolidated statement of operations. Schedule 12 discloses information on these related party transactions.

**VALUATION ADJUSTMENTS**

Valuation adjustments include changes in the valuation allowances used to reflect financial assets at their net recoverable or other appropriate value. Valuation adjustments also represent the change in management's estimate of future payments arising from accrued employee vacation entitlements.

**ASSETS**

Financial assets are limited to financial claims on outside organizations and individuals and inventories held for resale at the year end.

## MINISTRY OF REVENUE

**NOTE 3** (continued)

Portfolio investments are carried at cost. Realized gains and losses on disposals of these investments are included in the determination of net operating results for the year. Where there has been a loss in value of an investment that is other than a temporary decline, the investment is written down to recognize the loss. The written down value is deemed to be the new cost.

Loans are recorded at cost less any allowance for credit loss. Where there is no longer reasonable assurance of timely collection of the full amount of principal and interest of a loan, a provision for credit loss is made and the carrying amount of the loan is reduced to its estimated realizable amount.

Inventories for resale are valued at the lower of cost, determined on a first-in, first-out basis, and estimated net realizable value.

Capital assets of the Ministry are recorded at historical cost and amortized on a straight line basis over the estimated useful lives of the assets.

**LIABILITIES**

Liabilities include all financial claims payable by the Ministry at the year end.

**FOREIGN CURRENCY**

Assets denominated in foreign currency are translated at the year end rate of exchange.

Foreign currency transactions are translated into Canadian dollars using average rates of exchange, except for hedged foreign currency transactions which are translated at rates of exchange established by the terms of the forward exchange contracts.

**MEASUREMENT UNCERTAINTY**

Estimates are used in accruing revenues and expenses in circumstances where the actual accrued revenues and expenses are unknown at the time the financial statements are prepared. Uncertainty in the determination of the amount at which an item is recognized in financial statements is known as measurement uncertainty. Such uncertainty exists when there is a variance between the recognized amount and another reasonably possible amount, as there is whenever estimates are used.

Measurement uncertainty that is material to these financial statements exists in the accrual of personal and corporate income taxes, and provisions for loans and advances. The nature of the uncertainty in these items arises from several factors such as the effect on accrued taxes of the verification of taxable income, and the effect on loans and advances of actual collectibility and changes in economic conditions. While best estimates have been used for reporting items subject to measurement uncertainty, management considers that it is possible, based on existing knowledge, that changes in future conditions in the near term could require a material change in the recognized amounts. Near term is defined as a period of time not to exceed one year from the date of the financial statements.



## MINISTRY OF REVENUE

**NOTE 4 VALUATION OF FINANCIAL ASSETS AND LIABILITIES**

Fair value is the amount of consideration agreed upon in an arm's length transaction between knowledgeable, willing parties who are under no compulsion to act.

The fair values of cash and temporary investments, accrued interest and accounts receivable, and liabilities are estimated to approximate their book values.

The methods used to determine the fair values of portfolio investments and derivative contracts are explained in the following paragraphs.

Public fixed-income securities and equities are valued at the year-end closing sale price, or the average of the latest bid and ask prices quoted by an independent securities valuation company.

The value of derivative contracts is included in the fair value of portfolio investments. Equity and bond index swaps are valued based on changes in the appropriate market based index net of accrued floating rate interest. Interest rate swaps are valued based on discounted cash flows using current market yields. Forward foreign exchange contracts are valued based on quoted market prices. The value of cross-currency interest rate swaps is included with the value of the underlying security. Cross-currency interest rate swaps are valued at quoted prices based on discounted cash flows using current market yields.

Mortgages and certain non-public provincial debentures are valued based on the net present value of future cash flows. These cash flows are discounted using appropriate interest rate premiums over similar Government of Canada benchmark bonds trading in the market.

The fair value of private equities is estimated by management.

Real estate investments are reported at their most recent appraised value, net of any liabilities against the real property. Real estate properties are appraised annually by qualified external real estate appraisers.

Loans and advances to government entities are valued based on the net present value of future cash flows. The fair value of other loans and advances is estimated by management based on the present value of discounted cash flows.

At the year end, the fair values of investments denominated in a foreign currency are translated at the year end exchange rate.

**NOTE 5 ASSET RISK MANAGEMENT**

The majority of the Ministry's portfolio investments are in the Alberta Heritage Savings Trust Fund (Heritage Fund).

The investment objective is to invest in a diversified portfolio to maximize long-term returns at an acceptable level of risk. The policy asset mix for fixed income securities is 35%. The policy mix for public equity investment is 50%. The remainder of the portfolio is invested in real estate, private equities and absolute return strategies.

## MINISTRY OF REVENUE

**NOTE 5** (continued)

The investments in the Alberta Heritage Foundation for Medical Research Endowment Fund, the Alberta Heritage Scholarship Fund and the Alberta Heritage Science and Engineering Research Endowment Fund are managed to preserve the capital of the funds over the long term and to provide an annual level of income for the purpose of making grants to researchers in the fields of medicine, science and engineering, and to students.

**NOTE 6 COMMITMENTS AND CONTINGENCIES**

Set out below are details of commitments to organizations outside the Ministry and contingencies resulting from guarantees.

Any losses arising from the settlement of contingencies are treated as expenses in the year of settlement.

**a) Commitments**

Commitments to outside organizations in respect of contracts entered into before March 31, 2003 amounted to \$18,439,000 (2002 \$11,348,000). These commitments will become expenses of the Ministry when terms of the contracts are met. These amounts include obligations under operating leases which expire on various dates. The aggregate amounts payable for the unexpired terms of these leases are as follows:

<i>(thousands)</i>	
2003-04	\$ 4,674
2004-05	3,071
2005-06	2,231
2006-07	1,842
2007-08	1,815
Thereafter	4,806
	<u>\$ 18,439</u>

**b) Guarantees**

The Ministry, through the Alberta Securities Commission along with the Ontario Securities Commission and the British Columbia Securities Commission, entered into a Continuing Guarantee Agreement to guarantee the liabilities of the Mutual Fund Dealers Association of Canada with a Canadian chartered bank. The obligation of the Ministry to the bank is limited to \$2,160,000.

**c) Legal Actions**

At March 31, 2003, the Ministry is a defendant in various legal actions, including legal actions relating to insurance claims. The total claimed in specific legal actions amounts to approximately \$22,452,000 (2002 \$4,934,000). Included in this amount are claims for \$19,677,000 (2002 \$3,384,000) in which the Ministry has been jointly named with other entities. The resulting loss, if any, from these claims cannot be determined.

## MINISTRY OF REVENUE

**NOTE 7 TRUST FUNDS UNDER ADMINISTRATION**

The Ministry administers trust funds that are regulated funds consisting of public money over which the Legislature has no power of appropriation. Because the Ministry has no equity in the funds and administers them for the purposes of the various trusts, they are not included in the Ministry's consolidated financial statements. The operations of the funds' beneficial owners are reported separately in their annual reports.

At March 31, 2003, trust funds under administration were as follows:

*(thousands)*

	<b>2003</b>	<b>2002</b>
The Workers' Compensation Board Accident Fund	\$ 2,025,400	\$ 2,030,548
Power Pool of Alberta Balancing Pool	146,085	121,294
	<u>\$ 2,171,485</u>	<u>\$ 2,151,842</u>

**NOTE 8 DEFINED BENEFIT PLANS**

The Ministry participates in the multiemployer pension plans, Management Employees Pension Plan and Public Service Pension Plan. The Ministry also participates in the multiemployer Supplementary Retirement Plan for Public Service Managers. The expense for these plans is equivalent to the annual contributions of \$1,612,000 for the year ended March 31, 2003 (2002 \$1,435,000).

At December 31, 2002, the Management Employees Pension Plan reported a deficiency of \$301,968,000 (2001 surplus of \$5,338,000) and the Public Service Pension Plan reported an actuarial deficiency of \$175,528,000 (2001 actuarial surplus of \$320,487,000). At December 31, 2002, the Supplementary Retirement Plan for Public Service Managers had an actuarial surplus of \$6,472,000 (2001 actuarial deficiency of \$399,000).

The Ministry also participates in two multi-employer Long Term Disability Income Continuance Plans. At March 31, 2003, the Bargaining Unit Plan reported an actuarial deficiency of \$14,434,000 (2002 \$8,646,000) and the Management, Opted Out and Excluded Plan an actuarial deficiency of \$3,053,000 (2002 \$2,656,000). The expense for these two plans is limited to employer's annual contributions for the year.

**NOTE 9 COMPARATIVE FIGURES**

Certain 2002 figures have been reclassified to conform to 2003 presentation.

**NOTE 10 APPROVAL OF FINANCIAL STATEMENTS**

These financial statements were approved by the Corporate Secretary and the Deputy Minister of Revenue.

## MINISTRY OF REVENUE

## SCHEDULES TO THE CONSOLIDATED FINANCIAL STATEMENTS

**REVENUES**

Schedule 1

Year Ended March 31, 2003 (*thousands*)

	<b>Budget</b>	<b>2003 Actual</b>	<b>2002 Actual</b>
Income taxes			
Personal income tax	\$ 4,708,117	\$ 4,834,080	\$ 4,503,099
Less Alberta energy tax refund	-	-	(320,000)
Corporate income tax	1,550,280	2,018,743	2,228,551
	6,258,397	6,852,823	6,411,650
Other taxes			
Tobacco tax	633,000	618,474	373,516
Fuel tax	594,000	596,953	584,855
Insurance taxes	139,486	160,305	133,725
Hotel room tax	50,000	54,494	55,604
Financial institutions capital tax	-	29	1,201
	1,416,486	1,430,255	1,148,901
Net investment income (loss)	654,505	(1,034,089)	182,898
Fees, permits and licences	15,372	14,813	15,088
Internal government transfers	200	3,480	2,200
Other			
Insurance services	6,524	7,061	7,538
Other services	10,237	8,710	7,783
Refunds of expenditure	-	342	953
Miscellaneous	66	2,777	2,093
	16,827	18,890	18,367
	<b>\$ 8,361,787</b>	<b>\$ 7,286,172</b>	<b>\$ 7,779,104</b>

## MINISTRY OF REVENUE

**BUDGET**Year Ended March 31, 2003 (*thousands*)**Schedule 2**

	<b>2002-03 Estimates</b>	<b>Adjustments</b>	<b>2002-03 Budget</b>
<b>Revenues</b>			
Income taxes	\$ 6,258,397	\$ -	\$ 6,258,397
Other taxes	1,416,486	-	1,416,486
Investment income	654,505	-	654,505
Fees, permits and licences	15,372	-	15,372
Internal government transfers	200	-	200
Other	16,827	-	16,827
	<u>8,361,787</u>	<u>-</u>	<u>8,361,787</u>
<b>Expenses</b>			
Investment	114,739	-	114,739
Tax and revenue collection	40,463	-	40,463
Regulation of capital markets	17,682	-	17,682
Government risk management and insurance	7,759	-	7,759
Ministry support services	3,897	-	3,897
	<u>184,540</u>	<u>-</u>	<u>184,540</u>
Net Operating Results	<u>\$ 8,177,247</u>	<u>\$ -</u>	<u>\$ 8,177,247</u>

## MINISTRY OF REVENUE

**EXPENSES BY OBJECT***(thousands)***Schedule 3**

	<b>Budget</b>	<b>2003 Actual</b>	<b>2002 Actual</b>
Salaries, wages and employee benefits	\$ 33,662	\$ 30,868	\$ 28,054
Supplies and services	25,427	31,119	21,411
Grants	102,400	78,370	75,694
Corporate tax interest refunds	20,000	64,197	31,303
Other financial transactions	67	105	808
Amortization of capital assets	2,584	2,284	2,326
Valuation adjustments	600	284	162
	184,740	207,227	159,758
Less recovery from support services arrangements with related parties (a)	200	200	312
	<b>\$ 184,540</b>	<b>\$ 207,027</b>	<b>\$ 159,446</b>

- a) The Ministry provides securities administration services to various public sector entities. Costs incurred by the Ministry are recovered from the recipients of the services.

**VALUATION ADJUSTMENTS***(thousands)***Schedule 4**

	<b>Budget</b>	<b>2003 Actual</b>	<b>2002 Actual</b>
Provision for doubtful accounts, loans and write-offs	\$ 600	\$ 12	\$ 161
Provision for employee benefits other than pensions	-	272	1
	<b>\$ 600</b>	<b>\$ 284</b>	<b>\$ 162</b>

## MINISTRY OF REVENUE

**CASH AND TEMPORARY INVESTMENTS**

Schedule 5

*(thousands)*

	2003	2002
Pooled investment funds		
Fixed-income securities (a)	\$ 8,755	\$ 8,786
Canadian equities	2,859	2,746
	11,614	11,532
Deposit in the Consolidated Cash Investment Trust Fund	311,184	111,098
Cash in bank and in transit	108,045	164,153
	<b>\$ 430,843</b>	<b>\$ 286,783</b>

- a) Fixed-income securities held had an average effective yield of 5.41% (2002 5.80%) per annum as at March 31, 2003. 98% (2002 93%) of the securities had terms to maturity of over one year.

**ACCRUED INTEREST AND ACCOUNTS RECEIVABLE**

Schedule 6

*(thousands)*

	2003	2002
Personal income tax	\$ 326,948	\$ 195,555
Corporate income tax	204,809	239,617
Fuel tax	54,149	50,492
Accrued interest receivable	19,690	39,062
Insurance taxes	19,359	17,482
Hotel room tax	5,031	5,310
Tobacco tax	4,851	5,124
Financial institutions capital tax	3,516	544
Other	4,234	1,085
	642,587	554,271
Less allowance for doubtful accounts	1,149	1,147
	<b>\$ 641,438</b>	<b>\$ 553,124</b>

## MINISTRY OF REVENUE

## PORTFOLIO INVESTMENTS

Schedule 7

*(thousands)*

	2003		2002	
	Book Value	Fair Value	Book Value	Fair Value
Fixed-income securities (a)(b)				
Pooled investment funds	\$ 3,859,557	\$ 3,842,060	\$ 4,271,839	\$ 4,168,141
Government of Canada, direct and guaranteed	24,515	25,470	228,073	229,475
Corporate	-	-	1,078,862	1,081,325
Provincial, direct and guaranteed	-	-	133,856	134,874
	3,884,072	3,867,530	5,712,630	5,613,815
Equities (b)				
Canadian	2,809,922	2,817,748	2,875,097	3,131,361
Foreign	4,498,155	3,960,128	4,732,931	4,580,626
Real estate	898,913	972,689	663,198	693,898
Absolute return strategies	320,570	320,485	-	-
	8,527,560	8,071,050	8,271,226	8,405,885
	\$ 12,411,632	\$ 11,938,580	\$ 13,983,856	\$ 14,019,700

- a) The majority of the Ministry's fixed-income securities are in the Alberta Heritage Savings Trust Fund (Heritage Fund). As at March 31, 2003, the Heritage Fund held \$3,470,041,000 (2002 \$5,218,475,000) of public fixed-income securities at cost (Fair value \$3,450,805,000 (2002 \$5,126,845,000)). The securities held have an average effective market yield of 5.5% (2002 5.4%) per annum and the following term structure based on principal amount:

	2003	2002
	%	%
under 1 year	2	31
1 to 5 years	37	26
6 to 10 years	29	21
11 to 20 years	13	9
over 20 years	19	13
	100	100

- b) The Ministry uses derivative contracts to enhance return, hedge risks, and manage asset mix. As at March 31, 2003, the notional amount of all derivative contracts issued by the Ministry amounted to \$2,201,700,000 (2002 \$1,691,600,000). 72% (2002 67%) of these contracts mature within one year. As at March 31, 2003, index swap contracts, forward foreign exchange contracts and interest rate swap contracts with a notional amount of \$1,890,800,000 (2002 \$1,246,900,000) had a negative fair value of \$6,900,000 (2002 \$1,100,000). Cross-currency interest rate swap contracts, which comprised the remaining notional amount of \$310,900,000 (2002 \$444,700,000), are valued as a package including the underlying security. As at March 31, 2003, the combined fair value of cross-currency swaps and underlying securities amounted to \$316,800,000 (2002 \$443,700,000).



## MINISTRY OF REVENUE

**LOANS AND ADVANCES TO GOVERNMENT ENTITIES**

Schedule 8

*(thousands)*

	<b>2003</b>	<b>2002</b>
Alberta Social Housing Corporation	\$ 100,037	\$ 104,622
Fair value	\$ 158,018	\$ 165,178
Average effective market yield	7.83%	8.35%

**OTHER LOANS AND ADVANCES**

Schedule 9

*(thousands)*

	<b>2003</b>	<b>2002</b>
Alberta Heritage Savings Trust Fund Act	\$ 173,548	\$ 157,408
Accountable advances	1,003	1,120
	174,551	158,528
Less allowance for doubtful loans and advances	76,189	60,049
	\$ 98,362	\$ 98,479
Fair value	\$ 98,362	\$ 98,479

**CAPITAL ASSETS**

Schedule 10

*(thousands)*

	<b>Estimated Useful Life</b>	<b>Cost</b>	<b>Accumulated Amortization</b>	<b>2003 Net Book Value</b>	<b>2002 Net Book Value</b>
Equipment	10 years	\$ 738	\$ 374	\$ 364	\$ 417
Computer hardware and software	5 years	32,004	24,833	7,171	5,160
Other	10 years	1,684	669	1,015	944
		\$ 34,426	\$ 25,876	\$ 8,550	\$ 6,521

**ACCOUNTS PAYABLE**

Schedule 11

*(thousands)*

	<b>2003</b>	<b>2002</b>
Corporate income tax receipts in abeyance	\$ 336,467	\$ 262,284
Investment purchases	-	271,204
Other	23,750	16,819
	\$ 360,217	\$ 550,307

## MINISTRY OF REVENUE

## RELATED PARTY TRANSACTIONS

## Schedule 12

Related parties are those entities consolidated in the Province of Alberta's financial statements. Related parties also include management of the Ministry.

The Ministry and its employees paid or collected certain taxes and fees set by regulation for permits, licences and other charges. These amounts were incurred in the normal course of business, reflect charges applicable to all users, and have been excluded from this Schedule.

The Ministry had the following transactions with related parties recorded at the amount of consideration agreed upon between the related parties.

*(thousands)*

	2003	2002
Revenues		
Transfers	\$ 5,030	\$ 2,200
Interest	17,854	32,016
Charges for services	6,864	6,898
	\$ 29,748	\$ 41,114
Expenses		
Transfers	\$ 21,037	\$ 19,137
Costs of services	2,962	4,400
	\$ 23,999	\$ 23,537
Assets		
Accrued interest receivable	\$ 7,772	\$ 8,124
Loans and advances	100,037	104,622
	\$ 107,809	\$ 112,746

The above transactions do not include support service arrangement transactions disclosed in Schedule 3.

The Ministry also had the following transactions with related parties for which no consideration was exchanged. The amounts for these related party transactions are estimated based on the costs incurred by the service provider to provide the service. These amounts are not recorded in the financial statements.

*(thousands)*

	2003	2002
Expenses - incurred by others		
Accommodation	\$ 1,828	\$ 1,716
Legal services	1,292	1,161
	\$ 3,120	\$ 2,877