

THE ALBERTA GOVERNMENT  
TELEPHONES COMMISSION  
FINANCIAL STATEMENTS  
DECEMBER 31, 2002

Auditor's Report

Balance Sheet

Statement of Revenue, Expense and Retained Earnings

Notes to the Financial Statements



## AUDITOR'S REPORT

To the Member of  
The Alberta Government Telephones Commission

I have audited the balance sheet of The Alberta Government Telephones Commission as at December 31, 2002 and the statement of revenue, expense and retained earnings 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 December 31, 2002 and the results of its operations for the year then ended in accordance with Canadian generally accepted accounting principles.

[Original Signed]

Fred J. Dunn, FCA  
Auditor General

Edmonton, Alberta  
April 23, 2003

**THE ALBERTA GOVERNMENT TELEPHONES COMMISSION**  
**BALANCE SHEET**  
**AS AT DECEMBER 31, 2002**  
(thousands of dollars)

	2002	2001
<b>ASSETS</b>		
Cash and cash equivalents (Note 3)	\$ 50,704	\$ 50,061
Interest and accounts receivable	102	194
	<u>\$ 50,806</u>	<u>\$ 50,255</u>
<b>LIABILITIES AND EQUITY</b>		
Accounts payable and accrued liabilities	\$ 190	\$ 194
Income taxes (Note 2(c))	24,290	45,185
Due to the Province of Alberta (Note 4)	26,326	4,876
	<u>50,806</u>	<u>50,255</u>
Retained earnings	-	-
	<u>\$ 50,806</u>	<u>\$ 50,255</u>

The accompanying notes are part of these financial statements.

On behalf of the Commission:

R. M. Matheson  
Chairman and Sole Commission Member

**THE ALBERTA GOVERNMENT TELEPHONES COMMISSION**  
**STATEMENT OF REVENUE, EXPENSE**  
**AND RETAINED EARNINGS**  
**FOR THE YEAR ENDED DECEMBER 31, 2002**  
(thousands of dollars)

	2002		2001
	Budget (Note 6)	Actual	
<b>Revenue:</b>			
Interest on deposits	\$ 1,800	\$ 1,030	\$ 2,038
Foreign exchange gain on income taxes	-	434	-
Foreign exchange gain on notes	-	-	2,773
	<u>1,800</u>	<u>1,464</u>	<u>4,811</u>
<b>Expense:</b>			
Interest on income taxes	1,800	913	1,916
Foreign exchange loss on notes	-	386	-
Foreign exchange loss on income taxes	-	-	2,633
Interest and other	-	10	2
	<u>1,800</u>	<u>1,309</u>	<u>4,551</u>
Gain on valuation adjustment	-	21,295	-
Excess of revenue over expense for the year	-	21,450	260
Retained earnings at beginning of year	-	-	-
Transfer to the Province of Alberta	-	(21,450)	(260)
Retained earnings at end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**THE ALBERTA GOVERNMENT TELEPHONES COMMISSION**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2002**

**NOTE 1 AUTHORITY**

The Alberta Government Telephones Commission (the Commission) operates under the authority of the Telecommunications Act, Chapter T-3.5, Statutes of Alberta 1988, as amended.

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

## (a) Financial Statement Presentation

A cash flow statement is not provided, as disclosure in the financial statements is considered adequate.

## (b) Valuation of Assets and Liabilities

Due to the short-term nature of cash and cash equivalents, interest and accounts receivable, and accounts payable and accrued liabilities, the carrying value approximates fair value.

## (c) Income Taxes

The income tax provision is management's estimate of income taxes payable for its U.S. subsidiaries, which were wound-up in 1999.

## (d) Foreign Currency

Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange at the balance sheet date. Foreign currency transactions are translated at the average exchange rate prevailing during the year.

**NOTE 3 CASH AND CASH EQUIVALENTS**

	2002	2001
	(thousands of dollars)	
Bank deposits	\$ 494	\$ 689
CCITF account	2,348	2,231
Short-term deposits	47,862	47,141
	<u>\$ 50,704</u>	<u>\$ 50,061</u>

The Consolidated Cash Investment Trust Fund (CCITF) is a demand account managed by Alberta Finance with the objective of providing competitive interest income to depositors while maintaining maximum security and liquidity of depositors' capital. The portfolio is comprised of high quality short-term and mid-term fixed income securities with a maximum term to maturity of five years.

Short-term deposits are comprised of bank certificates that are reinvested as they mature.

**NOTE 4 DUE TO THE PROVINCE OF ALBERTA**

	2002	2001
	(thousands of dollars)	
Balance at beginning of year	\$ 4,876	\$ 4,616
Excess of revenue over expenses of the Commission	21,450	260
Balance at end of year	<u>\$ 26,326</u>	<u>\$ 4,876</u>

Pursuant to section 15 of the Telecommunications Act, the amount due to the Province of Alberta can be paid, with the approval of the Lieutenant Governor in Council, with money that the Commission determines to be surplus.

**NOTE 5 FEES AND BENEFITS**

The Commission did not pay any fees or benefits to the Sole Commission Member. The Commission has no employees.

**NOTE 6 BUDGET**

The 2002 budget was published in the 2002-03 Government and Lottery Fund Estimates at page 198.