

Province of Newfoundland and Labrador

Public Accounts

Volume II

Consolidated Revenue Fund Financial Statements

**For The Year Ended
31 March 2002**

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GOVERNMENT OF
NEWFOUNDLAND AND LABRADOR

Department of Finance
Office of the Minister

October, 2002

The Honourable A.M. House, C.M., M.D., FRCPC
Lieutenant-Governor of Newfoundland and Labrador

Sir,

I have the honour to present the Public Accounts of the Province of Newfoundland and Labrador for the financial year ended 31 March 2002.

Respectfully submitted,
Your Honour's obedient servant,

JOAN MARIE AYLWARD
Minister of Finance

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INTRODUCTION

The *Financial Administration Act* requires that all revenues over which the Legislature has power of appropriation shall form one Consolidated Revenue Fund. The financial statements of the Consolidated Revenue Fund of the Province of Newfoundland and Labrador are presented through the publication of the Public Accounts, Volume II.

These statements are prepared on the accrual basis of accounting in accordance with the Public Sector Accounting Board standards of the Canadian Institute of Chartered Accountants, and as outlined in the significant accounting policies of the Province. They are prepared by the Comptroller General and are audited by the Auditor General, who presents an annual report to the House of Assembly on the results of his audit. Comparisons are made to the Estimates.

The Public Accounts for the year ended 31 March 2002 consists of three other volumes:

Volume I - Consolidated Summary Financial Statements presents the summary financial statements which consolidate the financial statements of the Consolidated Revenue Fund with the financial statements of various Crown Corporations, Boards and Authorities, as approved by Treasury Board, which are owned or controlled by, and accountable to, the Government of Newfoundland and Labrador.

Volume III - Consolidated Revenue Fund Supplementary Statements and Schedules presents the unaudited summary statements, detailed departmental statements, schedules and notes of the Fund and are prepared on a basis consistent with the Estimates of the Province.

Volume IV- Financial Statements of Crown Corporations, Boards and Authorities presents a reproduction of the available financial statements of the Crown Corporations, Boards and Authorities.

The Public Accounts of the Province are tabled in the House of Assembly in accordance with Section 60 of the *Financial Administration Act*.

Internet Address

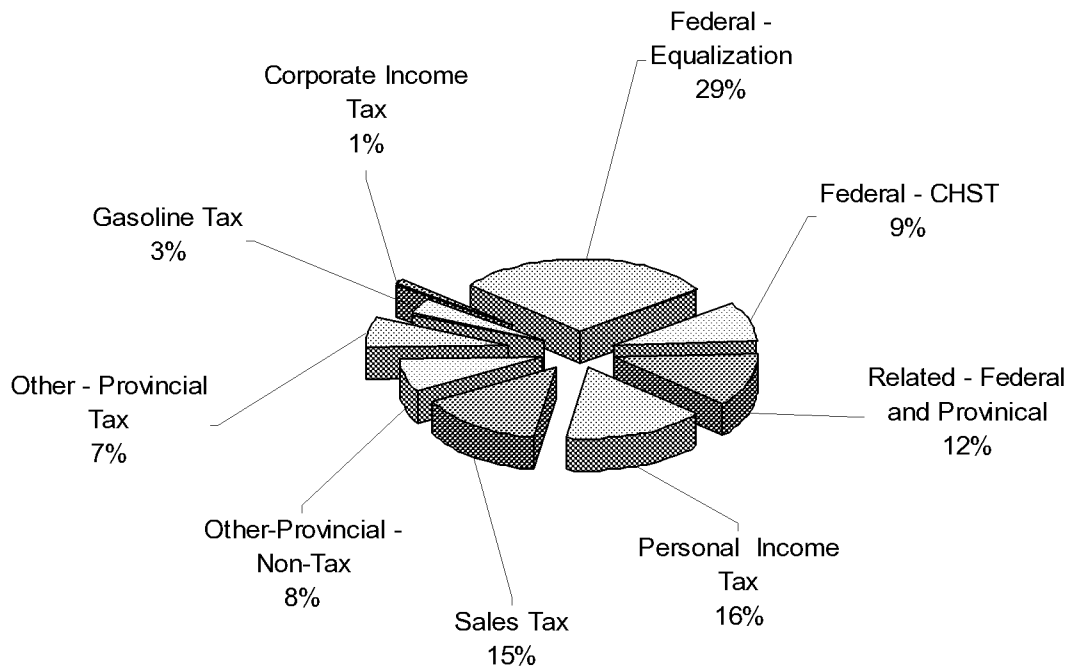
The Public Accounts are available on the Internet at:
<http://www.gov.nf.ca/ComptrollerGeneral/publications.htm>

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Revenue

Total revenue was \$3.82 billion in 2001-2002 which consisted of federal revenues of \$1.58 billion and provincial revenues of \$2.24 billion.

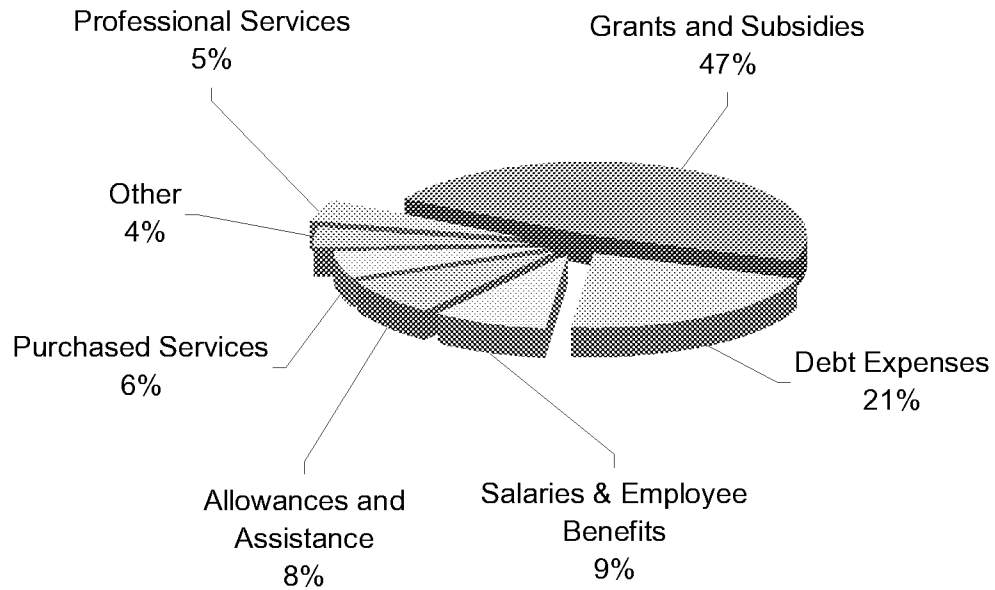
Revenue by source - 31 March 2002



Expenditure

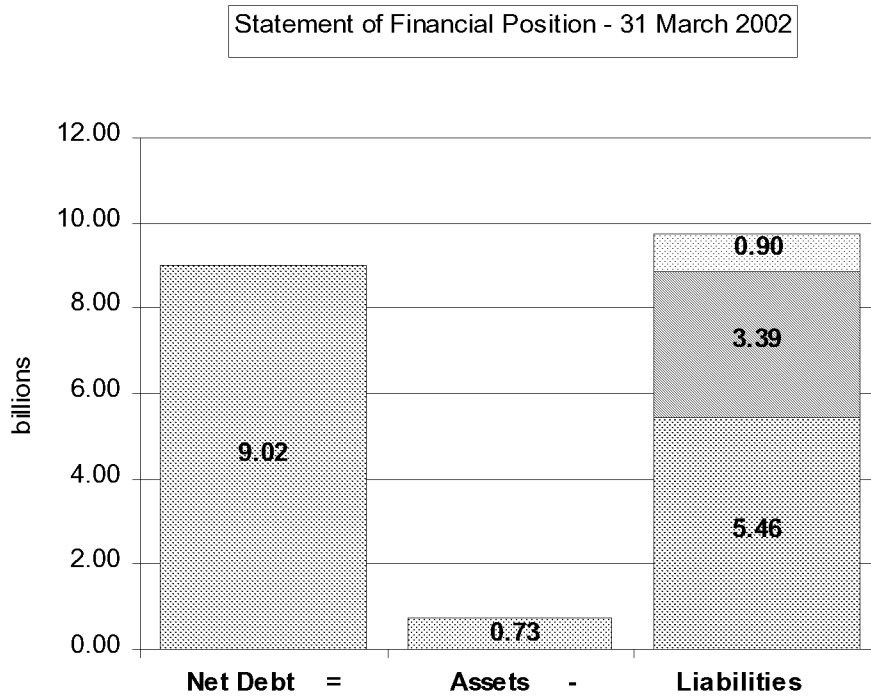
Total expenditure was \$4.20 billion in 2001-2002. Grants and subsidies of \$1.98 billion and debt expenses of \$.88 billion represented 68% of this amount.

Expenditure by category - 31 March 2002



Financial Position

Net debt of \$9.02 billion consisted of \$9.75 billion in liabilities less \$.73 billion in assets.



Liabilities are comprised of:

- Net borrowings of \$5.46 billion
- Unfunded pension liability of \$3.39 billion
- Other liabilities of \$.90 billion

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GOVERNMENT OF
NEWFOUNDLAND AND LABRADOR

TREASURY BOARD SECRETARIAT

OFFICE OF THE COMPTROLLER GENERAL

CONFEDERATION BUILDING
ST. JOHN'S

06 September 2002

STATEMENT OF RESPONSIBILITY

These summary financial statements of the Consolidated Revenue Fund are prepared in accordance with the requirements of the *Financial Administration Act* based upon information provided by the various Government departments. Where necessary, the information included in these summary financial statements is based upon best estimates and judgement, taking into account materiality of the amounts. The summary financial statements in this volume include a Statement of Financial Position, a Statement of Net Debt, a Statement of Revenue and Expenditure, a Statement of Changes in Financial Position and notes. Other schedules and notes that are included also form an integral part of these statements. Together they present fairly, in all material respects, the financial position of the Province's Consolidated Revenue Fund as at 31 March 2002 and the results of operations for the year then ended.

RONALD A. WILLIAMS, C.A.
Comptroller General

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OFFICE OF THE AUDITOR GENERAL

St. John's, Newfoundland and Labrador

AUDITOR'S REPORT

To the House of Assembly
Province of Newfoundland and Labrador

I have audited the statement of financial position of the Consolidated Revenue Fund of the Province of Newfoundland and Labrador as at 31 March 2002 and the statements of net debt, revenue and expenditure and changes in financial position for the year then ended. These financial statements are the responsibility of Government. 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 Government, 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 Consolidated Revenue Fund as at 31 March 2002 and the results of its operations and the changes in its financial position for the year then ended in accordance with the accounting policies disclosed in Note 1 to the financial statements applied on a basis consistent with that of the preceding year.

The accompanying financial statements have been prepared to present the results of the Consolidated Revenue Fund in relation to its budget for the year ended 31 March 2002. Significant financial activities of Government occur outside the Consolidated Revenue Fund. Most of these activities together with those of the Consolidated Revenue Fund are included in the consolidated summary financial statements of the Province. For this reason, the consolidated summary financial statements provide a more comprehensive accounting of the financial position and results of Government operations. A separate Auditor's Report is provided on the consolidated summary financial statements for the year ended 31 March 2002.

JOHN L. NOSEWORTHY, C.A.
Auditor General

St. John's, Newfoundland and Labrador
06 September 2002

PROVINCE OF NEWFOUNDLAND AND LABRADOR

Statement of Financial Position As at 31 March 2002 with comparative figures for 2001

	2002	2001
	(\$000)	(\$000)
ASSETS		
Temporary investments at cost - note 2	375,054	307,963
Government of Canada - claims in process - note 3	37,638	34,821
Sch. A Accounts and taxes receivable	288,852	300,712
Less: Allowance for doubtful accounts	92,653	97,454
	196,199	203,258
Prepaid expenses	8,085	939
Sch. B Loans, advances and mortgages receivable	199,637	214,115
Less: Allowance for doubtful accounts	167,429	175,177
	32,208	38,938
Sch. C Investments at cost	85,732	85,174
Less: Allowance for investment writedowns	10,400	10,400
	75,332	74,774
Sch. D Tangible capital assets	-	-
Total Assets	724,516	660,693
NET DEBT		
Net Debt	9,021,027	8,642,901
Total Assets and Net Debt	9,745,543	9,303,594
LIABILITIES		
Deferred revenue	-	17,438
Sch. E Other liabilities	899,256	805,883
Sch. F Debenture and other debt	6,706,953	6,629,416
Less: Sinking fund assets - note 5	962,954	1,208,405
Less: Unamortized unrealized foreign exchange losses - note 4	289,349	289,144
	5,454,650	5,131,867
Unfunded pension liability - note 7	3,391,637	3,348,406
Total Liabilities	9,745,543	9,303,594

The reporting entity pertaining to this financial statement is the Consolidated Revenue Fund of the Province of Newfoundland and Labrador.

The accompanying notes and supporting schedules form an integral part of the financial statements.

PROVINCE OF NEWFOUNDLAND AND LABRADOR

Statement of Net Debt For the year ended 31 March 2002 with comparative figures for 2001

	2002 (\$000)	2001 (\$000)
Net debt - previously reported	8,642,901	8,554,616
Add (Deduct):		
Pension plan changes - Note 16	392	
Teachers' salaries liability - Note 17	-	(32,337)
Adjusted net debt - beginning of year	8,643,293	8,522,279
Add:		
Net expenditure over revenue	377,734	120,622
Net debt - end of year	9,021,027	8,642,901

The reporting entity pertaining to this financial statement is the Consolidated Revenue Fund of the Province of Newfoundland and Labrador.

See accompanying notes to the financial statements.

PROVINCE OF NEWFOUNDLAND AND LABRADOR

Statement of Revenue and Expenditure For the year ended 31 March 2002 with comparative figures for 2001

	Actuals 2002 (\$000)	Original Estimates 2002 (\$000)	Actuals 2001 (\$000)
REVENUE:			
Provincial			
Tax Revenue			
Sales	556,368	503,000	497,852
Personal income	607,164	602,000	624,675
Gasoline	131,624	128,500	130,393
Corporate income	54,906	80,000	75,434
Other	258,274	227,515	250,900
Non-tax revenue	286,389	298,535	300,920
Government of Canada			
Equalization	1,117,374	1,163,335	1,197,184
Canada Health and Social Transfer	333,805	336,306	330,727
Sales tax transitional assistance	-	-	30,840
Other	1,754	1,754	1,754
Related revenue	471,367	621,093	428,077
Total Revenue	<u>3,819,025</u>	<u>3,962,038</u>	<u>3,868,756</u>
EXPENDITURE:			
Salaries	314,227	331,944	295,183
Employee benefits	45,715	108,396	41,379
Pension costs	2,406	-	(13,070)
Transportation and communications	37,440	42,611	36,346
Supplies	54,305	50,789	57,492
Professional services	198,386	207,442	193,581
Purchased services	249,717	272,296	240,142
Property, furnishings and equipment	49,245	29,136	43,679
Loans, advances and investments	-	3,722	42
Allowances and assistance	343,348	350,268	333,811
Grants and subsidies	1,984,570	1,957,076	1,829,220
Debt expenses	880,058	604,271	878,210
Information technology	26,018	24,623	25,659
Bad debt expenses	11,324	-	27,704
Total Expenditure	<u>4,196,759</u>	<u>3,982,574</u>	<u>3,989,378</u>
Contingency Reserve - note 9		(10,000)	
Net expenditure over revenue	<u>(377,734)</u>	<u>(30,536)</u>	<u>(120,622)</u>
Surplus (Deficit) on current account	(184,692)	104,156	61,705
Surplus (Deficit) on capital account	(193,042)	(124,692)	(182,327)
Contingency Reserve - note 9		(10,000)	
	<u>(377,734)</u>	<u>(30,536)</u>	<u>(120,622)</u>

The reporting entity pertaining to this financial statement is the Consolidated Revenue Fund of the Province of Newfoundland and Labrador.

See accompanying notes to the financial statements.

PROVINCE OF NEWFOUNDLAND AND LABRADOR

Statement of Changes in Financial Position For the year ended 31 March 2002 with comparative figures for 2001

	2002	2001
	(\$000)	(\$000)
Funds provided from (applied to):		
Operations		
Net expenditure over revenue	(377,734)	(120,622)
Add (deduct) non-cash items:		
Amortization of foreign exchange gains/losses	20,127	(23,420)
Pension costs	186,339	155,736
Valuation allowances	(2,273)	7,636
Sinking funds	81,790	(59,188)
Other	34,404	(30,405)
April writebacks	50,169	(3,685)
	(7,178)	(73,948)
Financing		
Debt issued	400,000	450,000
Debt retirement	(299,803)	(101,140)
Special purpose funds/Contractors' holdback funds	2,091	(1,795)
Deferred revenue	(17,438)	(39,203)
Treasury bills redeemed	(2,904,309)	(1,998,038)
Treasury bills purchased	3,010,664	1,998,190
Sinking fund contributions	(49,164)	(48,239)
Retirement of pension liabilities	(143,500)	(116,000)
Wind up of voluntary sinking funds	63,489	13,402
	62,030	157,177
Investing		
Loan repayments	9,459	7,784
Loan advances	(3,712)	(4,586)
	5,747	3,198
Net cash provided (applied)	60,599	86,427
Cash and temporary investments, beginning of year	280,480	194,053
Cash and temporary investments, end of year	341,079	280,480

The reporting entity pertaining to this financial statement is the Consolidated Revenue Fund of the Province of Newfoundland and Labrador.

See accompanying notes to the financial statements.

PROVINCE OF NEWFOUNDLAND AND LABRADOR

Notes to the Financial Statements For the year ended 31 March 2002

1. Summary of Significant Accounting Policies

(a) The Reporting Entity

The Reporting Entity includes the accounts and financial activities of the Consolidated Revenue Fund. Pursuant to the Financial Administration Act of the Province all public monies are accounted for through the Fund.

(b) Basis of Accounting

(i) Method

These financial statements are prepared on the accrual basis of accounting, revenues being recorded when earned and expenditures being recorded when liabilities are incurred, with exceptions made in accordance with the applicable significant accounting policies.

(ii) Presentation

The Province follows the expenditure basis of accounting for the preparation of its financial statements.

The Province presents its financial statements using the "net debt" approach. The Province's net debt consists of total liabilities less financial assets.

(iii) Revenues

Revenues from the Government of Canada under the federal-provincial fiscal arrangements, Canada Health and Social Transfer and tax collection agreements are based on regular entitlements received for the current year and adjusted against future years' revenues when known.

Other revenues are recorded on an accrual basis.

(iv) Expenditures

Expenditures are recorded on an accrual basis.

Pension related costs are determined as the cost of benefits accrued and interest on the unfunded liability, as well as amortization of experience gains and losses.

(v) Assets

Temporary investments are recorded at cost or market value, whichever is lower.

Government of Canada - claims in process are recorded as a receivable based on claims outstanding at 31 March and relate mainly to cost-shared agreements.

Accounts and taxes receivable are recorded for all amounts due for work performed and goods or services supplied. Valuation allowances are provided when collection is considered doubtful.

Loans, advances and mortgages receivable are recorded at cost. Valuation allowances are recorded to reflect assets at the lower of cost or net recoverable value. Loans made by the Province that are expected to be recovered from future appropriations are accounted for as expenditures by providing valuation allowances. Interest revenue on loans receivable is recognized when earned and ceases when collection is not reasonably assured.

Inventories are comprised of items held for resale and are recorded at the lower of cost or net realizable value.

Investments are recorded at cost and are written down when there is a loss in value that is other than a temporary decline.

Tangible capital assets held by the Province are valued at cost or estimated cost. Capital asset acquisitions are recorded as expenditures in the year they are acquired.

Unrealized foreign exchange gains or losses are deferred and amortized on a straight line basis over the remaining term of the debt.

NOTES TO THE FINANCIAL STATEMENTS (continued)

(vi) *Liabilities*

Deferred revenue represents amounts received but not earned.

Other liabilities are recorded for all amounts due for work performed, goods or services received or for charges incurred in accordance with the terms of a contract.

Debenture and other debt, except treasury bills, are recorded at face value. Treasury bills are recorded at net proceeds.

The Province records foreign-denominated debt in Canadian dollars translated at the exchange rate on the transaction date which is considered to be the issue date; except for the proceeds of hedged transactions which are recorded at the rate as established by the terms of that hedge. Foreign-denominated sinking fund assets are also recorded in Canadian dollars and transactions are translated at the exchange rate used in recording the related debt. At 31 March, foreign debt and sinking funds are adjusted to reflect the exchange rate in effect on that date.

(vii) *Government Transfers*

Government transfers are recognized by the Province as revenues or expenditures in the period during which both the payment is authorized and any eligibility criteria are met.

(viii) *Loan Guarantees*

The Province has guaranteed the repayment of principal and interest on certain debentures and bank loans on behalf of crown corporations, municipalities, private sector companies and certain individuals. A provision for losses on these guarantees is established when it is determined that a loss is likely.

2. Temporary Investments

Temporary investments of \$375.1 million (2001 - \$308.0 million), including accrued interest of \$0.08 million (2001 - \$0.36 million), consist of investments with financial institutions. These investments are on call or have maturity dates ranging from 01 April 2002 to 04 April 2002 at interest rates which vary from 2.02% to 2.04%.

3. Government of Canada - Claims in Process

Consists of:

	2002	2001
	(\$mil)	(\$mil)
Claims receivable at 31 March not received in April	16.4	22.1
Receipts in April	21.2	12.7
Total	<u>37.6</u>	<u>34.8</u>

NOTES TO THE FINANCIAL STATEMENTS (continued)

4. Unamortized Unrealized Foreign Exchange Gains and Losses

Foreign currency debt and sinking funds are translated to Canadian dollars at the exchange rate at 31 March 2002. See Schedule F. Details of the effect of these translations at year end are outlined in the table below.

The net amortization expense is \$20.1 million which represents a debit adjustment (31 March 2001 - \$23.4 million-credit adjustment).

	(\$mil)
Unrealized foreign exchange gain (loss):	
Debt	(467.0)
Sinking funds	61.6
Net	(405.4)
Total accumulated amortization	116.1
Net unamortized unrealized foreign exchange gain (loss) - 31 March 2002	(289.3)
Net unamortized unrealized foreign exchange gain (loss) - 31 March 2001	(289.1)

5. Sinking Fund

The value of the sinking funds as recorded in the Newfoundland Government Sinking Fund financial statements is reflected in these financial statements.

The Sinking Fund Assets consist of:

	31 March 2002	31 March 2001
	(\$mil)	(\$mil)
Investments at cost	815.2	944.4
Add: Amortization of bond discount	98.8	102.9
Investments at amortized costs	914.0	1,047.3
Add: Cash and receivables less accounts payable	48.9	161.1
Net Sinking Fund Assets - translated at 31 March	962.9	1,208.4

The net sinking fund assets balance of 1,208.4 million Canadian dollars as at 31 March 2001 includes 152.2 million U.S. dollars translated to 240.0 million Canadian dollars in accordance with current practice.

The net sinking fund assets balance of 962.9 million Canadian dollars as at 31 March 2002 includes 172.7 million U.S. dollars translated to 275.4 million Canadian dollars in accordance with current practice.

The Province does not anticipate conversion of the U.S. dollars to Canadian dollars as the U.S. funds will be used to retire U.S. debt.

6. Provision for Guaranteed Debt

An amount of \$5.0 million (31 March 2001 - \$0.8 million) has been recorded as a provision for possible losses on guaranteed debt. See Schedule E.

NOTES TO THE FINANCIAL STATEMENTS (continued)

7. Unfunded Pension Liability**Defined Benefits**

The Government of Newfoundland and Labrador guarantees defined benefit pension plans for substantially all of its full time employees, and those of its Agencies, Boards and Commissions and for members of its Legislature. The plans are - the Public Service Pension Plan, Teachers' Pension Plan, Uniformed Services Pension Plan and the Members of the House of Assembly Pension Plan.

The Plans provide for pensions based on employees' length of service and highest average earnings. Employees contribute a defined percentage of their salary, and the employer generally matches this amount. The plans do not provide for inflation protection. As at 31 March 2002, the plans provided benefits to 16,609 pensioners.

In 1980, the Province of Newfoundland Pooled Pension Fund was established by the Pensions Funding Act, with the Minister of Finance as Trustee. This Fund administers all financial activity of these four plans, including the collection of all contributions and the payment of pensions and the investment of funds. The Province guarantees any deficiency in the event assets of a plan are insufficient to meet benefit payments or administration costs.

The following outlines the contribution and benefit formulae for each of the plans:

Contribution and Benefit Formulae**Public Service Pension Plan**

Employee contributions are 7.6% of pensionable salary, less a formulated amount representing contributions to the Canada Pension Plan (CPP). A pension benefit is available based on the number of years of pensionable service times 2% of the employee's best five years average salary, reduced by a formulated amount representing CPP earnings for each year since 1967.

Teachers' Pension Plan

Employee contributions are 8.5% of pensionable salary. A pension benefit is available based on the number of years of pensionable service prior to 1 January 1991 times 1/45th of the employee's best five years average salary, plus 2% of the employee's best five years average salary times years of pensionable service after that date, reduced by a formulated amount representing CPP earnings for each year since 1967.

Uniformed Services Pension Plan

Employee contributions are 8.5% of pensionable salary, less a formulated amount representing contributions to the CPP. Grandfathered members contribute an additional 3.5% of salary. A pension benefit is available based on the number of years pensionable service times 2% of the employee's best three years average salary, reduced by a formulated amount representing CPP earnings since 1967. Grandfathered members have higher service accrual pensions in recognition of their higher contributions.

Members of the House of Assembly Pension Plan

Member contributions are 9% of pensionable salary, which includes salary as a Minister, if applicable. A pension benefit is available after serving as a Member in, at least, two General Assemblies and for, at least, five years. The benefit formula is based on years of service expressed as a percentage of the average pensionable salary for the best three years. The percentage varies being 5% for each of the first ten years, 4% for each of the next five years and 2.5% for each of the next two years of service as a Member. For members elected for the first time after 1 April 1998, the percentage is 5% for the first ten years and 2.5% for each of the next ten years. The accrued benefit is reduced by a formulated amount representing CPP earnings for each year since 1967. Ministers receive an additional pension amount calculated similarly, based on service and pensionable salary as a Minister.

NOTES TO THE FINANCIAL STATEMENTS (continued)

Actuarial Valuations

The actuarial valuations which are prepared by the Province's actuaries were based on a number of assumptions about future events, such as interest rates, wage and salary increases, inflation rates and rates of employee turnover, disability and mortality. The assumptions used reflect the Province's best estimates of expected long-term rates and short-term forecasts. The expected interest and inflation rates follow:

Expected interest rates

The expected average interest rate for the Public Service Pension Plan is 8.0% until 2004 and 7.5% thereafter. The expected rate for the Teachers' Pension Plan is 8.0% for the first six years after the valuation date and 7.5% thereafter. The expected rate for the Uniformed Services Pension Plan is 7.5% projected on a long term basis. The expected rate for the Members of the House of Assembly Pension Plan is 7.5% projected on a long term basis.

Expected inflation rates

The expected inflation rate for the Public Service Pension Plan is 2.5% for the first two years after the valuation date, 3% for the next five years and 3.5% thereafter. The expected rate for the Teachers' Pension Plan is 2.0% for the first year after the valuation date and 3.5% thereafter. The expected rate for the Uniformed Services Pension Plan is 3.5% projected on a long term basis. The expected rate for the Members of the House of Assembly Pension Plan is 3.5% projected on a long term basis.

The latest actuarial valuations for the Province's pension plans are dated as listed in the following table:

Plan	Valuation Date
Public Service Pension Plan	31 December 1997
Teachers' Pension Plan	31 August 2000
Uniformed Services Pension Plan	31 December 2000
Members of the House of Assembly Pension Plan	31 December 2000

Pension Liability

Details of the pension liability are outlined in the table below. The estimated accrued benefits and the value of the plan assets reported below have been extrapolated by the Province's actuaries to 31 March 2002. The actual results of future valuations may result in variances from these extrapolations.

Plan	Estimated Accrued Benefit Obligation	Fund Assets	Unamortized Experience Gains (Losses) 2002	Net Unfunded Liability 2002	Net Unfunded Liability 2001	Change
	(\$mil)	(\$mil)	(\$mil)	(\$mil)	(\$mil)	(\$mil)
Public Service Pension Plan	2,745.7	1,628.6	338.8	1,455.9	1,456.9	(1.0)
Teachers' Pension Plan	2,614.1	792.8	(115.7)	1,705.6	1,643.5	62.1
Uniformed Services Pension	216.0	20.6	(5.7)	189.7	202.8	(13.1)
MHA Pension Plan	54.1	7.6	(6.1)	40.4	45.6	(5.2)
Total	\$5,629.9	\$2,449.6	\$211.3	\$3,391.6	\$3,348.8	\$42.8

Pension Fund Assets are valued at market.

NOTES TO THE FINANCIAL STATEMENTS (continued)

Special Payments

Pursuant to amendments to the applicable pensions legislation, the Province has agreed to increase its special payments into the Public Service Pension Plan from \$40 million to \$60 million annually commencing 01 January 2003 and to continue the payment as long as the plan remains unfunded. In addition, the Province has agreed to make special payments of \$76 million annually into the Teachers' Pension Plan until the remaining balance of an initial obligation of \$815 million plus interest has been paid, as well as to make annual payments of \$20 million and \$7.5 million to the Uniformed Services Pension Plan and the Members of the House of Assembly Pension Plan respectively, for five years commencing 2001-2002.

Pension Expense

In these statements, pension costs have been determined as the cost of benefits accrued during the period. Interest on the unfunded liability has been accrued for the same period.

The change in the unfunded liability for the current period for each plan is comprised of the following amounts:

Plan	Province's Share of Pension Benefits Earned for the Period	Pension Interest Expense on the Unfunded Liability	Province's Current Period Pension Contributions	Current Period Amortization of Experience Changes	Unfunded Portion of Current Period Pension Change
	(\$mil)	(\$mil)	(\$mil)	(\$mil)	(\$mil)
Public Service Pension Plan	(7.2)	85.6	(56.9)	(22.5)	(1.0)
Teachers' Pension Plan	15.8	138.2	(104.8)	12.9	62.1
Uniformed Services Pension	1.3	14.9	(29.8)	0.5	(13.1)
MHA Pension Plan	0.9	3.7	(10.6)	0.8	(5.2)
Total	\$10.8	\$242.4	(\$202.1)	(\$8.3)	\$42.8

Pension interest expense is included with interest as debt expenses in the financial statements. Pension interest expense for 31 March 2001 amounted to \$225.2 million.

Experience Gains or Losses

Experience gains or losses are amortized over the estimated average remaining service life of active contributors. The amortization amount is included with pension costs in the financial statements.

Other Pension Plans

The Government Money Purchase Pension Plan was established for employees whose employment status does not qualify them for participation in another of their employer's pension plans. This plan has approximately 20,552 participants. Employees contribute 5% of their salary to the Plan and the Province generally matches this contribution. Each employee will receive an annuity at retirement, the value of which is determined by their accumulated contributions plus investment earnings. This Plan is administered by the Canada Trust Financial Service and at 31 March 2002 assets had a market value of \$128.1 million.

8. Debt-Related Risk

The Province, in consultation with its fiscal agents, monitors financial markets (interest and foreign currency rates), in consideration of its existing debt servicing costs and mix of domestic and foreign currency debt. Opportunities to reduce debt servicing costs, while keeping debt-related risk to an acceptable level, are duly considered by the Province.

NOTES TO THE FINANCIAL STATEMENTS (continued)

9. Contingency Reserve

The appropriations provided for a contingency for unforeseen expenditures arising during the year and where revenues actually received fall below projections. Pursuant to the provisions of the Supply Act, \$8.9 million of the amount provided was transferred to various departments.

10. Current and Capital Account

Classification of revenue and expenditure between current account items and capital account items follow the classifications as per the Estimates.

11. Amounts Capitalized

Funds advanced to Crown agencies may be in the form of investments in such agencies or as loans or advances. Payments and receipts related to principal portions of these loans, advances and investments are capitalized on the Statement of Financial Position. Depending upon the relevant legislation and/or particular circumstances under which a crown agency is established, the profits generated by their operations may be: (a) turned over to the Province and recorded as revenue; (b) used to repay loans and advances made to the agency by the Province; or (c) retained by the agency.

Amounts capitalized for 31 March 2002 amounted to \$5.8 million (31 March 2001 - \$3.9 million). See Schedule J.

12. Contingent Liabilities**(a) Guarantees**

Guarantees made by the Province amounted to \$1.9 billion (31 March 2001 - \$1.7 billion). In addition, the Province guaranteed the interest thereon. See Schedule G - Contingent Liabilities.

(b) Legal Actions

(i) There has been a number of statements of claim alleging negligence on the part of Government employees and agencies in not preventing abuse while these claimants were under Government care. The Province has also filed a statement of claim against a third party in an attempt to recover monies already paid out for similar claims.

(ii) A Statement of Claim has been served on the Province in its role as the regulator of mortgagor brokers and investment companies.

(iii) A number of claims have been filed against the Province related to general damages and personal claims pursuant to action initiated by the Province.

(iv) Government is suing the Canadian National Railway with regard to the financing of the Newfoundland Dockyard. Canadian National Railway has counterclaimed.

(c) PUT Agreement

In 1993 the Province amended an agreement (the "PUT" Agreement) with a consortium of banks which were involved in financing an extensive Environmental Capital Expenditure Program for the paper mill in Corner Brook. The mill is owned by Corner Brook Pulp and Paper Limited (the Company). This agreement provided that in the event of default on loan payments by the Company, the Province or its nominee would purchase from the banks, if required, the power generating station which is owned by the Company and is located at Deer Lake. The price to be paid was to be the amount by which the lesser of the loan outstanding on the date on which the Divestiture Period commences and \$50 million exceeds the Environmental Compliance Deficiency, if any.

In any event, the Province's obligation under this agreement ceased on 31 December 2001.

NOTES TO THE FINANCIAL STATEMENTS (continued)

13. Commitments

Commitments to outside organizations in respect of contracts entered into before 31 March 2002 amount to \$143.5 million of which \$4.1 million is for lease payments, \$56.9 million for capital projects, \$72.5 million for government's service agreement with xwave Solutions Limited that will expire 31 March 2007, and \$10.0 million for other information technology services.

These commitments will become expenditures of the Consolidated Revenue Fund when the terms of the contracts are met. Payment in respect of these contracts and agreements are subject to the voting of supply by the Legislature.

14. Trust Assets and Balance of Funds

Trust funds are presented as a self-balancing, separate component. Additional information is provided in Schedule I - Trust Accounts.

15. Measurement Uncertainty

Measurement uncertainty exists when it is reasonably possible that there could be a material variance between the recognized amount and another reasonably possible amount, as there is whenever estimates are used. Estimates are based on the best information available at the time of preparation of the financial statements and are adjusted annually to reflect new information as it becomes available. Some examples of where measurement uncertainty exists are the accrual of pension obligations, the amortization of foreign exchange gains or losses and the allowance for guaranteed debt.

16. Pension Plan Changes

The unfunded pension liability and net debt at 31 March 2002 have been increased by \$0.4 million as a result of a plan amendment related to a new valuation at 31 December 2000 for the Uniformed Services Pension Plan. This change has been applied retroactively without restatement.

17. Teachers' Salaries Liability

The prior year has been restated as a result of a change in accounting treatment for teachers' salaries. This change at 31 March 2001 consists of a decrease in current and long-term liabilities of \$46.4 million and a decrease in expenditure over revenue of \$14.1 million. This resulted in a decrease in net debt of \$46.4 million. This change has been applied retroactively and the 31 March 2001 figures presented for comparative purposes have been restated from those previously reported.

18. Additional Notes

In addition to the aforementioned, there are various other notes disclosed in the schedules which follow.

19. Original Estimates

The original estimates shown for comparison purposes were prepared on the modified cash basis.

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Schedule A

PROVINCE OF NEWFOUNDLAND AND LABRADOR

Accounts and Taxes Receivable As at 31 March 2002 with comparative figures for 2001

	2002	2001
	(\$000)	(\$000)
Accounts Receivable:		
Crown agencies working capital and unremitted profits	37,272	35,130
Social assistance overpayments	28,580	28,220
Court fines	21,059	19,363
Rent and royalties/permits to occupy	14,450	14,612
Student loans	10,293	5,337
Accident claims recoveries	7,094	6,319
Miscellaneous/other receivables	6,925	4,398
Fees and licences	1,808	1,200
Due from Government of Canada re CHST	1,706	-
Workplace, Health, Safety and Compensation Commission	1,326	1,224
Atlantic Lottery Corporation Incorporated	932	1,567
Reciprocal billings - hospital services	827	1,050
Due from municipalities	761	1,135
Travel advances	733	827
Board and lodging	654	654
Province of Newfoundland Pooled Pension Fund	423	720
Due from Government of Canada re equalization	-	39,691
Due from other corporations	-	10,000
Total Accounts Receivable	134,843	171,447
Taxes Receivable:		
Sales tax	78,185	60,251
School tax	39,553	36,858
Gasoline tax	12,101	11,755
Health and post secondary education tax	7,175	8,323
Mining and mineral rights tax	6,763	2,702
Tobacco tax	6,722	5,857
Forest management tax	2,100	2,200
Insurance companies tax	549	774
Financial corporation capital tax	466	347
Mineral holding tax	395	171
Utilities tax	-	27
Total Taxes Receivable	154,009	129,265
Total Accounts and Taxes Receivable	288,852	300,712

NOTE

1. **Allowance for Doubtful Accounts**

The allowance for doubtful accounts for 31 March 2002 is \$92.7 million (31 March 2001 - \$97.5 million).

PROVINCE OF NEWFOUNDLAND AND LABRADOR

Loans, Advances and Mortgages Receivable

As at 31 March 2002

with comparative figures for 2001

	2002	2001
	(\$000)	(\$000)
Crown Agencies:		
C.A. Pippy Park Commission	250	250
Enterprise Newfoundland and Labrador Corporation - note 1	119,853	121,719
Hotel Buildings Limited - note 3	26,043	26,043
Newfoundland and Labrador Film Development Corporation	3,159	2,159
Newfoundland and Labrador Industrial Development Corporation - note 2	30,446	30,746
Total Crown Agencies	179,751	180,917
Commercial Loans:		
Atlantic Fisheries Limited	980	980
Corner Brook Pulp and Paper Limited	-	4,331
Cote's Mechanical Limited	200	200
Deluney, William and McCarthy, Leslie	439	439
Doyle, James & Sons Ltd.	771	771
Easteel Industries Limited	3,658	3,658
Eastern Ocean Products Limited	163	163
George Sexton Limited	50	50
Grandy, Gordon	90	-
Heritage Woodworks Limited	-	17
Hughes, Vincent	50	50
Integrated Poultry Limited	-	370
Island Seafoods Products Limited	250	250
Kavanagh, Terrence	-	59
Keats, Eric	102	102
Melindy, John	191	191
Newco IV Corporation	5,056	6,005
Newfound Harvesting Limited	3,084	3,084
Newfoundland Farm Products Corporation	-	345
Newman, Raymond	162	162
Northeast Coast Sealers Co-op Society Limited	378	378
O'Rourke, Rupert	337	337
Pittman, Thomas	93	93
Private Training Corporation	88	350
Pumphrey, Gerry	537	537
Ryder, Gerald and Street, Walter	357	357
S.C.B. Fisheries Limited	-	6,501
Saunders, Ralph	61	61
Seaward, Alphonsus	99	99
Short, William	262	262
Stanford, Reginald	-	236
Sweet, Roy	49	49
Trimm, Calvin and Shinnicks, Richard	-	174
Vokey's Shipyard Limited	100	100
Whelan, Ormond	853	853

LOANS, ADVANCES AND MORTGAGES RECEIVABLE (continued)

	2002	2001
	(\$000)	(\$000)
White's Fisheries Limited	50	50
Wilson, Ronald and Curtis, Kevin	299	299
Young, James	-	99
Total Commercial Loans	<u>18,809</u>	<u>32,062</u>
Other Organizations:		
Gros Morne Mortgages	58	57
Municipalities	<u>1,019</u>	<u>1,079</u>
Total Other Organizations	<u>1,077</u>	<u>1,136</u>
Total Loans, Advances and Mortgages Receivable	<u>199,637</u>	<u>214,115</u>
Current portion	16,538	25,399
Long-term portion	<u>183,099</u>	<u>188,716</u>
	<u>199,637</u>	<u>214,115</u>

NOTES

- Enterprise Newfoundland and Labrador**

Funds are advanced to Enterprise Newfoundland and Labrador Corporation for the purpose of making loans and equity investments to enable them to carry out their mandate. Principal and interest repayments received are refunded to the Province and the principal amounts are applied toward the funds advanced.
- Newfoundland and Labrador Industrial Development Corporation**

Funds are advanced to Newfoundland and Labrador Industrial Development Corporation for the purpose of providing long-term financing to industrial and resource based companies. The Province holds non-interest bearing notes with no fixed terms of repayment or maturity dates. Any balance available out of net profits or equity redemptions is to be paid to the Province at such intervals and in a manner that the Minister of Finance may direct.
- Hotel Buildings Limited**

Funds were advanced to Hotel Buildings Limited for the purpose of financing the construction of various hotels. As the Corporation has disposed of its hotel properties, future income from hotel operations will no longer accrue. Therefore, it is not anticipated that funds will become available to repay the Province. A provision has been provided for the full amount.
- Other Loans, Advances and Mortgages Receivable**

Commercial loans and loans to other organizations represent the balance of the loans, advances and mortgages receivable. These loans consist of direct loans and issues under guarantee. Interest rates range from Prime +1% to 14% and are repayable over terms not exceeding twenty-five years.
- Interest Receivable**

The balances include interest receivable to year-end of \$15.5 million (31 March 2001 - \$15.7 million) where applicable. It consists of interest due and unpaid, late interest charges and accrued interest.
- Allowance for Doubtful Accounts**

The allowance for doubtful accounts for 31 March 2002 is \$167.4 million (31 March 2001 - \$175.2 million).

PROVINCE OF NEWFOUNDLAND AND LABRADOR

Investments As at 31 March 2002 with comparative figures for 2001

Description of Investment	Net Additions	Balance 31 March 2002		2001
		No. of Shares	Cost	Cost
	(\$000)		(\$000)	(\$000)
Preferred Shares:				
Atlantic Ocean Farms Limited				
Class "A", redeemable - note 4	-	289,655	290	290
CHC Composites Inc. - notes 1, 4	-	95,000	9,500	9,500
Mineral Resources Corporation				
Class "B" - note 4	-	640,143	640	640
Total Preferred Shares Investments	-		10,430	10,430
Common Shares:				
ACF Equity Atlantic Inc.	558	2,390,000	2,231	1,673
Atlantic Lottery Corporation Inc.	-	1	-	-
Bull Arm Site Corporation Inc.	-	3	-	-
Dominion Jubilee Corporation Ltd.	-	200,000	-	-
Hotel Buildings Limited	-	3	3	3
Inter-Provincial Lottery Corporation	-	1	-	-
Marble Mountain Development Corporation	-	500	-	-
Marble Mountain Management Corporation	-	500	-	-
Newco IV Corporation	-	85	-	-
Newfoundland and Labrador Film Development Corporation	-	600	-	-
Newfoundland and Labrador Hydro Electric Corporation	-	22,503,942	10,187	10,187
Newfoundland and Labrador Heritage Corporation	-	1	-	-
Newfoundland and Labrador Education Investment Corporation	-	3	-	-
Newfoundland and Labrador Student Investment & Opportunity Corp.	-	1	-	-
Newfoundland Government Fund Limited	-	2	-	-
Newfoundland Hardwoods Limited	-	253	26	26
Newfoundland Municipal Assessment Agency	-	1	-	-
Newfoundland Ocean Enterprises Limited	-	3	3	3
Special Celebrations Corporation of Newfoundland and Labrador	-	500	-	-
Total Common Shares Investments	558		12,450	11,892

 INVESTMENTS (continued)

Description of Investment	Net Additions	Balance 31 March 2002		2001
		No. of Shares	Cost	Cost
	(\$000)		(\$000)	(\$000)
Other:				
Newfoundland and Labrador Housing Corporation - note 2	-	-	62,852	62,852
Newfoundland and Labrador Farm Products Corporation - note 3	-	-	-	-
Total Other Investments	-		62,852	62,852
Total Investments	558		85,732	85,174

See accompanying notes.

NOTES TO SCHEDULE OF INVESTMENTS**As at 31 March 2002**

1. **CHC Composites Inc.**

The Province has purchased 95,000 preference shares of CHC Composites Inc., costing \$9.5 million, to be redeemed at a nominal value based on a pre-determined number of person years of employment to be created. A provision has been set up for the full amount of the investment.

2. **Newfoundland and Labrador Housing Corporation**

This investment represents accumulated capital advances made by the Province to the Corporation. These advances are utilized by the Corporation to develop housing projects, land assemblies, etc.; consequently, the Province's investment is represented by certain physical assets which are held by the Corporation.

3. **Newfoundland and Labrador Farm Products Corporation**

The Corporation recorded a deficit of \$11.9 million at year end resulting in a nil balance for the Province's equity capital.

4. **Allowance for Investment Write-downs**

The allowance for investment write-downs for 31 March 2002 is \$10.4 million (31 March 2001 - \$10.4 million).

Schedule D

PROVINCE OF NEWFOUNDLAND AND LABRADOR

Tangible Capital Assets As at 31 March 2002

Category	Estimated Useful Life (years)	Estimated Original Cost			Accumulated Amortization			Net Book Value 31 March 2002
		Balance 31 March 2001 (\$mil)	Additions Net of Disposals 2002 (\$mil)	Balance 31 March 2002 (\$mil)	Balance 31 March 2001 (\$mil)	Amort. Net of Disposals 2002 (\$mil)	Balance 31 March 2002 (\$mil)	
Buildings	40	465.0	380.7	845.7	253.6	158.9	412.5	433.2
Marine vessels & aircraft	20	88.0	(13.8)	74.2	28.4	18.9	47.3	26.9
Equipment & machinery	4-20	39.4	47.6	87.0	24.0	35.6	59.6	27.4
Infrastructure	20-40	2,381.5	1,238.1	3,619.6	2,359.3	645.0	3,004.3	615.3
Computer software	7	43.5	(23.7)	19.8	32.6	(19.0)	13.6	6.2
Total		3,017.4	1,628.9	4,646.3	2,697.9	839.4	3,537.3	1,109.0

Amortization Net of Disposals 2002 of \$839.4 million includes an estimated \$85.2 million for amortization expense for the fiscal year ended 31 March 2002. The remaining \$754.2 million is a result of a transitional adjustment for improvements to the tangible capital asset policies and reporting.

See accompanying notes.

NOTES TO SCHEDULE OF TANGIBLE CAPITAL ASSETS
As at 31 March 2002

1. Tangible Capital Assets

Tangible capital assets are reported as expenditures in the year the assets are acquired. This schedule is provided to inform users of the tangible capital assets on hand and available for use by the Province. Tangible capital assets that meet the minimum thresholds for the appropriate categories are included.

2. Amortization

The historic cost of the assets is estimated in many cases, and amortization is calculated on a straight line basis over the following useful lives:

<u>Asset</u>	<u>Estimated Useful Life</u>
Buildings	40 years
Marine vessels & aircraft	
Marine vessels	20 years
Aircrafts	20 years
Equipment & machinery	
Heavy machinery and equipment	20 years
Snow removal machinery and equipment	10 years
Office/other machinery and equipment	10 years
Vehicles	5 years
Computer hardware	4 years
Infrastructure	
Roads	20 years
Airstrips	20 years
Marine facility infrastructure	20 years
Other infrastructure assets	20 years
Land	indefinite
Bridges	40 years
Computer software	7 years

3. Work In Progress

Work in progress is considered to be a tangible capital asset, however it is not included on the schedule, as the applicable assets are not yet available for use. Government currently has a number of projects under construction or development. A total of \$174.1 million has been spent on these projects to date.

4. Historical or Cultural Assets

Certain assets which have historical or cultural value belonging to the Province are not included in this schedule. Such assets consist of paintings, sculptures, historical documents, and historical and cultural artifacts.

5. Transition Adjustments

As a result of government implementing a new tangible capital asset system and new policies and procedures, the information in the Schedule has been updated. The ending balances for 31 March 2001 were not adjusted to facilitate the transition. Any necessary adjustments have been incorporated in "Additions Net of Disposals" and "Amortization Net of Disposals" columns. Additions Net of Disposals of \$1,628.9 million includes \$91.2 million in additions for the fiscal year ended 31 March 2002 and \$1,537.7 million for adjustments, due to change in tangible capital asset policies and reporting.

PROVINCE OF NEWFOUNDLAND AND LABRADOR

Current and Long Term Liabilities As at 31 March 2002 with comparative figures for 2001

	2002		2001	
	Current (\$000)	Long Term (\$000)	Current (\$000)	Long Term (\$000)
Accrued interest	199,378	-	214,014	-
Accounts payable write-backs	133,036	-	74,326	-
Salaries and benefits	41,797	60,245	34,890	55,630
Bank overdraft - Consolidated Revenue Fund	33,892	-	27,120	-
Due to municipalities	33,677	279,048	31,512	259,004
Physician's services	19,773	-	20,214	-
Accounts payable - other	13,365	6,453	12,805	6,827
Due to Crown Agencies	6,396	-	3,781	-
Reciprocal billing - hospital services payable	5,758	-	5,711	-
Due to Government of Canada	5,325	-	1,041	-
Provision for guaranteed debt	5,020	-	762	-
Contractors' holdbacks	4,999	-	3,159	-
Long-term leases	2,637	15,259	3,636	17,897
Special purpose funds - note 1	1,989	-	1,737	-
Taxes payable	1,129	-	2,130	-
Health Care Centres - lease/purchase	-	30,080	-	29,687
	<u>508,171</u>	<u>391,085</u>	<u>436,838</u>	<u>369,045</u>

NOTES

1. **Special Purpose Funds**

Included in this schedule are funds totalling \$2.0 million considered to be special purpose funds whereby payments are made for these purposes pursuant to Section 22(a) of the Financial Administration Act.

2. **Comparatives**

The 2001 figures have been restated to be consistent with the 2002 presentation.

PROVINCE OF NEWFOUNDLAND AND LABRADOR

Debenture and Other Debt As at 31 March 2002 with comparative figures for 2001

Series	Date of Issue	Date of Maturity	Interest Rate %	Amount in Foreign Currency	Sinking Fund Balance	Amount Issued or Outstanding		Notes	
						2002	2001		
					(000)	(\$000)	(\$000)	(\$000)	
General Debentures:									
5W	15 Apr. 1991	15 Apr. 2001	10.5		-	-	2,108		2,4
EC3	25 Jul. 1986	25 Jul. 2001	7.5		-	-	66,407		5
S8	27 Aug. 1997	27 Aug. 2002	3.25	(150,000 S.F.)	-	142,200	136,380		3
5L	06 Apr. 1983	06 Apr. 2003	12.875		-	-	125,000		6
S7	23 Jul. 1991	23 Jul. 2003	7	(150,000 S.F.)	34,863	142,200	136,380		3
EC6	12 May 1993	12 May 2003	8.75		34,859	150,000	150,000		3,7
5Z	05 Feb. 1996	05 Aug. 2004	9.55		-	98,895	98,895		2
5N	15 Oct. 1984	15 Oct. 2004	13.5		81,822	100,000	100,000		6
5Q	04 Mar. 1986	04 Mar. 2006	11		69,161	100,000	100,000		8
EC4	08 Apr. 1987	08 Apr. 2007	9		-	-	15,447		5,9
5S	01 Oct. 1987	01 Oct. 2007	10.79		23,489	42,300	42,300		2
AF	15 Oct. 1987	15 Oct. 2007	11.625	(100,000 U.S.)	87,623	159,420	157,630		2
6E	12 Dec. 1987	12 Dec. 2007	5.9		-	150,000	150,000		2
5T	23 Feb. 1988	23 Feb. 2008	11.25		53,359	100,000	100,000		2
5R	25 Feb. 1987	25 Feb. 2010	9.375		60,873	100,000	100,000		2
5U	15 Feb. 1989	15 Feb. 2012	11		58,364	125,000	125,000		2
5V	22 Nov. 1989	22 Nov. 2014	10.125		46,723	150,000	150,000		2
AG	01 Jun. 1989	01 Jun. 2019	9	(150,000 U.S.)	75,838	239,130	236,445		10
AH	01 Jun. 1990	01 Jun. 2020	9.875	(150,000 U.S.)	21,666	239,130	236,445		2
AJ	29 Nov. 1990	01 Dec. 2020	10	(150,000 U.S.)	20,640	239,130	236,445		2
5X	15 Apr. 1991	15 Apr. 2021	10.95		-	147,892	147,892		2
AK	17 Oct. 1991	15 Oct. 2021	9	(200,000 U.S.)	23,674	318,840	315,260		2
AM	22 Oct. 1992	22 Oct. 2022	8.65	(200,000 U.S.)	20,161	318,840	315,260		2
AN	13 Oct. 1993	13 Oct. 2023	7.32	(200,000 U.S.)	25,828	318,840	315,260		2
6B	07 Jul. 1995	07 Jul. 2025	9.15		5,843	100,000	100,000		2
6C	05 Feb. 1996	05 Feb. 2026	8.45		8,351	150,000	150,000		2
NPPF-1	01 Jul. 1998	01 Jul. 2005	8		-	-	4,442		13
6G	07 Oct. 1998	07 Oct. 2008	5.70		-	250,000	250,000		2
6F	17 Apr. 1998	17 Apr. 2028	6.15		15,620	450,000	450,000		2
6J	03 Nov. 1999	03 Nov. 2009	6.70		-	200,000	200,000		2
6H	27 Jul. 1999	17 Oct. 2029	6.5		4,824	200,000	200,000		2
6K	30 Jun. 2000	17 Oct. 2030	6.55		5,228	450,000	450,000		2
6L	25 Jul. 2001	25 Jul. 2011	6.4		-	200,000	-		2
Total: General Debentures					778,809	5,381,817	5,362,996		
Other:									
J10	21 Oct. 1994	21 Oct. 2001	4.95	(2,300,000 Y)	-	-	28,889		3
J11	21 Oct. 1994	21 Oct. 2001	Floating	(23,500 U.S.)	-	-	37,043		3
6D	16 Jul. 1996	31 Oct. 2001	7.6		-	-	100,000		3
6N	22 Mar. 2002	22 Mar. 2005	Floating		-	40,000	-		16
6P	25 Mar. 2002	23 Mar. 2005	Floating		-	60,000	-		16
6M	31 Oct. 2001	31 Oct. 2005	4.61		-	100,000	-		2
Assumed debt					-	-	81,100		14
Treasury bill borrowings					-	491,475	385,121		15
Total: Other					-	691,475	632,153		

DEBENTURE AND OTHER DEBT (continued)

Series	Date of Issue	Date of Maturity	Interest Rate %	Sinking Fund Balance	Amount Issued or Outstanding	
					2002	2001
				(\$000)	(\$000)	(\$000)
Government of Canada and Agencies:						
Canada Pension Plan Investment Fund Debentures - note 11						
3A-186	01 Apr. 1981	01 Apr. 2001	13.66			
to	to	to	to			
3A-197	01 Mar. 1982	01 Mar. 2002	17.51	-	-	52,973
3A-198	01 Apr. 1982	01 Apr. 2002	12.01			
to	to	to	to			
3A-208	01 Mar. 1983	01 Mar. 2003	16.53	52,076	52,104	52,104
3A-209	05 Apr. 1983	05 Apr. 2003	10.92			
to	to	to	to			
3A-218	01 Mar. 1984	01 Mar. 2004	12.14	-	50,738	50,738
3A-219	02 Apr. 1984	02 Apr. 2004	12.08			
to	to	to	to			
3A-227	02 Jan. 1985	02 Jan. 2005	14.06	-	47,146	47,146
3A-228	01 Apr. 1985	01 Apr. 2005	10.58			
to	to	to	to			
3A-238	03 Mar. 1986	03 Mar. 2006	12.57	6,372	50,570	50,570
3A-239	01 Apr. 1986	01 Apr. 2006	9.04			
to	to	to	to			
3A-249	02 Mar. 1987	02 Mar. 2007	10.17	34,208	59,659	59,659
3A-250	01 Apr. 1987	01 Apr. 2007	9.12			
to	to	to	to			
3A-258	01 Mar. 1988	01 Mar. 2008	11.07	22,293	43,829	43,829
3A-259	05 Apr. 1988	05 Apr. 2008	9.62			
to	to	to	to			
3A-267	01 Dec. 1988	01 Dec. 2008	10.39	18,627	41,635	41,635
3A-268	03 Apr. 1989	03 Apr. 2009	9.15			
to	to	to	to			
3A-277	01 Mar. 1990	01 Mar. 2010	10.31	17,525	45,188	45,188
3A-278	02 Apr. 1990	02 Apr. 2010	10.36			
to	to	to	to			
3A-284	03 Dec. 1990	03 Dec. 2010	11.33	13,988	40,432	40,432
3A-285	02 Apr. 1991	02 Apr. 2011	9.81			
to	to	to	to			
3A-288	02 Jul. 1991	02 Jul. 2011	10.04	11,941	40,858	40,858
3A-289	01 May. 1992	01 May. 2012	9.17			
to	to	to	to			
3A-291	02 Jul. 1992	02 Jul. 2012	9.45	7,115	28,770	28,770
3A-292	01 Mar. 1999	01 Mar. 2019	5.97	-	1,827	1,827
3A-293	02 Apr. 1999	02 Apr. 2019	5.89			
to	to	to	to			
3A-303	03 Mar. 2000	03 Mar. 2020	7.02	-	35,282	35,282

DEBENTURE AND OTHER DEBT (continued)

Series	Date of Issue	Date of Maturity	Interest Rate %	Sinking Fund Balance	Amount Issued or Outstanding	
					2002	2001
				(\$000)	(\$000)	(\$000)
3A-304	01 Apr. 2000	01 Apr. 2020	6.41			
to	to	to	to			
3A-314	02 Mar. 2001	02 Mar. 2021	6.90	-	42,645	42,645
3A-315	01 Apr. 2001	01 Apr. 2021	6.38			
to	to	to	to			
3A-326	01 Mar. 2002	02 Mar. 2022	6.85	-	52,376	-
Total: Canada Pension Plan Investment Fund Debentures -				<u>184,145</u>	<u>633,059</u>	<u>633,656</u>
Harbour Lodge - see note 12				<u>-</u>	<u>602</u>	<u>611</u>
Total: Government of Canada and Agencies				<u>184,145</u>	<u>633,661</u>	<u>634,267</u>
Total: Debenture and Other Debt				<u>962,954</u>	<u>6,706,953</u>	<u>6,629,416</u>
Current portion of Debenture and Other Debt					685,779	813,757
Long-term portion of Debenture and Other Debt					<u>6,021,174</u>	<u>5,815,659</u>
					<u>6,706,953</u>	<u>6,629,416</u>

See accompanying notes.

NOTES TO SCHEDULE OF DEBENTURE AND OTHER DEBT
As at 31 March 2002

1. Sinking fund assets - see note 5 to the Notes to the Financial Statements.
2. Non-callable.
3. Non-callable by the Province, except upon changes in tax status and then as a whole at par.
4. Exchangeable at the bondholder's option on 15 April in each of the years 1994 to 1999, inclusive, for an equal principal amount of 10.95% debentures of the Province due 5 April 2021(5X). To date bondholder's have exchanged \$147.9 million face value of 5W bonds into 5X bonds. Bond issue 5W matured 15 April 2001.
5. Non-callable by the Province, except upon changes in tax status and/or law, then as a whole at a premium of 2%.
6. Callable by the Province in whole or in part at par two years prior to maturity or on any subsequent interest payment date. The Province called the 5L bond issue on 6 April 2001.
7. Extendible at the bondholders option to 12 May 2013. The interest rate is 8.75% until 12 May 2003 and thereafter as determined by the Province.
8. Callable by the Province in whole or in part at par in the last three years prior to maturity or on any subsequent interest payment date.
9. May be redeemed at the option of the Province or bondholder on 8 April 2001. The Province called the bond issue on 8 April 2001.
10. Redeemable at the bondholders option on 1 June 2004 upon not less than thirty days prior written notice.
11. Callable at par at the option of the Minister of Finance of Canada upon six months' prior written notice, subject to the requirements of the Canada Pension Plan. Commencing March 1999, the Province has an option, pursuant to amendments of the Canada Pension Plan enacted by the Canada Pension Plan Investment Board Act, to refinance for a final twenty year term maturing Canada Pension Plan borrowings, provided sufficient monies are available in the Canada Pension Plan Investment Fund. The Province has exercised an option to refinance its maturing Canada Pension Plan debt and to date has rolled over, for a further 20 year term, all funds made available by the Canada Pension Plan Investment Fund.
12. This is a loan from the Canada Mortgage and Housing Corporation for the acquisition and construction of the Harbour Lodge. This loan is repayable over a 50 year period in blended annual installments of principal and interest, at an interest rate of 7 7/8%, maturing 1 December 2021.
13. Called by the Province on 15 November 2001.
14. Re-paid by the Province during March 2002.
15. This figure represents the net proceeds from the sale of \$494 million discounted treasury bills with maturity dates ranging from 4 April 2002 to 27 June 2002 and interest rates ranging from 1.930% to 2.310%.
16. Interest is payable quarterly at 3-month Canadian BA's plus 7 basis points.

NOTES TO SCHEDULE OF DEBENTURE AND OTHER DEBT (continued)

17. Borrowings and unamortized foreign exchange losses, by major currency, and sinking funds as at 31 March 2002 are as follows:

Major Currencies	Foreign Borrowings	Exchange Rate	Unamortized Foreign Exchange		Net
			Canadian \$	Losses	
			(000's)	(000's)	(000's)
Swiss	300,000	0.9480000	284,400	5,311	279,089
U.S.	1,150,000	1.5942000	1,833,330	332,429	1,500,901
			<u>2,117,730</u>	<u>337,740</u>	<u>1,779,990</u>
Canadian			4,589,223		4,589,223
		Sub-total	<u>6,706,953</u>	<u>337,740</u>	<u>6,369,213</u>
	Less: Foreign sinking funds		275,432	48,391	227,041
	Less: Canadian sinking funds		687,522		687,522
	Total		<u>5,743,999</u>	<u>289,349</u>	<u>5,454,650</u>

Sinking fund contributions and principal repayment requirements by major currency in Canadian dollars are as follows:

	U.S. (000's)	Swiss (000's)	Canadian (000's)	Total (000's)
2002-2003	14,700	144,400	26,300	185,400
2003-2004	14,700	0	26,300	41,000
2004-2005	14,700	0	225,200	239,900
2005-2006	14,700	0	126,300	141,000
2006-2007	14,700	0	26,300	41,000
2007-2031	144,300	0	1,417,400	1,561,700
	<u>217,800</u>	<u>144,400</u>	<u>1,847,800</u>	<u>2,210,000</u>

The foreign exchange loss which has been recognized on the Statement of Revenue and Expenditure is \$20.1 million.

PROVINCE OF NEWFOUNDLAND AND LABRADOR

Contingent Liabilities As at 31 March 2002 with comparative figures for 2001

	Limit of Guarantee (\$000)	Present Liability	
		2002 (\$000)	2001 (\$000)
Guaranteed Debentures:			
Municipalities:			
(For debentures issued to The Municipal Development and Loan Board and The Canada Mortgage and Housing Corporation)			
Baie Verte	20	20	28
Bishop's Falls	49	49	59
Botwood	6	6	7
Buchans	13	13	16
Burin	33	33	38
Channel - Port aux Basques	24	24	29
Deer Lake	14	14	17
Gambo	66	66	81
Gander	99	99	116
Glenwood	77	77	80
Grand Bank	13	13	16
Grand Falls - Windsor	108	108	127
Happy Valley - Goose Bay	183	183	183
Harbour Breton	159	159	172
Harbour Grace	74	74	73
La Scie	30	30	31
Mount Pearl	54	54	63
New-Wes-Valley	40	40	46
Placentia	143	143	160
Springdale	22	22	26
Stephenville Crossing	16	16	17
Wabana	33	33	35
	1,276	1,276	1,420
Crown Corporations:			
Health Care Corporation of St. John's - note 2	131,840	131,840	132,605
Newfoundland and Labrador Hydro Electric Corporation - note 2	1,319,944	1,319,944	1,161,453
Newfoundland and Labrador Municipal Financing Corporation - note 2	352,728	352,728	333,179
Newfoundland Liquor Corporation	209	209	314
	1,804,721	1,804,721	1,627,551
Guaranteed Bank Loans:			
Crown Corporations:			
Marble Mountain Development Corporation	1,700	1,476	1,042
Newfoundland and Labrador Education Investment Corporation	40,000	26,042	7,215

CONTINGENT LIABILITIES (continued)

	Limit of Guarantee (\$000)	Present Liability	
		2002 (\$000)	2001 (\$000)
Guaranteed Bank Loans:			
Crown Corporations:			
Newfoundland and Labrador Heritage Corporation	47,500	9,648	3,884
Newfoundland Ocean Enterprises Limited	4,850	4,850	600
	<u>94,050</u>	<u>42,016</u>	<u>12,741</u>
Municipalities: - note 3			
Beachside	-	-	13
Bird Cove	-	-	62
Englee	-	-	27
Flower's Cove	17	13	-
Fox Roost-Margaree	24	12	-
Garnish	-	-	59
Grand Falls - Windsor	-	-	117
Greenspond	185	185	98
Jackson's Arm	29	6	-
Main Brook	183	171	147
Millertown	-	-	53
Musgrave Harbour	53	-	19
Pilley's Island	35	14	14
Port Saunders	-	-	152
Raleigh	-	-	3
River of Ponds	87	84	80
Robert's Arm	-	-	90
Rose Blanche - Harbour Le Cou	87	78	75
St. Bernard's-Jacques Fontaine	17	17	17
Sunnyside	-	-	77
Winterland	-	-	13
Witless Bay	87	-	-
	<u>804</u>	<u>580</u>	<u>1,116</u>
Fisheries: - note 4			
A.S.E. Enterprises Limited; Sylvia & Alvin Petten	1,083	921	-
Ackerman, Scott	282	282	317
Alcon Enterprises	733	733	708
Allingham, Ralph and Wayne	71	71	80
Andrews, Winston and Bert	237	237	271
B D & T Enterprises & William F. Ralph	378	254	-
Barrett, Derek	-	-	187
Barrett, Donald	217	217	239
Barrett, Victor and Dwayne	254	254	276
Batten, Purdie	439	439	471
Bird, Cecil	125	125	144
Burton, Glen - et al	250	250	285

CONTINGENT LIABILITIES (continued)

	Limit of Guarantee (\$000)	Present Liability	
		2002 (\$000)	2001 (\$000)
Guaranteed Bank Loans:			
Fisheries: - note 4			
Butler, Harold	350	350	-
Chambers, Wilfred - et al	28	28	44
Coles, Kirby - et al	280	280	298
Collins Fisheries Limited	626	626	683
Daley, Andrew	317	317	362
Daley, Gary	360	360	405
Day, Alex	-	-	145
Decker, Barry	23	23	36
Decker, William	80	80	88
DJJ Enterprises Inc.	202	202	228
Drake, Keith and Gertrude	75	75	85
Drover, Walter and Drover's Sea Harvesting Limited	796	796	820
E & R Small & Sons Limited	500	-	-
Emberley, Randy	201	201	223
F.I.C. Enterprises	506	294	-
Feltham, Alexander	284	284	306
Fennelly, Thomas	303	303	341
Foley, Dennis J.	54	54	84
Forsey, Maxwell	393	393	438
Gallant, Guy	487	487	527
Genge, Cecil	74	74	86
Genge, Claude - et al	20	20	40
Genge, Emanuel Jr.	338	338	375
Genge, Montrose	532	532	601
Genge, Rufus	39	39	77
Gibbons, David and Reginald	27	27	36
Gordon, Redmond and Maxine	-	-	31
Gorman, Michael	234	234	107
Gosse, George Roy	69	69	78
Gould, Angus - et al	120	120	137
Gould, Clifford - et al	168	168	-
Grandy, Gordon	-	-	79
Greenham, David J. and Billy F. T/A B & D Fishing	539	539	583
Greenspond Fisheries Ltd.	431	431	-
Hart, Edward T.	1,098	951	1,024
Hart, Lloyd	593	593	657
Harvester Enterprises Limited	163	163	184
Hickey, John Sr. - et al	845	845	910
Hicks Fisheries Limited & Randy Hicks	215	215	-
High Tide Enterprises Limited	700	-	-
High Wave Fisheries Limited	698	698	-
Hiscock, Albert	576	576	618
HMCC Fisheries	-	-	119

CONTINGENT LIABILITIES (continued)

	Limit of Guarantee (\$000)	Present Liability	
		2002 (\$000)	2001 (\$000)
Guaranteed Bank Loans:			
Fisheries: - note 4			
House, Lionel	110	110	187
Hussey, Craig	858	858	956
Hutchings, Frank	397	397	441
Hyde, Gary and Karen	202	100	-
J.T. Fisheries Ltd.	119	119	136
Jacobs, George - et al	381	381	432
Jones, Jeffrey - et al	70	70	80
Kearney, Francis and Jerome	379	379	46
Keats, Winston	1,114	811	-
Lambert, Samuel	44	44	69
Larkham's Fisheries Limited	212	212	239
Lavers, Boyd George	496	496	-
Lavers, Dion	99	99	106
Legge, Wilbert	307	307	-
Lewis, John B.	142	142	162
Leyte, Melvin	1,198	1,018	-
Leyte, Roy and Melvin	287	287	328
Lormar Enterprises Limited	243	202	-
Loveless, Bruce	28	28	34
Marine Fisher Limited & Dino Drodge	152	152	-
Meade, Edward J.	24	24	31
Miller, Gerald and Freeman	124	124	154
Morey, Byron	289	289	326
Morey, Lorne	244	244	282
Morgan William G.	1,048	1,048	1,097
Morgan, Howard & Edward	44	44	-
Morgan, Wayne A.	123	123	148
Mouland, Harvey and Wallace	-	-	225
Myers, Howard and Baines, Andy	265	265	294
Newhook, Albert	410	410	159
Noonan, Maurice and Raymond	493	493	554
Norman, Glenn	875	875	-
Normore, Elvin	200	200	-
Normore, Kevin, Leroy and Urias	325	325	200
Oldford, Lloyd, Gus and Murphy, Daniel	-	-	20
Parsons, William A.	149	149	171
Patey, Randy	337	337	360
Peddle, Larry	-	-	65
Penney's Fisheries Limited	1,080	891	-
Penney, Boyd - et al	255	255	284
Penney, Glenn	53	53	125
Penney, Harold - et al	34	34	68
Penton, Aiden	200	200	266

CONTINGENT LIABILITIES (continued)

	Limit of Guarantee (\$000)	Present Liability	
		2002 (\$000)	2001 (\$000)
Guaranteed Bank Loans:			
Fisheries: - note 4			
Petten, Chesley	422	422	469
Petten, Dwight	118	118	173
Petten, Lester	337	337	379
Petten, Neal	452	452	484
Petten, Raymond	1,097	1,097	446
Pike, Alex	-	-	312
Plowman, Clayton	95	95	107
Porter, Alfred	94	94	-
Porter, David and Calvin	135	135	126
Porter, Edmund and Marion	349	349	402
Porter, James F. and James P.	-	-	58
R & B Fisheries Ltd.	173	173	195
R & C Rose Enterprises Limited	1,033	929	-
Ralph, Shawn - et al	180	180	217
Randell, Gary - et al	77	77	96
Reid, Austin, Kevin and Boyce	374	374	415
Reid, Glen W.	70	70	80
Rett Enterprises Inc	320	320	-
Roberts, Charles and Winslow, Glen	540	540	298
Rowe, Morley	339	339	380
Russell, Ivan	-	-	614
Russell, Wayne	285	285	312
Russell, William and Mercer, Glen	117	117	139
SGR Fisheries Limited	910	910	971
Simmonds, Rex	567	567	-
Smith, Ivan and Baxter	81	81	95
Spurrell, Hayward	-	-	295
Sturge, Arthur - et al	568	568	652
Symmonds, Michael - et al	163	163	181
The Roberts and Sisters Enterprises Limited	328	328	-
Tobin, Alonzo - et al	60	60	81
Tucker, Noah	113	113	132
Vernon Petten Enterprises Ltd.	690	690	749
Walsh, Jarvis	-	-	4
Ward, Cecil	269	269	321
Ward, Ford	69	69	92
Warren, Maxwell	68	68	78
Wrice, Wallace & Mary	280	280	-
Yankee Point Limited	254	254	-
	<u>41,850</u>	<u>39,086</u>	<u>31,231</u>
Province's Liability	<u>33,078</u>	<u>30,315</u>	<u>25,133</u>

 CONTINGENT LIABILITIES (continued)

	Limit of Guarantee (\$000)	Present Liability	
		2002 (\$000)	2001 (\$000)
Guaranteed Bank Loans:			
Corporate:			
A.L. Stuckless and Sons Limited	1,200	1,200	794
Consumer Protection Fund for Prepaid Funeral Expenses	200	119	-
Fogo Island Co-Operative Society Limited	2,000	-	-
Island By-Products Limited	216	216	258
Newfoundland Symphony Orchestra Association	50	16	12
Smith Seafoods Limited	100	90	85
Torngat Fish Producers Co-Op Society Limited	2,100	-	-
	<u>5,866</u>	<u>1,641</u>	<u>1,149</u>
Other Guarantees:			
Newfoundland Ocean Enterprises Limited - note 12	42,788	7,000	7,000
	<u>1,982,583</u>	<u>1,887,549</u>	<u>1,676,110</u>

See accompanying notes.

NOTES TO SCHEDULE OF CONTINGENT LIABILITIES
As at 31 March 2002

1. Definitions

The headings used in this Schedule are defined as follows:

Limit of Guarantee - This represents the maximum amount of loan advances available under the Province's guarantee plus capitalized interest thereon and past due interest, less downpayment and less any received Provincial subsidy.

Present Liability - This represents the actual amount of loan advances (drawdowns) outstanding under the various guarantees plus capitalized interest thereon and past due interest. This represents the amount that the Province is contingently liable for if it had to honour these guarantees at year end.

The difference between these two amounts reflects the financing still available under the Province's guarantee. As of 31 March 2002, capitalized interest and past due interest amounted to \$0.1 million and \$0.1 million respectively.

2. Debenture Issues with Sinking Funds

Corporations for which guarantees are presented net of sinking fund values:

	Principal Amount of Debentures Outstanding (\$000)	Accrued Interest (\$000)	Value of Sinking Fund (\$000)	Net Liability (\$000)
Newfoundland and Labrador Hydro Electric Corporation				
- Canadian Funds	1,125,000	16,469	84,465	1,057,004
- Government of Canada	25,194	14		25,208
- Promissory Notes	236,727	1,005		237,732
				<u>1,319,944</u>
Newfoundland and Labrador Municipal Financing Corp.				
- Canadian Funds	387,015	9,006	43,293	<u>352,728</u>
Health Care Corporation of St. John's				
- Canadian Funds	130,000	2,605	765	<u>131,840</u>

3. Municipal Loans

Interim financing for municipal capital projects is provided through these guaranteed bank loans which include interest capitalized during the construction. Once an appropriate level of capital projects have been completed, the Newfoundland and Labrador Municipal Financing Corporation (a crown agency) provides long-term financing by issuing its own securities and lending the funds to the municipalities for those loans not financed through private sources. The debt securities of the Newfoundland and Labrador Municipal Financing Corporation are also guaranteed by the Province.

4. Fisheries Loans

During a vessel's construction period, interim financing is provided through bank loans which are fully guaranteed by the Province. Once construction has been completed, these interim loans are converted to term debt by the banks. With regard to these term loans, the Province's liability under each individual guarantee is determined as being limited to the lesser of the term loan or 20% of the aggregate of all term loans made by the Bank, less the total of all claims paid to the Bank by the Province with respect to these loans.

For the fiscal year ended 31 March 2002, the Province's liability is limited to \$30.3 million.

NOTES TO SCHEDULE OF CONTINGENT LIABILITIES (continued)

5. **Payments under Guarantee**

During the 2001-2002 fiscal year, the Province paid the following amounts under its guarantees:

	(\$000)
Gordon Grandy	90
	90

6. **Registrar of the Supreme Court**

The Province of Newfoundland and Labrador guarantees all sums required to discharge the balances of the Registrar of the Supreme Court as administrator, guardian, trustee, etc. (Judicature Act).

7. **Pensions**

(a) Province of Newfoundland and Labrador Pooled Pension Fund

Pursuant to Section 9 of the Pension Funding Act, the Province is liable for payment of any deficiency in the Pension Fund covered by that Act. Refer to Note 7 - Notes to the Financial Statements.

(b) Memorial University of Newfoundland Pension Fund

Pursuant to Section 6 of the Memorial University Pensions Act, the Province is liable for payment of any deficiency in the Pension Fund covered by that Act. As at 31 March 2002, no liability exists.

8. **Trust Accounts**

The Province is contingently liable for any shortage that may occur for any funds held in trust by the Province. Currently, all obligations held have an offsetting asset.

9. **Canadian Saltfish Corporation**

On 17 July 1970, the Province entered into an agreement with the Government of Canada for the marketing of saltfish products by the Canadian Saltfish Corporation (the "Corporation"), pursuant to the Saltfish Act. The Agreement provided that the Province is required to pay to the Government of Canada its proportional share of 50 per cent of the losses to Canada. This share is based on the loss to Canada based on the total value of annual sales of cured fish products applicable to each participating province.

On 19 February 1993, the Government of Canada requested that the Province compensate it for losses incurred to 31 March 1992. The amount which the Government of Canada calculated as the Province's share of the losses is \$21.6 million.

This matter is currently under discussion between the Government of Canada and the Province. However, the Province takes the position that for a number of reasons, including the fact that the Corporation engaged in activities beyond its mandate as determined by the Auditor General of Canada and confirmed by the Department of Justice of Canada, that the Province is not liable for the amount claimed.

10. **Newfoundland Student Loans Program**

Under the loan guarantee component of this Program, the Province has issued guarantees totalling \$0.8 million. Under the loan remission component of the Program, the Province is contingently liable for possible remissions totalling \$6.7 million. Under the current agreement with the service provider, the Province is contingently liable for loans issued as of 31 March 2002 totalling \$185.8 million. The expected default rate on these loans is 25% - 30%.

11. **Valuation Allowance**

The provision for guaranteed debt for 31 March 2002 is \$5.0 million (31 March 2001 - \$0.8 million).

NOTES TO SCHEDULE OF CONTINGENT LIABILITIES (continued)

12. **Newfoundland Ocean Enterprises Limited**

At the time the assets of Newfoundland Ocean Enterprises Limited were purchased by Friede Goldman Newfoundland Limited (the "Company"), the Province had performance guarantees in place with regard to three shipbuilding/repairs contracts. These contracts were assumed by the Company, however the Province's performance guarantees were not released. The Company indemnified the Province with regard to these guarantees through third party performance bonding.

At year end, Government's exposure with respect to two of the contracts had effectively ended due to the associated work being completed in accordance with those contracts. Government's exposure with respect to the third contract has significantly decreased given that all work has been completed. Government's exposure is now limited to any construction issues which may arise in the future.

PROVINCE OF NEWFOUNDLAND AND LABRADOR

Losses, Uncollectible Accounts and Other Amounts Written Off For the year ended 31 March 2002 with comparative figures for 2001

Department	2002 (\$000)	2001 (\$000)
Finance:		
Remissions	514	617
Tax forgiveness	52	11
Loan forgiveness	2,230	1,690
Accrued guarantee fees	-	123
Settlement of debt	6,501	-
	<u>9,297</u>	<u>2,441</u>
Government Services and Lands:		
Uncollectible accounts	2	33
Works, Services and Transportation:		
Uncollectible accounts	127	12
Fisheries and Aquaculture:		
Uncollectible accounts	3	9
Forest Resources and Agrifoods:		
Uncollectible accounts	1	1
Veterinary services	1	3
	<u>2</u>	<u>4</u>
Industry, Trade and Rural Development:		
Uncollectible accounts	10,000	-
Mines and Energy:		
Uncollectible accounts	3	3
Tourism, Culture and Recreation:		
Uncollectible accounts	-	4
Human Resources and Employment:		
Uncollectible accounts	3	-
Overpayment of social assistance	603	355
	<u>606</u>	<u>355</u>
Justice:		
Uncollectible accounts	-	75
Total	<u>20,040</u>	<u>2,936</u>

PROVINCE OF NEWFOUNDLAND AND LABRADOR

Trust Accounts As at 31 March 2002 with comparative figures for 2001

	2002 (\$000)	2001 (\$000)
Assets		
Registrar of the Supreme Court	22,144	23,192
Newfoundland Government Fund	19,000	19,000
Commercial and Corporate Affairs Trust	5,771	5,096
Teachers' Accrued Salary Trust Account	4,507	4,514
Federal/Provincial Contractors' Security Account	1,950	1,257
Consolidated Tender Account	997	1,081
Homes for Special Care	646	645
Provincial Courts Trust Account	328	1,199
High Sheriff of Newfoundland	243	121
H.M. Penitentiary	103	67
Rooms Trust Account	76	25
Newfoundland and Labrador Youth Centre	40	18
Securities Payable	18	30
Labrador Correctional Centre	14	12
School for the Deaf	5	12
West Coast Correctional Centre	5	7
Newfoundland and Labrador Correctional Centre for Women	5	6
Unpaid Wages Trust Account	4	3
Bishop's Falls Correctional Centre	2	2
Licencing and Enforcement	-	87
Contractors' Security Account - Works, Services and Transportation	-	45
Residential Tenancies Trust	-	1
Total Trust Account Assets	55,858	56,420
Balance of Funds		
Balance of Funds	55,858	56,420
Total Balance of Funds	55,858	56,420

PROVINCE OF NEWFOUNDLAND AND LABRADOR

Reconciliation of Modified Cash to Modified Accrual For the year ended 31 March 2002 with comparative figures for 2001

	2002		2001	
	Current (\$000)	Capital (\$000)	Current (\$000)	Capital (\$000)
Surplus (Deficit) - modified cash	115,824	(163,074)	120,044	(146,105)
Less: Amounts capitalized	-	(5,837)	-	(3,925)
	<u>115,824</u>	<u>(168,911)</u>	<u>120,044</u>	<u>(150,030)</u>
Surplus (Deficit) - modified accrual	(184,692)	(193,042)	61,705	(182,327)
Change in surplus/deficit	<u>300,516</u>	<u>24,131</u>	<u>58,339</u>	<u>32,297</u>
The change in the basis of accounting from the modified cash to the modified accrual affected revenue and expenditure as follows:				
Revenue				
Retail sales tax	(18,619)	-	(4,386)	-
Gasoline tax	(346)	-	(566)	-
Other taxes	(6,462)	-	(6,786)	-
Non-tax revenue	6,350	-	(20,221)	-
Equalization	45,016	-	(43,959)	-
Related revenue	67,885	(90)	(75,198)	(478)
Canada Health and Social Transfer	(2,747)	-	4,303	-
Total revenue	<u>91,077</u>	<u>(90)</u>	<u>(146,813)</u>	<u>(478)</u>
Expenditure				
Salaries	11,523	-	6,841	-
Employee benefits	(58,453)	-	(56,390)	-
Pension costs	2,406	-	(13,070)	-
Purchased services	580	(77)	(2,116)	(32)
Allowances and assistance	(682)	-	(108)	-
Grants and subsidies	(4,879)	-	3,658	(381)
Debt expenses	252,950	18,968	253,942	17,879
Bad debt expenses	5,994	5,330	12,395	15,309
Total expenditure	<u>209,439</u>	<u>24,221</u>	<u>205,152</u>	<u>32,775</u>
Change in surplus/deficit	<u>300,516</u>	<u>24,131</u>	<u>58,339</u>	<u>32,297</u>
Net change in surplus/deficit	<u>324,647</u>		<u>90,636</u>	