

nb liquor



2012-2013
annual report



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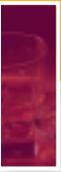
board of directors



Back row, from left: **Arthur Doyle**, director; **René Legacy**, vice-chairman; **Rémi Roussel**, director; **Tim Clarke**, director; and **Richard Smith**, senior vice-president and secretary of the board. Front row, from left: **Daniel Allain**, president and chief executive officer; **Ron Lindala**, chairman; and **Patricia Hawkins**, director.

executive management

- Daniel Allain**, president and chief executive officer
- Richard Smith**, senior vice-president and secretary of the board
- Bradford Cameron**, vice-president, customer service and retail operations
- Christopher Evans**, vice-president and chief financial officer
- Michael O'Brien**, vice-president, supply chain, products and marketing



chairman's letter

Honourable Blaine Higgs,
Minister of Finance,
Province of New Brunswick,
Fredericton, N.B.

Sir:

In compliance with Section 20 of the *New Brunswick Liquor Corporation Act*, I am pleased to submit the annual report of the New Brunswick Liquor Corporation for the fiscal year ended March 31, 2013.

Respectfully submitted,

Ron Lindala
Chairman, Board of Directors



president's message



“Positive attitudes control everything; turning negatives into positives is our greatest power to impact our reality.”

- Unknown

It is no secret that it is difficult to navigate a business during an economic downturn. Many businesses, such as ANBL, compete for limited disposable income. Factor in other challenges, such as an aging population, a diminishing youth population, competition from neighbouring jurisdictions, and the challenge becomes amplified and more complex.

This is the reality ANBL faces, and has faced for the past several years. These issues and challenges build to a point where business cannot proceed as it always has. When ANBL reached this plateau, the organization needed to get to the heart of these issues and address them in order to avoid a major fall in business.

It is this exercise that has caused us to become increasingly creative, efficient, and customer focused. We continue to examine our challenges every day in the hopes of achieving our four-year mission, vision and values, even in the midst of a harsh reality.

At the same time we must still invest, but invest wisely. I believe that one of the best investments ANBL has made is in its people. Only by encouraging the growth of our employees with programs such as the Accelerated Leadership Development Program (ALDP) can we expect to see the corporation grow as well. The benefit received from these investments increases each day, and will continue to do so, as these employees become increasingly important contributors to ANBL's success.

Our excellent employees are leading by example, improving ANBL day-by-day and quarter-by-quarter by demonstrating an outstanding work ethic and dedication to the corporation with their ability to adapt to changes and thrive in an unstable environment.

I look forward to seeing this progress continue.

President and CEO, Alcool NB Liquor



four-year strategic goals

ANBL is responsible for the purchase, importation, distribution and retailing of all beverage alcohol in New Brunswick. As a provincial Crown corporation, ANBL serves the public and licensee community through its network of retail stores and private agency outlets.

strategy 2012-16

This strategic plan focuses on metrics for net income growth, customer satisfaction, employee engagement, and corporate citizenship. The 2012-13 fiscal year represented the first year of this plan.



Vision 2016

To be a leading retailer, driven by customer experience.

Mission

To responsibly manage a profitable liquor business for New Brunswick.

Values

- Service excellence
- Our people
- Corporate citizenship

Four-Year Vision Goals

- Maintain 1.4% net income growth.
- Achieve customer experience index score higher than 70%.
- Achieve 145/200 employee engagement index.
- Achieve 85% corporate citizenship index.

ANBL's achievements in regard to these goals after first year:

- Maintain 1.4% net income growth: 0%.
- Achieve customer experience index score higher than 70%: 58.5%.
- Achieve 145/200 employee engagement index: 165/200.
- Achieve 85% corporate citizenship index: 97%.

2012-13 year in review

Strategic Goal #1: Financial

ANBL achieved \$164.1 million in net income during the fiscal year 2012-13, exceeding budget by \$1.7 million. Overall sales for the year were \$387.8 million, a decrease of 1.9 per cent from the previous year. Volume for the year was 56.2 million litres.

Although there was a decline in transactions provincewide, the average basket size increased slightly.

Sales	2012 - 2013 (\$ 000)	2011 - 2012 (\$ 000)	% change
Spirits	91 860	92 339	-0.5
Wine	74 431	70 900	5.0
Other beverages	19 063	19 764	-3.6
Beer	202 398	212 127	-4.6
TOTAL	387 752	395 130	-1.9





Spirits



Sales of spirits decreased by 0.5 per cent, to \$91.9 million in 2012-13 from \$92.3 million in 2011-12, continuing a decade-long trend of minimal movement. Volume decreased by 0.2 per cent.

Spirits sales from ANBL's on-site store at the New Brunswick Spirits Festival, held November 23, 2012 in Fredericton, totalled \$145,500.

Other Beverages



Other beverages showed a decline in sales of 3.6 per cent, to \$19.1 million in 2012-13 from \$19.8 million in 2011-12. Volume decreased by 5.0 per cent.

Wine



Wine sales increased by 5.0 per cent, to \$74.4 million in 2012-13 from \$70.9 million in 2011-12. Wine volume increased by 5.6 per cent.

Sales at the World Wine and Food Expo (WWFE) on-site store, held in Moncton November 9 and 10, 2012, totalled \$446,000.

Sales at the FestiVin virtual store, held June 1 and 2, 2012, in Caraquet, totalled \$12,700, representing a 56.0 per cent increase over the previous year.

Beer



Beer sales totalled \$202.4 million in 2012-13 compared to \$212.1 million in 2011-12, representing a 4.6 per cent decline. Volume decreased by 4.8 per cent.

ANBL launched an economy beer segment in April, 2012, featuring six brands at the everyday price of \$18.49 for 12 cans. This addition was a result of the *2011 Report to Cabinet*, which recommended reviewing the pricing strategy for beer. A seventh brand was introduced in August.



Preparing the WWFE on-site store.

Internal Efficiencies and Processes

While ANBL has historically been very cost-conscious, further efficiencies may be realized through careful analysis of all business processes.

ANBL began the implementation of an ongoing standardized, consistent, measurable (SCM) workflow model in order to increase efficiency and add extra face-to-face interaction with customers, which is expected to increase sales. The key deliverables for the project are to develop a workflow model for the retail stores, design efficient work practices, execute the model and work practices across the network, develop key productivity metrics, and set productivity standards for the A,B,C,D, and Depot store banners. The results in fall 2012 following implementation of the workflow model and increased face-to-face interaction with customers showed a positive trend in dollars and litres sold after the change, versus the previous year.

ANBL increased emphasis on its Attendance Management Program, with impressive results. In the 2012-13 fiscal year, employee sick time was reduced by more than 30 per cent over the previous year, resulting in a cost saving in sick time of almost \$300,000.

The fiscal year 2012-13 showed further progress in Information Technology (IT) by continuing work on its multi-year modernization strategy, finding efficiencies in providing support services such as Human Capital Management, and leveraging Government of New Brunswick shared services and those of the New Brunswick Internal Services Agency (NBISA), where greater economies of scale may be

realized. This allowed IT to have a clearer focus on enabling efficiencies within the core business of ANBL. ANBL partnered with NBISA to build a fibre Wide Area Network (WAN) that improved network communications so that newer business and backup technologies could be deployed, and increased compliance with Payment Card Industry Data Security Standards.

ANBL continued to strengthen regional co-operation by working with the Atlantic liquor boards to contract with a new service provider for container pick-up, re-work/palletizing, and transportation service to all Atlantic liquor jurisdictions.

Negotiations were concluded for establishing a regional distribution centre in Moncton to warehouse E. & J. Gallo products. The centre will service all four Atlantic liquor corporations, with benefits such as a reduction in product lead time, inventory turnover improvement, and reduced on-hand warehouse inventory.

ANBL also negotiated a five-year extension with its service provider to address requirements regarding the *Beverage Containers Act*.

The central warehouse continued to focus on improving productivity and overall efficiencies. Staff embraced the voice pick system implemented in September 2011. Overall productivity increased more than 9.5 per cent, improving ergonomics and significantly increasing order accuracy.

Strategic Goal #2: Customer Service

As a result of findings contained in the *2011 Report to Cabinet*, ANBL accelerated the investment in service excellence. These investments resulted in the hiring of three additional product advisors and a full-time retail training co-ordinator in order to expand the level of product knowledge and service excellence in all corporate stores.





In consultation with the major breweries, ANBL developed and executed a new product alignment in the coldrooms that grouped similar products into distinct zones in an effort to improve the shopping experience. ANBL also began testing new fixtures in coldrooms to better display pricing and promotional activity.

An online ordering system for licensees was developed and launched in August 2012. This offered a faster, simpler avenue for licensee product ordering.

The e-flyer and newsletter were consolidated into a monthly e-flyer with a mailing list of more than 7,500 recipients. This provided the means to contact customers directly with special offers and new products, and also allowed ANBL to obtain valuable information through customer surveys. It proved to be a popular publication, with the December 2012 e-flyer having 63,000 downloads.

The Hot Deals program was developed as a sales initiative to increase customer traffic in the final quarter of 2012-13. The incentive was short-term, deep-discount limited time offers (minimum four days, maximum seven) on various products in ANBL stores.

The Salisbury Liquidation store was rebranded as a Depot store, and ANBL expanded the number of Depot stores by converting the Campbellton, St. Stephen, Bathurst, and Edmundston stores to the Depot banner.

As a provincial Crown corporation ANBL employs a vigorous program to ensure compliance with the *Official Languages Act*, and during the fiscal year made additional improvements to practices in order

to enhance the program. In 2012-13, four complaints were logged with the Office of the Provincial Commissioner of Official Languages, one of which did not apply to ANBL. The remaining three related to preferred language of service. Each case was dealt with appropriately.

New Stores



Official opening, Kennebecasis Valley store.

On October 15, 2012, ANBL officially opened a new full-service Selection Store at 115 Campbell Dr., Rothesay, to serve the Kennebecasis Valley. This new store replaced two smaller stores, one in Rothesay, the other in adjacent Quispamsis. The new store is attached to a major grocer, which provides customers with the convenience of one-stop shopping. It features a greatly enhanced product selection, a much larger chilled products room, wine tasting units, and a product education area.

The store covers 1,101 sq. metres (11,850 sq. ft.) and features 1,843 regular listed products, including 522 spirits and 1,015 wine listings. The 339-sq.-metre (3,650-sq.-ft.) walk-in cold room offers 236 listings of

chilled beer and 70 ready-to-drink beverages listings. It also carries an assortment of specialty products. A new automated tasting and customer service station is available where customers may sample selected wines and spirits as chosen by product advisors.

In December 2012 ANBL began construction of a new store in Newcastle. Once complete, the modern premise will replace an aged and undersized store. The new store will be attached to a major gas bar and convenience store chain.

In early January 2013 ANBL began the total renovation of its flagship store at 513 Regis St. in downtown Dieppe. The exterior will feature a new roof and customer entrance area, and the entire interior will be removed and rebuilt. The rebuilt store will feature a greatly enhanced product selection, a much larger chilled products room, wine tasting units, and a product education area.

Throughout the year interior store re-alignments were undertaken at Vaughn Harvey Blvd. (Moncton), Mountain Road North (Moncton), Oromocto, Devon Park (Fredericton), and Edmundston. The re-alignments allow for better traffic flow in the store, better product presentation and enhanced marketing capabilities.

Strategic Goal #3: Employee Engagement

Phase three of the Accelerated Leadership Development Program (ALDP) wrapped up during the year, with 15 more employees successfully completing their development plans. Since its inception in 2007 with the goal of developing leaders from within ANBL, more than 40 employees have completed the program. As testament to the program's effectiveness, nearly all of ANBL's Retail Service Excellence Awards are won by stores led by ALDP graduates.

The Retail Service Excellence Award winners for the 2012-13 fiscal year

A Banner:

- Gold – Kennebecasis Valley
- Gold – Edmundston (Depot)
- Silver – York Street Train Station, Fredericton
- Bronze – Parkway Mall, Saint John

B Banner:

- Gold – Elmwood Drive, Moncton
- Silver – Fairville Boulevard, Saint John
- Bronze – Riverview

C Banner:

- Gold – Sussex
- Silver – Sackville
- Silver – St. Stephen
- Bronze – Shediac

D Banner:

- Gold – Beresford
- Silver – Dalhousie
- Bronze – Bouctouche

Mario Michaud, manager for District 3, received the District Manager Retail Service Excellence Award.



2012-2013 Retail Service Excellence Award Winners



In an effort to support the professional development of staff, ANBL partnered with Development Dimensions International to provide management with leadership and workforce competency development training courses. These courses were an extension of ALDP courses, and were designed to target common managerial development opportunities, as well as build, maintain and refresh leadership strength. Store managers, head office managers and district managers were offered eight courses during the 2012-13 fiscal year.

ANBL continued to work in partnership with CUPE Local 963 in order to proactively address ongoing issues. Five grievances were received in 2012-13. Three were resolved, with the others still outstanding at fiscal year end.

Internal web improvements included a Rendez-vous upgrade, redesign, and clean-up.

Strategic Goal #4: Corporate Citizenship

Social Responsibility

September 2012 marked the first year of ANBL's Protect Our Rivers campaign, which was undertaken in partnership with the Atlantic Salmon Conservation Foundation, a registered non-profit organization with the mandate of promoting the conservation of New Brunswick rivers and streams. A portion of the proceeds from the sale of more than 40 products was donated to the foundation for distribution to conservation projects in New Brunswick. In late September, customers were invited by ANBL staff to make a donation at cash. The campaign raised more than \$70,000.



ANBL was the 2012 provincial sponsor for MADD Canada's high school assembly video, Long Weekend. Students from 50 schools in New Brunswick viewed the program, which described, through flashbacks, the weekend adventure of a young man and his friends that ultimately ends in his death as a result of impaired driving.



In November, customers were prompted at cash to make a donation to MADD Canada. Thanks to employee efforts and the generosity of New Brunswickers, more than \$30,000 was donated to the organization.

For the sixth consecutive year ANBL offered a Safe Grad initiative to all New Brunswick high schools. Sanctioned by the Department of Education, ANBL engaged New Brunswick high school students to help deliver the message about making responsible choices when celebrating graduation. Submissions created by students were received and evaluated, with donations to be used toward Safe Grad activities made to all schools that submitted an entry. Donations ranged from \$200 to \$2,500, with a total of \$17,500 donated to 20 schools.

ANBL also began a five-year partnership with the New Brunswick Assembly of First Nations (AFN), in conjunction with AFN Regional Chief Roger Augustine, by assisting with funding for healthy living-based youth activity programs.





Signing of the Memorandum of Understanding with the Royal Canadian Legion New Brunswick Command.

ANBL signed a five-year Memorandum of Understanding with the Royal Canadian Legion New Brunswick Command, ensuring that veterans are guaranteed passive solicitation rights to corporate stores province wide for their annual poppy campaign in the three weeks leading to Remembrance Day.

More than 300 organizations took advantage of passive solicitation opportunities in all corporate stores during the 2012-13 fiscal year.

ANBL's Identification Check program was once again well-managed. Corporate and agency store staff monitored the ages of customers attempting to buy beverage alcohol, this year challenging 174,189 individuals, and refusing service to 7,004.

Environmental

The newly completed Rothesay store was constructed in accordance with the Province of New Brunswick's exacting Green Building Code regulations, meaning that overall energy savings are expected to be 20 per

cent more than from normal construction. During the official store opening ceremony Efficiency NB presented a plaque recognizing that the building completed the Start Smart Program for new commercial construction. The program provides advice and incentives to encourage the design and construction of highly energy-efficient buildings. The new store in Newcastle and the renovated Dieppe store will also adhere to these standards.

ANBL also continued installing control systems at stores to permit remote tracking and monitoring of energy and water consumption. The real-time information allows for faster identification of issues, as well as providing potential solutions.

Governance

Finance Minister Blaine Higgs, on behalf of government, provided the ANBL board of directors with the first comprehensive mandate letter in the corporation's history, outlining government's expectations of the corporation.

Significant efforts were invested by ANBL staff during the year to amend the *New Brunswick Liquor Corporation Act*, for only the third time since 1976. In addition, corporation employees also actively collaborated with other government departments to undertake major changes to the *Beverage Containers Act* and the *Liquor Control Act*.

ANBL completed implementation of its 29-point Governance Action Plan, which included conducting a public recruiting process for board vacancies. The corporation was recognized for governance leadership after the program's completion.

The annual report is tabled in the Legislative Assembly, and is available online at www.anbl.com. Under the *Right to Information and the Protection of Privacy Act*, our records are open to public scrutiny. ANBL is accountable to the provincial government and to New Brunswick residents.

sales by location

Location	(\$ 000)			2012	Total	Location	(\$ 000)			2012	Total
	2013	Public	Licensee				2013	Public	Licensee		
Bathurst (4)	\$ 8 024	\$ 1 255	\$ 9 279	\$ 9 607	Moncton						
Beresford	2 948	196	3 144	2 977	Elmwood Drive (1)	\$ 6 978	\$ 1 533	\$ 8 511	\$ 8 613		
Bouctouche (2)	2 439	401	2 840	2 911	Moncton North	8 649	1 205	9 854	9 672		
Campbellton (2)	2 266	859	3 125	3 192	Mountain Road	8 032	2 727	10 759	10 614		
Cap-Pelé	2 628	165	2 793	2 778	Vaughan Harvey Blvd.	10 953	2 859	13 812	14 255		
Caraquet (3)	3 409	998	4 407	4 687	Total	34 612	8 324	42 936	43 154		
Dalhousie (3)	1 633	360	1 993	1 905	Neguac	2 071	288	2 359	2 497		
Dieppe					Oromocto (4)	9 144	1 173	10 317	10 607		
Dieppe Blvd.	5 621	790	6 411	1 612	Perth-Andover (2)	2 692	247	2 939	3 035		
Dieppe	9 559	2 635	12 194	17 947	Petit Rocher	2 170	164	2 334	2 544		
Total	15 180	3 425	18 605	19 559	Richibucto (4)	4 113	544	4 657	4 674		
Edmundston (2)	6 894	2 187	9 081	8 871	Riverview (3)	7 687	1 630	9 317	9 173		
Florenceville-Bristol (2)	1 860	241	2 101	2 167	Rothesay *	470	-	470	907		
Fredericton					Sackville (3)	4 857	612	5 469	5 529		
Brookside Mall (3)	7 563	3 163	10 726	10 789	Saint John City						
Devon Park (5)	8 867	1 194	10 061	10 908	Lansdowne Place	7 353	2 368	9 721	10 229		
Prospect Street	13 767	1 696	15 463	16 384	Parkway Mall (2)	12 544	1 555	14 099	14 892		
York Street	11 822	1 647	13 469	12 285	Prince Edward Sq.	5 662	1 437	7 099	7 118		
Total	42 019	7 700	49 719	50 366	Fairville Blvd. (2)	9 299	1 635	10 934	11 227		
Grand Bay-Westfield (2)	2 873	286	3 159	3 304	Total	34 858	6 995	41 853	43 466		
Grand Falls (3)	4 499	886	5 385	5 518	Salisbury (2)	4 361	138	4 499	3 927		
Grand Manan *	-	-	-	1 097	St. Andrews	1 992	557	2 549	2 886		
Hampton (1)	3 647	236	3 883	4 117	St. George	2 600	99	2 699	2 858		
Kennebecasis Valley (1)	11 299	853	12 152	11 192	St. Stephen (2)	5 193	279	5 472	5 577		
Lamèque	1 879	142	2 021	2 037	Shediac (3)	7 186	1 041	8 227	8 788		
Miramichi City					Shippagan	2 365	284	2 649	2 715		
Chatham (3)	4 571	791	5 362	5 031	Sussex (3)	6 514	771	7 285	7 550		
Newcastle (3)	6 445	831	7 276	7 837	Tracadie-Sheila (2)	5 003	673	5 676	5 722		
Total	11 016	1 622	12 638	12 868	Woodstock (4)	5 340	746	6 086	6 102		
					Warehouse **	73 369	265	73 634	74 266		
					TOTAL	\$ 341 110	\$ 46 642	\$ 387 752	\$ 395 130		

(#) Indicates number of agents at this location

* Store closed during the year

** Includes web-based ordering for licensees

agent sales by location

		(\$ 000)				(\$ 000)	
Agent Location	ANBL Location	2013	2012	Agent Location	ANBL Location	2013	2012
Allardville	Bathurst	\$ 619	\$ 670	Lepreau	Fairville Blvd., Saint John	\$ 1 286	\$ 1 626
Alma	Riverview	405	386	Mactaquac	Brookside Mall, Fredericton	2 131	2 232
Arthurette	Perth-Andover	427	422	Maisonnette	Caraquet	359	384
Aulac*	Sackville	2	-	McAdam	St. Stephen	533	573
Baie-Sainte-Anne	Chatham	931	913	Memramcook	Elmwood Drive, Moncton	2 261	2 488
Balmoral	Dalhousie	742	818	Minto	Devon Park, Fredericton	1 973	1 971
Barnesville	Kennebecasis Valley	817	900	Nackawic	Woodstock	1 384	1 507
Bay du Vin	Chatham	528	563	Norton	Sussex	2 591	2 567
Belledune	Dalhousie	803	834	Paquetville	Caraquet	2 109	2 183
Blacks Harbour	Fairville Blvd., Saint John	1 178	1 273	Petitcodiac	Salisbury	1 945	2 000
Blackville	Newcastle	992	962	Plaster Rock	Perth-Andover	987	1 056
Boiestown	Devon Park, Fredericton	607	629	Pointe-Sapin	Richibucto	297	314
Brantville	Tracadie-Sheila	1 375	1 439	Port Elgin	Sackville	1 391	1 408
Cambridge Narrows	Sussex	944	924	Public Landing	Grand Bay-Westfield	968	1 007
Campobello	St. Stephen	238	208	Renous	Newcastle	1 098	1 119
Canterbury	Woodstock	513	507	Richibucto Village	Richibucto	762	784
Centreville	Florenceville-Bristol	1 149	1 220	Riley Brook	Grand Falls	251	266
Charlo	Dalhousie	856	926	Riverside-Albert	Riverview	340	370
Chipman	Devon Park, Fredericton	1 226	1 213	Riviere-Verte*	Edmundston	347	-
Clair**	Edmundston	-	284	Rogersville	Chatham	1 615	1 774
Cocagne	Shediac	2 687	2 550	Sainte-Anne-de-Madawaska	Edmundston	438	526
Debec	Woodstock	520	530	Saint-Antoine	Bouctouche	2 048	2 121
Doaktown	Devon Park, Fredericton	799	879	Saint-Arthur	Campbellton	224	251
Dorchester	Sackville	425	473	Saint-Isidore	Tracadie-Sheila	933	928
Douglas Harbour	Oromocto	574	551	Saint-Léonard	Grand Falls	716	741
Fredericton Junction	Oromocto	1 272	1 292	Saint-Louis de Kent	Richibucto	1 542	1 546
Gagetown	Oromocto	662	711	Saint Paul	Bouctouche	454	482
Grand Manan	Parkway Mall, Saint John	1 316	416	Saint-Quentin	Grand Falls	1 395	1 531
Grande-Anse	Caraquet	777	792	Saint-Sauveur	Bathurst	252	292
Harcourt	Richibucto	588	602	Salisbury	Salisbury	2 526	2 446
Hartland	Woodstock	1 465	1 547	Shediac (seasonal)*	Shediac	703	-
Harvey	Devon Park, Fredericton	1 347	1 394	South Tetagouche	Bathurst	380	428
Haute-Aboujagane	Shediac	963	1 026	St. Martins	Parkway Mall, Saint John	787	760
Hillsborough	Riverview	1 228	1 263	Stanley	Brookside Mall, Fredericton	1 000	1 036
Janeville	Bathurst	456	476	Sunny Corner	Newcastle	1 223	1 196
Juniper	Florenceville-Bristol	350	389	Waasis*	Oromocto	4	-
Kedgwick	Campbellton	909	999	Welsford	Grand Bay-Westfield	1 163	1 226
Kingston	Hampton	1 312	1 201	Youngs Cove	Sussex	894	783
				Zealand	Brookside Mall, Fredericton	1 077	1 165
				Manufacturer Agents	Head Office, Fredericton	1 227	1 058
				TOTAL		\$ 75 616	\$ 76 325

* Opened during the year

** Closed

management report

The preparation of financial information is an integral part of management's responsibilities, and the accompanying financial statements are the responsibility of the management of the Corporation. This responsibility includes the selection of appropriate accounting policies and making judgments and estimates consistent with International Financial Reporting Standards. Financial information presented elsewhere in this Annual Report is consistent with these financial statements.

The Corporation maintains the necessary internal controls designed to provide reasonable assurance that relevant and reliable financial information is produced and that assets are properly safeguarded. The Internal Audit department performs audits designed to test the adequacy and consistency of the Corporation's internal controls, practices and procedures.

The Board of Directors is assisted in its responsibilities by its Audit Committee. This committee reviews and recommends approval of the financial statements and Annual Report, meets periodically with management, the Manager of Internal Audit and the external auditors, concerning internal controls and all other matters relating to financial reporting.

Deloitte, LLP, the external auditors of the Corporation, have performed an independent audit of the financial statements of the Corporation in accordance with Canadian generally accepted auditing standards. The Auditors' Report outlines the scope of this independent audit and the opinion expressed.

Daniel Allain
President & CEO

June 27, 2013

Christopher Evans, CA
Vice-President & CFO

independent auditors' report

We have audited the accompanying financial statements of New Brunswick Liquor Corporation, which comprise the statement of financial position as at March 31, 2013, and the statements of comprehensive income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Corporation's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Corporation's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of New Brunswick Liquor Corporation as at March 31, 2013, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Other Matter

The financial statements for the year ended March 31, 2012 were audited by another auditor who expressed an unmodified opinion on those statements on June 29, 2012.

Chartered Accountants
June 27, 2013

statements of operations and comprehensive income

Year ended March 31

	Budget 2013 (unaudited)	Actual 2013	Actual 2012
Total sales (note 3)	\$ 397 422 014	\$ 387 752 262	\$ 395 129 626
Less: commissions	6 656 069	6 688 839	6 497 338
Net sales	<u>390 765 945</u>	<u>381 063 423</u>	<u>388 632 288</u>
Cost of sales (note 4)	180 289 491	171 053 590	179 028 894
Gross profit	<u>210 476 454</u>	<u>210 009 833</u>	<u>209 603 394</u>
Other income (note 5)	2 748 212	3 043 545	2 676 290
	<u>213 224 666</u>	<u>213 053 378</u>	<u>212 279 684</u>
Operating expenses (note 6)	<u>50 831 989</u>	<u>48 923 685</u>	<u>48 156 682</u>
Net income and comprehensive income	<u>\$ 162 392 677</u>	<u>\$ 164 129 693</u>	<u>\$ 164 123 002</u>

See accompanying notes to the financial statements

statements of changes in equity

Year ended March 31

	2013	2012
Balance at beginning of year	\$ 21 741 735	\$ 20 563 729
Net income and comprehensive income	164 129 693	164 123 002
Distributions to the Province of New Brunswick	<u>(161 746 764)</u>	<u>(162 944 996)</u>
Balance at end of year	<u>\$ 24 124 664</u>	<u>\$ 21 741 735</u>

See accompanying notes to the financial statements

statements of financial position

March 31

Assets	2013	2012
<i>Current Assets</i>		
Cash and cash equivalents	\$ 3 420 165	\$ 2 566 129
Trade and other receivables	4 987 621	3 988 914
Inventories (note 7)	24 463 486	21 650 352
Prepaid expenses	509 591	661 412
	<u>33 380 863</u>	<u>28 866 807</u>
Property, plant and equipment (note 8)	8 557 074	7 722 899
Intangible assets (note 9)	1 441 128	1 512 590
	<u>\$ 43 379 065</u>	<u>\$ 38 102 296</u>
Liabilities		
<i>Current Liabilities</i>		
Trade and other payables	\$ 14 609 032	\$ 11 716 575
<i>Non current Liabilities</i>		
Retiring allowances (note 10)	4 645 369	4 643 986
	<u>19 254 401</u>	<u>16 360 561</u>
Equity of the Province of New Brunswick		
Equity	24 124 664	21 741 735
	<u>\$ 43 379 065</u>	<u>\$ 38 102 296</u>

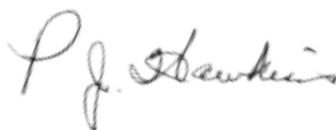
Commitments and Contingencies (note 12 and 13)

See accompanying notes to the financial statements

Approved by the Board:



Director



Director

statements of cash flows

Year ended March 31

	2013	2012
Operating		
Net income and comprehensive income	\$ 164 129 693	\$ 164 123 002
Items not involving cash:		
Depreciation	1 563 478	1 620 617
Amortization	336 953	362 294
Loss on sale of property, plant and equipment	35 329	13 224
(Decrease) / increase in retiring allowances	1 383	448 685
Change in non-cash working capital	<u>(767 563)</u>	<u>(653 968)</u>
Cash available from operations	<u>165 299 273</u>	<u>165 913 854</u>
Investing		
Additions to property, plant and equipment	(2 451 443)	(1 673 817)
Additions to intangible assets	(265 491)	(209 910)
Proceeds from sale of property, plant and equipment	<u>18 461</u>	<u>4 044</u>
Net cash used for capital investments	<u>(2 698 473)</u>	<u>(1 879 683)</u>
Financing		
Distributions to the Province of New Brunswick	<u>(161 746 764)</u>	<u>(162 944 996)</u>
Increase in Cash	854 036	1 089 175
Cash at Beginning of Year	<u>2 566 129</u>	<u>1 476 954</u>
Cash at End of Year	<u>\$ 3 420 165</u>	<u>\$ 2 566 129</u>

See accompanying notes to the financial statements

notes to the financial statements

March 31, 2013

1. Nature of Operations

The New Brunswick Liquor Corporation (the Corporation) is a Crown Corporation incorporated under the New Brunswick Liquor Corporation Act and is a Government Business Enterprise as defined by Public Sector Accounting Board recommendations. The Corporation's main office is located in Fredericton, New Brunswick and its primary business is the purchase, distribution and sale of alcoholic beverages throughout the Province of New Brunswick. The Corporation is exempt from Income Taxes under Section 149 of the Income Tax Act.

2. Summary of Significant Accounting Policies

a) Statement of compliance

The financial statements of the Corporation comply with International Financial Reporting Standards (IFRS).

The financial statements for the year ended March 31, 2013 were approved and authorized for issue by the Board of Directors on June 27, 2013.

b) Basis of preparation

The financial statements have been prepared on the historical cost basis. These statements have been prepared using the accrual basis of accounting.

The accounting policies set out below have been applied consistently to all periods presented in the financial statements.

c) Property, plant and equipment

(i) Assets owned by the Corporation

Property, plant and equipment are carried at historical cost less any accumulated depreciation and impairment losses. Historical cost includes the acquisition or construction cost as well as the costs directly attributable to bringing the asset to the location and condition necessary for its use in operations. When property, plant and equipment include significant components with

different useful lives, they are recorded and amortized separately. Depreciation is computed using the straight-line method based on the estimated useful life of the assets. Useful life is reviewed on an annual basis.

(ii) Derecognition

An item of property, plant and equipment is derecognized when disposed of or when no future economic benefits are expected to arise from the continued use of the asset. A gain or loss arising on derecognition of an asset is calculated as the difference between the net disposal proceeds and the carrying amount of the asset at the date of disposal and is included in the statement of operations and comprehensive income in the year in which the item is derecognized.

(iii) Subsequent costs

The Corporation recognizes in the carrying amount of an item of property, plant and equipment the cost of replacing part of such an item when that cost is incurred if it is possible that the future economic benefits embodied with the item will flow to the Corporation and the cost of the item can be measured reliably. All other costs are recognized in the statement of operations and comprehensive income as an expense as incurred.

(iv) Depreciation

Depreciation of an asset begins when it is available for use. This means when it is in the location and condition necessary for it to be capable of operating in the manner intended by management. Depreciation is charged to the statement of operations and comprehensive income on a straight-line basis using the following annual rates:

Buildings	2 1/2%
Paving	10%
Refrigeration equipment	10%
Retail automation equipment	20%
Furniture, fixtures and equipment	20%
Automotive equipment	25%

Leasehold improvements are depreciated on the straight-line basis over the lease term. Property, plant and equipment includes assets purchased or under construction, all or a portion of which may not be in use at the end of the year. As a result, no depreciation is taken on these assets.

(v) Impairment

The carrying amounts of the Corporation's non-financial assets are reviewed at the end of each year to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated in order to determine the extent of the impairment loss (if any).

Non-financial assets are grouped based on their cash generating units ("CGU") which is the smallest group of assets which generate cash 'inflows' from their continuing use which are independent from cash inflows of other assets. The Corporation has defined CGUs as its retail stores.

The recoverable amount of a CGU is the greater of its value in use and its fair value less estimated costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

Impairment losses recognized in prior periods are reversed if the recoverable amount in a later period exceeds the carrying amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized. At March 31, 2013 and 2012 there were no indications of impairment.

d) Intangible assets

Intangible assets include purchased and in-house developed computer software which is recorded at cost and amortized on a straight-line basis over the estimated useful life, as these assets are considered to have finite useful lives. Useful lives are reviewed at each reporting date. The Corporation assesses the carrying value of the intangible assets for impairment when events or

circumstances warrant such a review. At March 31, 2013 and 2012 there were no indications of impairment. Computer software is amortized on a straight-line basis at a rate of 10% per annum.

e) Leased assets

Leases are classified as finance leases when the terms of the lease transfer substantially all the risks rewards incidental to ownership of the leased asset to the lessee. Assets financed by finance lease contracts are capitalized at the lower of the fair value of future minimum lease payments and market value and the related debt recorded in non current liabilities. All other leases are classified as operating leases.

The Corporation has determined that all leases entered into at March 31, 2013, and March 31, 2012, are operating leases. Payments made under operating leases (net of any financial incentives from the lessor) are charged to the statement of operations and comprehensive income based on the contractual annual rental rate in effect at the time.

(i) Lease incentives

In the event that lease incentives are received to enter into operating leases, such incentives are recognized as a liability. The aggregate benefits of incentives are recognized as a reduction of rental expense on a straight-line basis.

f) Financial instruments

(i) Recognition, initial measurement

Financial assets and financial liabilities are recognized when the Corporation becomes a party to the contractual provisions of the instrument and are measured initially at fair value adjusted by transaction costs. Subsequent measurement of financial assets and financial liabilities are described below.

(ii) Classification and subsequent measurement of financial assets

For the purpose of subsequent measurement, all financial assets have been classified as loans and receivables.

notes to the financial statements

March 31, 2013

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. After initial recognition, these are measured at amortized cost using the effective interest method, less impairment. Discounting is omitted where the effect of discounting is immaterial. The Corporation's cash and cash equivalents and trade and other receivables fall into this category of financial instruments.

The Corporation does not hold any financial assets in the other categories.

(iii) Financial liabilities

The Corporation's financial liabilities include trade and other payables. These financial liabilities are measured subsequently at amortized cost using the effective interest method.

(iv) Derecognition

Financial assets are derecognized when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and all substantial risks and rewards are transferred. A financial liability is derecognized when it is extinguished, discharged, cancelled or expires.

(v) Offsetting financial instruments

Financial assets and liabilities are offset and the net amount recognized on the statement of financial position only when there is a legal right to offset the amounts and there is an intention to settle on the net basis or realize the asset and settle the liability simultaneously.

(vi) Impairment of financial assets

Financial assets are assessed for indicators of impairment at the end of each year. Financial assets are considered to be impaired when there is objective evidence that the estimated future cash flow of the investment will be negative.

g) Foreign currency translation

The financial statements are presented in Canadian dollars, which is the Corporation's functional and presentation currency.

Foreign currency transactions are translated into Canadian dollars using the exchange rates prevailing at the dates of the transactions (spot exchange rate). Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies are recognized in the statement of operations and comprehensive income.

h) Inventories

Inventories are stated at the lower of cost and net realizable value. Cost is defined as average cost. Net realizable value is the estimated selling price in the ordinary course of business, less any applicable selling expenses. The cost includes expenditures incurred in acquiring the inventories and bringing them to their existing location and condition.

i) Provisions

A provision is recognized in the statement of financial position when the Corporation has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a discount rate that reflects the current market assessments of the time value of money and the risk specific to the obligation. The increase in provision due to the passage of time is recognized as an interest expense.

j) Post-employment benefits

(i) Retiring allowances

Employees of the Corporation are entitled to retirement allowances based on years of service and rate of pay

in the year of retirement or death. This program is funded in the year the allowance is paid. The cost of the retirement allowance earned by employees is actuarially determined using the projected benefit method prorated on service and management's best estimate of salary escalation and retirement age of employees.

Significant assumptions used in the calculation of the liability are as follows:

Discount rate – beginning of year	4.1%
Discount rate – end of year	3.8%
Future salary increases – beginning of year	2.5%

(ii) Pension plan

Employees of the Corporation are members of the New Brunswick Public Service Superannuation Plan, a multi-employer, defined benefit pension plan. Contributions are made by both the Corporation and the employees. Since sufficient information is not readily available to account for the Corporation's participation in the plan using defined benefit pension plan accounting, these financial statements have been prepared using accounting rules for defined contribution pension plans.

k) Revenue

Revenue is measured at the fair value of the consideration received or receivable.

(i) Sales to retail customers

Revenue is recognized at the point of sale to customers.

(ii) Sales to agency stores and licensed establishments

Revenue from the sale of goods is recognized when all of the following conditions are satisfied:

- The Corporation has transferred to the buyer the significant risks and rewards of ownership of the goods;
 - The Corporation retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
 - The amount of revenue can be measured reliably;
 - It is probable that the economic benefits associated with the transaction will flow to the Corporation;
- and,

- The costs incurred or to be incurred in respect of the transaction can be measured reliably.

l) Accounting estimates and judgements

The preparation of financial statements in compliance with IFRS requires the Corporation's management to make certain estimates and assumptions that they consider reasonable and realistic. Despite regular reviews of these estimates and assumptions, based in particular on past achievements or anticipations, facts and circumstances may lead to changes in these estimates and assumptions which could affect the reported amount of the Corporation's assets, liabilities, equity or earnings. Areas of estimation where complex or subjective judgments were made include the net realizable value of inventory, useful lives of long-lived assets, impairment of assets, provisions and retiring allowances.

(i) Valuation of inventories

Judgment is required in the determination of the net realizable value of inventories.

(ii) Useful lives of long-lived assets

The Corporation is required to estimate the useful lives, residual values and depreciation method. Management determines the estimated useful lives and residual values of its long-lived assets based on historical experience of the actual lives of assets with similar nature and function. As this information is based on estimates and is subject to change, they are reviewed at the end of each year, with the effect of any changes in estimate accounted for on a prospective basis.

(iii) Property, plant and equipment

Property, plant and equipment is aggregated into CGUs based on their ability to generate largely independent cash inflows and are used for impairment testing. The determination of the Corporation's CGUs is subject to management's judgment with respect to the lowest level at which independent cash inflows are generated.

(iv) Impairment of assets

The calculation requires the Corporation to determine the recoverable amount, which involves estimating the asset's or CGUs fair value less costs to sell, their value-in-use, or both. Amounts used in impairment calculations

notes to the financial statements

March 31, 2013

are based on estimates of future cash flows of the Corporation and include estimates of future revenue, operating expenses, discount rates, which are subject to measurement uncertainty. Accordingly, the impact on the financial statements of future periods could be material.

(v) Provisions

The Corporation makes judgments and estimates in recording costs and establishing provisions based on current information regarding cost, expected plans and discount rates. The accrued retiring allowances reflect the Corporation's best estimate of salary, escalation and the retirement ages of employees. The calculations are sensitive to changes in the actuarial and economic assumptions made regarding future outcomes.

m) Future accounting policy changes

Certain new standards, and amendments to standards and interpretations, are not yet effective for the year ended March 31, 2013, and have not been applied in preparing these financial statements.

(i) Financial Instruments

In November 2009 and October 2010, the IASB issued ***IFRS 9 - Financial Instruments ("IFRS 9"), Classification and Measurement of Financial Assets and Financial Liabilities*** which will replace IAS 39 - Financial

Instruments: Recognition and Measurement ("IAS 39") in its entirety. IFRS 9 uses a single approach to determine whether a financial asset or liability is measured at amortized cost or fair value. This standard also requires a single impairment method to be used, replacing multiple impairment methods in IAS 39. IFRS 9 is effective for annual periods beginning on or after January 1, 2015.

(ii) Fair value Measurement

In May 2011, the IASB issued ***IFRS 13 - Fair Value Measurement ("IFRS 13")***. IFRS 13 defines fair value, requires disclosures about fair value measurement and sets out a single IFRS framework for measuring fair value. IFRS 13 is effective for annual periods beginning on or after January 1, 2013.

The extent of the impact these standards will have on the financial statements has not been determined.

3. Total Sales	Budget 2013 (unaudited)	Actual 2013	Actual 2012
Spirits	\$ 92 365 100	\$ 91 860 247	\$ 92 338 396
Wine	71 764 168	74 430 592	70 900 188
Other beverages	19 857 330	19 062 949	19 764 338
Beer	213 435 416	202 398 474	212 126 704
	<u>\$ 397 422 014</u>	<u>\$ 387 752 262</u>	<u>\$ 395 129 626</u>

4. Cost of Sales	Spirits	Wine	Other Beverages	Beer	Total 2013	Total 2012
Inventories at beginning of year	\$ 6 360 002	\$ 10 020 761	\$ 702 292	\$ 4 449 577	\$ 21 532 632	\$ 22 347 746
Purchases	18 685 955	26 140 661	7 133 729	101 063 954	153 024 299	157 807 149
Inbound freight	975 847	2 019 051	526 626	415 923	3 937 447	3 653 358
Outbound freight	204 349	340 374	232 588	230 010	1 007 321	979 160
Duty and excise tax	<u>12 725 088</u>	<u>2 102 808</u>	<u>767 890</u>	<u>319 940</u>	<u>15 915 726</u>	<u>15 774 113</u>
	38 951 241	40 623 655	9 363 125	106 479 404	195 417 425	200 561 526
Inventories at end of year	<u>6 811 717</u>	<u>11 916 511</u>	<u>1 024 210</u>	<u>4 611 397</u>	<u>24 363 835</u>	<u>21 532 632</u>
	<u>\$ 32 139 524</u>	<u>\$ 28 707 144</u>	<u>\$ 8 338 915</u>	<u>\$ 101 868 007</u>	<u>\$ 171 053 590</u>	<u>\$ 179 028 894</u>

5. Other Income	Budget 2013 (unaudited)	Actual 2013	Actual 2012
Merchandising programs	\$ 2 284 286	\$ 2 429 057	\$ 2 170 095
Private importation revenue	173 468	285 585	213 885
Unredeemed beverage container deposits	124 840	46 794	120 759
(Loss) on sale of property, plant and equipment	8 458	(35 329)	(13 224)
Brand sales statistics	32 400	38 600	33 400
Train Station revenue	17 500	43 846	13 627
Label chargebacks	15 000	78 767	52 339
Agency store application fees		43 770	
In-store tasting revenue	45 000	48 650	44 250
Sundry	47 260	63 805	41 159
	<u>\$ 2 748 212</u>	<u>\$ 3 043 545</u>	<u>\$ 2 676 290</u>

notes to the financial statements

March 31, 2013

6. Operating Expenses	Budget 2013 (unaudited)	Actual 2013	Actual 2012
Salaries - stores, warehouse and maintenance	\$ 19 408 988	\$ 19 338 679	\$ 19 274 856
- administration	5 187 907	4 843 179	4 622 186
Employee benefits	6 796 743	6 585 518	6 639 894
Rent	6 110 664	6 058 150	5 649 847
Heat and light	1 513 612	1 458 721	1 475 605
Depreciation and amortization	2 307 128	1 900 431	1 982 911
Training programs	179 825	149 629	83 299
Repairs to property, plant and equipment	419 021	404 410	354 843
Property taxes	326 362	321 596	319 660
Minor equipment and supplies	744 099	572 807	636 678
Security	318 585	325 541	339 212
Retail automation system maintenance	227 399	193 262	201 418
Travel	337 836	271 173	281 835
Beverage container redemption costs	1 569 321	1 422 388	1 350 757
Shopping bags	141 072	140 195	96 442
Data processing	333 148	275 276	328 711
Telecommunications	516 844	473 222	502 460
Motor vehicle operation	60 808	81 676	76 777
Cleaning	251 785	216 057	206 088
Shortages	69 000	59 107	64 498
Management meetings	105 590	96 475	92 114
Postage	43 300	49 325	46 419
Professional services	580 250	789 835	633 402
Bank charges and credit card fees	2 494 956	2 247 654	2 276 830
Warehouse maintenance and supplies	48 760	52 024	50 021
Insurance	75 143	74 549	74 753
Advertising and promotions	474 380	343 478	293 229
Directors' remuneration	38 050	39 234	36 345
Other	151 413	140 094	165 592
	<u>\$ 50 831 989</u>	<u>\$ 48 923 685</u>	<u>\$ 48 156 682</u>

7. Inventories

	2013	2012
Spirits, wine, other beverages and beer	\$ 24 363 835	\$ 21 532 632
Supplies	99 651	117 720
	<u>\$ 24 463 486</u>	<u>\$ 21 650 352</u>

8. Property, Plant and Equipment

Cost	Land	Paving	Buildings	Leasehold Improvements	Furniture & Fixtures	Auto-motive	Retail Equipment	Refrigeration Equipment	Total
Balance at April 1, 2011	\$ 155 386	\$ 477 238	\$10 345 119	\$4 900 314	\$14 406 634	\$ 296 536	\$2 821 627	\$3 229 389	\$36 632 243
Additions			118 263	237 862	1 098 000	21 963	39 375	158 354	1 673 817
Disposals				524 790	432 975	44 310	1 570 901	659 871	3 232 847
Balance at March 31, 2012	\$ 155 386	\$ 477 238	\$10 463 382	\$4 613 386	\$15 071 659	\$ 274 189	\$1 290 101	\$2 727 872	\$35 073 213
Balance at April 1, 2012	\$ 155 386	\$ 477 238	\$10 463 382	\$4 613 386	\$15 071 659	\$ 274 189	\$1 290 101	\$2 727 872	\$35 073 213
Additions			66 623	460 720	1 834 575	21 941		67 584	2 451 443
Disposals				999 085	382 932	17 620		201 678	1 601 315
Balance at March 31, 2013	\$ 155 386	\$ 477 238	\$10 530 005	\$4 075 021	\$16 523 302	\$ 278 510	\$1 290 101	\$2 593 778	\$35 923 341
Depreciation and Amortization									
Balance at April 1, 2011		\$ 412 306	\$6 838 822	\$3 853 333	\$12 229 880	\$ 214 540	\$2 780 006	\$2 616 389	\$28 945 276
Additions		14 169	152 568	234 476	1 021 033	44 186	17 328	136 857	1 620 617
Disposals				524 790	425 988	44 310	1 570 901	649 590	3 215 579
Balance at March 31, 2012		\$ 426 475	\$6 991 390	\$3 563 019	\$12 824 925	\$ 214 416	\$1 226 433	\$2 103 656	\$27 350 314
Balance at April 1, 2012		\$ 426 475	\$6 991 390	\$3 563 019	\$12 824 925	\$ 214 416	\$1 226 433	\$2 103 656	\$27 350 314
Additions		8 459	154 234	229 433	998 629	29 335	19 972	123 416	1 563 478
Disposals				968 695	365 330	17 620		195 880	1 547 525
Balance at March 31, 2013		\$ 434 934	\$7 145 624	\$2 823 757	\$13 458 224	\$ 226 131	\$1 246 405	\$2 031 192	\$27 366 267
Carrying Amounts									
At April 1, 2011	\$ 155 386	\$ 64 932	\$3 506 297	\$1 046 981	\$2 176 754	\$ 81 996	\$ 41 621	\$ 613 000	\$7 686 967
At March 31, 2012	\$ 155 386	\$ 50 763	\$3 471 992	\$1 050 367	\$2 246 734	\$ 59 773	\$ 63 668	\$ 624 216	\$7 722 899
At March 31, 2013	\$ 155 386	\$ 42 304	\$3 384 381	\$1 251 264	\$3 065 078	\$ 52 379	\$ 43 696	\$ 562 586	\$8 557 074

notes to the financial statements

March 31, 2013

9. Intangible Assets

	2013	2012
Software		
Cost		
Opening	\$ 4 549 055	\$ 4 339 145
Additions	265 491	209 910
Disposals		
Closing	<u>4 814 546</u>	<u>4 549 055</u>
Amortization		
Opening	3 036 465	2 674 171
Additions	336 953	362 294
Disposals		
Closing	<u>3 373 418</u>	<u>3 036 465</u>
Carrying Amount	<u>\$ 1 441 128</u>	<u>\$ 1 512 590</u>

10. Post-Employment Benefits

(i) Pension Plan

Under the terms of the Public Service Superannuation plan, for the year ended March 31, 2013, the Corporation expensed contributions of \$1 577 654 (\$1 515 832 in 2012). An independent actuary determines funded status of the plan and makes recommendations on required "special" contributions, if any. The most recent actuarial valuation of the Plan as at April 1, 2011 determined that the Plan is not fully funded and as a result special funding contributions are required. The amount payable for the next fiscal year is \$856 408 and has been reflected in note 12.

(ii) Retiring Allowances

Information relating to the retiring allowance plan is as follows:

	2013	2012
Reconciliation of Accrued Benefit Obligation:		
Balance, beginning of year	\$ 4 643 986	\$ 4 195 301
Current service cost	241 873	201 538
Interest cost	190 408	223 222
Actuarial loss (gain)	<u>97 269</u>	<u>526 402</u>
	529 550	951 162
Benefits paid	<u>(528 167)</u>	<u>(502 477)</u>
Accrued benefit liability	<u>\$ 4 645 369</u>	<u>\$ 4 643 986</u>

In January 2013 the Province of New Brunswick announced that the retirement allowance program for Part I, II, and III public sector non-union employees will be phased out. Pursuant to direction from the Province to cease the accumulation of service for the purposes of calculating retirement allowance and the subsequent approval by the Corporation's Board of Directors, accumulation of service will cease for the Corporation's non bargaining employees on June 30, 2013. This results in a curtailment and settlement of the retirement allowance plan, resulting in a \$1 172 698 expense in fiscal 2013/14.

11. Financial Risk Management Objectives and Policies

(i) Capital management

Management considers capital to be its equity balance. The Corporation's objective when managing capital is to maintain financial strength to sustain maximized returns for the Province of New Brunswick.

(ii) Market risks

Exposure to market risks arises in the normal course of the Corporation's business. The Corporation's overall risk management focuses on the unpredictability of financial and economic markets and seeks to minimize potential effects on the Corporation's financial performance.

(iii) Foreign currency risk

The Corporation is exposed to foreign currency risk on purchases that are denominated in a currency other than the Canadian dollar. The currency giving rise to this risk is primarily the U.S. and Euro dollars. Management has mitigated this risk by limiting the number of purchase transactions originating in foreign currency.

(iv) Credit risk

Credit risk is the risk the Corporation will incur a loss because a customer fails to meet an obligation. The Corporation has mitigated the exposure to this risk through limited extension of credit and contractual relationships with business partners. As a March 31, 2013 no customer accounted for over 10% of total receivables.

12. Commitments

The Corporation leases buildings, premises and equipment under operating leases which expire at various dates between 2014 and 2035. Certain of these operating leases contain renewal options at the end of the initial lease term. The following is a schedule, of future minimum lease payments required under operating leases that have, as of March 31, 2013, initial lease terms in excess of one year. As well, the due within one year or less figure reflects the amount payable under the pension plan regulation as discussed in note 10.

Due within one year or less	\$ 6 538 685
Between one and five years	17 511 421
More than five years	<u>22 770 676</u>
	<u>\$ 46 820 782</u>

notes to the financial statements

March 31, 2013

13. Contingencies

The Corporation is involved in various legal actions and other matters arising out of the ordinary course and conduct of business. The outcome and ultimate disposition of these actions are not determinable at this time. Accordingly, no provision for these actions is reflected in the financial statements. Settlements, if any, concerning these contingencies will be accounted for in the period in which the settlement occurs. Management has mitigated this risk by maintaining insurance coverage as required.

The Corporation indemnifies its Directors and Officers against any and all claims or losses reasonably incurred in the performance of their service to the Corporation.

14. Budget

The 2013 budget figures presented for comparison with the actual figures were approved by the Corporation's Board of Directors and have not been audited.

15. Related Party Transactions

The ultimate controlling party of the Corporation is the Province of New Brunswick. Transactions between the Corporation and the Province of New Brunswick are disclosed in the statement of changes in equity. These financial statements include the results of normal operating transactions with various Crown Corporations (WorkSafe NB and NB Power) with which the Corporation may be considered related. Routine operating transactions with related parties are settled at prevailing market rates under normal trade terms.

(i) Compensation of key management personnel

Members of the Board of Directors and Executive Team are considered to be key management personnel. Total compensation and benefits amounted to \$926 773 (\$939 432 in 2012).

operational information

operational information	2013	2012
Number of ANBL stores	46	47
Number of agency stores	76	72
Number of filled positions	450	446
Number of regular listed products	1 908	1 888

consumption data (legal drinking age)

2013				2012		
Total Litres	Litres Per Capita	Sales Per Litre		Total Litres	Litres Per Capita	Sales Per Litre
2 913 537	4.8	\$ 31.53	Spirits	2 918 178	4.8	\$ 31.64
5 724 011	9.4	13.00	Wine	5 420 558	9.0	13.08
2 580 576	4.3	7.39	Other beverages	2 717 294	4.5	7.27
44 952 421	74.0	4.50	Beer	47 207 058	77.9	4.49

Sales by Source

Sales	2012 - 2013	% of sales	2011 - 2012
Public	263 845 150	68.1	267 148 604
Licensee	46 641 586	12.0	49 046 111
Agency	75 616 259	19.5	76 325 025
Other	1 649 267	0.4	2 609 886
TOTAL	387 752 262		395 129 626

operational information

remittances to governments

To the Province of New Brunswick

	2013	2012
Distributions to the province	\$ 161 746 764	\$ 162 944 996
Environmental Trust Fund	2 148 540	2 171 713
Property Taxes	321 596	319 660
	<u>164 216 900</u>	<u>165 436 369</u>

To the Government of Canada

Harmonized Sales Tax	30 072 107	29 012 217
Excise tax and customs duties	15 888 649	15 774 113
	<u>45 960 756</u>	<u>44 786 330</u>
	<u>\$ 210 177 656</u>	<u>\$ 210 222 699</u>