

YUKON LIQUOR CORPORATION

FINANCIAL STATEMENTS

March 31, 2014

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Liquor Corporation

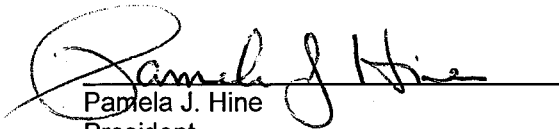
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MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

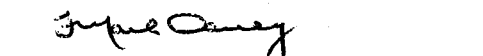
The management of the Yukon Liquor Corporation is responsible for establishing and maintaining a system of books, records, internal controls and management practices designed to provide reasonable assurance that reliable financial information is produced; the assets of the Corporation are safeguarded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

Management is also responsible for the integrity and objectivity of the financial statements of the Corporation. The accompanying financial statements as at March 31, 2014 include amounts based on management's best estimates as determined through experience and judgment, are prepared in accordance with International Financial Reporting Standards. Other financial information included in the Annual Report is consistent with these financial statements.

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



Pamela J. Hine
President



F. Mark Davey, CPA CA
Director, Finance, Systems & Administration

June 26, 2014

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INDEPENDENT AUDITOR'S REPORT

To the Minister responsible for the Yukon Liquor Corporation

Report on the Financial Statements

I have audited the accompanying financial statements of Yukon Liquor Corporation, which comprise the statement of financial position as at 31 March 2014, and the statement of comprehensive income, statement of changes in equity and statement of 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

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 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 entity'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 entity'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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements present fairly, in all material respects, the financial position of Yukon Liquor Corporation as at 31 March 2014, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Report on Other Legal and Regulatory Requirements

As required by the *Liquor Act*, I report that, in my opinion, the accounting principles in International Financial Reporting Standards have been applied on a basis consistent with that of the preceding year.

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



Lana Dar, CPA, CA
Principal
for the Auditor General of Canada

26 June 2014
Vancouver, Canada

YUKON LIQUOR CORPORATION
STATEMENT OF FINANCIAL POSITION
as at March 31

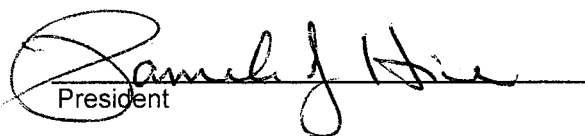
ASSETS

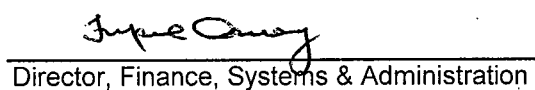
	2014	2013
	(in thousands of Cdn \$)	
Current		
Cash	\$ 1,445	\$ 436
Accounts receivable (Note 4)	73	81
Inventories		
Beer	1,229	1,270
Spirits	1,091	1,044
Wine	870	844
Prepaid expenses	-	19
	4,708	3,694
Property, plant and equipment (Notes 5, 7 and Schedule)	1,064	1,183
	\$ 5,772	\$ 4,877

LIABILITIES & EQUITY

Current		
Accounts payable and accrued liabilities (Note 4)	\$ 1,817	\$ 2,322
Due to the Government of Yukon (Notes 4 and 6)	1,804	531
Deferred revenue	81	81
	3,702	2,934
Non-pension benefit liability (Note 10)	1,006	760
	4,708	3,694
Equity (Note 7)	1,064	1,183
	\$ 5,772	\$ 4,877
Commitments (Note 12)		

Approved by Management and authorized for issue on June 26, 2014


President


Director, Finance, Systems & Administration

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

YUKON LIQUOR CORPORATION
STATEMENT OF COMPREHENSIVE INCOME
for the year ended March 31

	2014	2013
	(in thousands of Cdn \$)	
Revenue		
Beer	\$ 17,575	\$ 17,386
Spirits	10,336	10,391
Wine	6,783	6,576
	34,694	34,353
Cost of goods sold		
Beer	10,321	10,061
Spirits	4,571	4,533
Wine	3,143	3,001
	18,035	17,595
Gross profit	16,659	16,758
Expenses		
Salaries, wages and benefits	4,966	4,980
Shared corporate services costs (Note 9c)	1,050	1,009
Rent, utilities and maintenance	1,022	998
Bank expenses	409	413
Depreciation	163	284
Other	272	299
Travel and communications	216	225
General and office supplies	52	99
	8,150	8,307
Operating profit	8,509	8,451
Other income		
Fees, permits and licences	127	135
Miscellaneous	35	43
	162	178
Profit before other comprehensive income	8,671	8,629
Other comprehensive income		
Amounts not to be reclassified subsequently to net income		
Actuarial gain (loss) (Note 10)	253	(46)
Comprehensive income	\$ 8,924	\$ 8,583

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

YUKON LIQUOR CORPORATION
 STATEMENT OF CHANGES IN EQUITY
 for the year ended March 31

	2014	2013
	(in thousands of Cdn \$)	
Equity, beginning of year	\$ 1,183	\$ 813
Profit before other comprehensive income	8,671	8,629
Other comprehensive income	253	(46)
Current year's profit to be remitted to the Government of Yukon (Note 9a)	(9,043)	(8,213)
Equity, end of year (Note 7)	\$ 1,064	\$ 1,183

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

YUKON LIQUOR CORPORATION
STATEMENT OF CASH FLOWS
for the year ended March 31

	2014	2013
	(in thousands of Cdn \$)	
Cash flows from operating activities		
Cash receipts:		
Revenue - beer, spirits and wine	\$ 34,702	\$ 34,353
Fees, permits and licences	162	109
Cash disbursements:		
Purchases of inventories	(18,012)	(18,015)
Salaries, wages and benefits	(5,006)	(4,854)
General and administrative expenses	(2,138)	(1,602)
Shared corporate services costs (Note 9c)	(1,034)	(987)
Net cash generated by operating activities	8,674	9,004
Cash flows from investing activities		
Acquisition of property, plant and equipment	(44)	(654)
Net cash used in investing activities	(44)	(654)
Cash flows from financing activities		
Remittance of profit to the Government of Yukon	(7,621)	(9,526)
Net cash used in financing activities	(7,621)	(9,526)
Increase (decrease) in cash for the year	1,009	(1,176)
Cash, beginning of year	436	1,612
Cash, end of year	\$ 1,445	\$ 436

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

YUKON LIQUOR CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
for the year ended March 31, 2014

1. Authority and operations

Yukon Liquor Corporation (the Corporation) was established in 1977 under the *Liquor Act* by the Government of Yukon in Canada. It is not a "corporation" under the *Business Corporations Act*, but a government entity and is significantly influenced by the Government of Yukon. As a government entity, the Corporation is exempt from income taxes under Section 149(1)(d) of the Canadian *Income Tax Act*.

The Corporation is responsible for the purchase, distribution and sale of liquor within the Yukon, controlling the sale of liquor through licensed outlets and enforcing all matters related to the *Liquor Act*. The Corporation operates a central warehouse and distribution centre in Whitehorse and six liquor stores. The rural liquor stores also provide specific government services on behalf of the Government of Yukon.

In accordance with the *Liquor Act*, the profit for the year, before depreciation, less amounts expended on property, plant and equipment, is remitted to the Government of Yukon on a monthly basis.

The Corporation is required by the *Liquor Tax Act* to collect liquor taxes on behalf of the Government of Yukon and to remit these taxes on a monthly basis. The current rate is 12% (2013 - 12%) and is applied to all selling prices.

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

The Corporation's registered office is 9031 Quartz Road, Whitehorse, Yukon, Canada Y1A 4P9.

2. Basis of presentation

These financial statements have been prepared on a historical cost basis, in accordance with International Financial Reporting Standards (IFRS). The statements are presented in Canadian dollars and are rounded to the nearest thousand (\$000) where indicated.

New standards adopted

IFRS 13 Fair Value Measurement

Effective April 1, 2013 the Corporation adopted *IFRS 13 Fair Value Measurement*. This standard replaced fair value measurement guidance contained in individual IFRSs, to provide a single source of fair value measurement guidance. The standard provides a framework for measuring fair value and establishing disclosure requirements to enable readers to assess the methods and inputs used to develop fair value measurements and for recurring valuations that are subject to measurement uncertainty, the effect of those measurements on the financial statements. The adoption of this standard has not had a significant effect on the Corporation's financial statements.

IAS 1 Presentation of items of other comprehensive income – amendments to IAS 1

The amendments to *IAS 1* introduce a grouping of items presented in other comprehensive income. Items that will be reclassified to comprehensive income at a future point in time have to be presented separately from items that will not be reclassified. The Corporation adopted these amendments in the current period, and they affect presentation and disclosure only and have no impact on the Corporation's financial position and performance.

YUKON LIQUOR CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
for the year ended March 31, 2014

IAS 19 Employee Benefits (2011)

The Corporation applied *IAS 19 Employee Benefits* (revised 2011) retrospectively in the current period in accordance with the transitional provisions set out in the revised standard. Under this revised standard, service cost and net interest continue to be recognized in profit or loss while remeasurements such as actuarial gains and losses are recognized immediately in other comprehensive income. As previously remeasurements were recognized in other comprehensive income the adoption of this standard has not had a significant effect on the Corporation's financial statements. Additional disclosures, where required, are provided in the individual notes relating to the employee benefits.

New and revised standards that are not yet effective

For the fiscal years beginning after July 1, 2014 the Corporation will have to apply revised accounting standards issued by the International Accounting Standards Board (IASB).

IAS 19 Employee Benefits amendment simplifies accounting for contributions that are independent of the number of years of employee service. Management does not anticipate a significant impact to the financial statements.

3. Significant accounting policies

The significant accounting policies are as follows:

a) Inventories

Inventories are comprised of alcoholic beverages for resale and are valued at the lower of cost and net realizable value. Inventory costs are determined on a first-in, first-out basis. Cost is comprised of supplier-invoiced value and freight. Net realizable value represents the estimated selling price for inventories less the cost to sell.

b) Revenue recognition

Revenue represents the fair value of consideration received or receivable in exchange for goods and services provided to third parties. Revenue is recognized when the risks and rewards of ownership are substantially transferred. Revenue is presented net of price discounts and promotional discounts. Revenue also does not include container recycling fees which are immediately remitted to suppliers.

c) Financial instruments

The Corporation's financial instruments consist of Cash, Accounts receivable, Accounts payable and accrued liabilities, and Due to the Government of Yukon. Accounts payable and accrued liabilities and Due to the Government of Yukon are due on demand and are non-interest bearing. The fair value of the financial instruments approximates their carrying value because of their short-term maturities. These financial instruments are accounted for as follows:

Loans and receivables

The Corporation has classified the following financial asset as loans and receivables: Accounts receivable. Accounts receivable are initially recognized at fair value, which is approximated by the instrument's initial cost in a transaction between knowledgeable, willing parties in an arm's length transaction. Loans and receivables are subsequently measured at their amortized cost, using the effective interest method. Gains and losses arising from changes in fair value are recognized in profit or loss when the loan or receivable is settled or upon impairment. 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.

YUKON LIQUOR CORPORATION
 NOTES TO THE FINANCIAL STATEMENTS
 for the year ended March 31, 2014

Other financial liabilities

The Corporation has classified the following financial liabilities as other financial liabilities: Accounts payable and accrued liabilities and Due to the Government of Yukon. Accounts payable and accrued liabilities and Due to the Government of Yukon are initially recognized at their fair value, which is approximated by the instrument's initial cost in a transaction between knowledgeable, willing parties in an arm's length transaction. Other financial liabilities are subsequently measured at their amortized cost, using the effective interest method. Financial liabilities are derecognized when they are extinguished, discharged, cancelled or expire.

d) **Expense**

Expenses are recognized as incurred, on an accrual basis, in the period to which they relate.

e) **Property, plant and equipment**

Property, plant and equipment are measured at cost less accumulated depreciation and impairment losses.

Depreciation is calculated on a straight-line basis and is based on the estimated useful lives of the assets as follows:

<u>Classification</u>	<u>Estimated Useful Life</u>
Land	Indefinite
Buildings	20 years
Furniture and office equipment	5 years
Operating equipment	5 years
Heavy equipment	15 years
Systems development	5 years
Systems equipment	5 years
Leasehold improvements	remaining term of lease

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognized within 'Other income - Miscellaneous' in the statement of comprehensive income.

f) **Impairment of assets**

Assets are assessed for indications of impairment at each reporting date. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent, if any, of the impairment loss. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units), which are based on the Corporation's individual stores basis.

At each reporting date, assets are assessed for indications that prior impairment losses should be reversed. An impairment loss is reversed if there is an indication that there has been a change in the estimates used to determine the recoverable 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, if no impairment loss had been recognized. This reversal would be recognized immediately in the statement of comprehensive income.

YUKON LIQUOR CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
for the year ended March 31, 2014

g) Employee benefits

Non-pension benefits

Under their conditions of employment, employees may qualify for and earn employment benefits for vacation, sick, compensatory and personal leave, travel bonus, and severance benefits. The benefit obligation is determined on an actuarial basis. The costs of these benefits are accrued as employees render the services required to earn them and are calculated using the projected benefit method pro-rated on service. Actuarial gains and losses are recognized immediately in other comprehensive income. Extended health care and insurance plan employee future benefit liabilities are paid by and accrued in the consolidated financial statements of the Government of Yukon.

Pension

Substantially all of the employees of the Corporation are covered by the public service pension plan (the Plan), a contributory defined benefit plan established through legislation and sponsored by the Government of Canada. Contributions are required by both the employees and the Corporation to cover current service cost. Pursuant to legislation currently in place, the Corporation has no legal or constructive obligation to pay further contributions with respect to any past service or funding deficiencies of the Plan. Consequently, contributions are recognized as an expense in the year when employees have rendered service and represent the total pension obligation of the Corporation.

h) Leases

The Corporation assesses all leases to determine their classification. Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are treated as operating leases.

i) Use of estimates

The preparation of financial statements in accordance with IFRS requires management to make certain estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Estimates are used when accounting for matters such as depreciation based on management's estimate of the useful lives of property, plant and equipment, and the non-pension benefit liability based on the actuary's valuation. Actual results could differ materially from these estimates.

4. Financial instruments

Risk

The Corporation, through its financial assets and liabilities, is exposed to the following risks from its use of financial instruments: credit risk and liquidity risk. The Corporation manages these risk exposures on an ongoing basis. The Corporation has no significant exposure to interest rate risk and foreign exchange risk. The Corporation is not party to any derivative financial instruments.

Credit risk

Credit risk on financial instruments arises from the possibility that the issuer of a financial instrument fails to meet its obligation.

The carrying amount of Cash and Accounts receivable represents the maximum credit risk exposure.

The Corporation's Accounts receivable has a carrying value of \$73,000 as of March 31, 2014 (2013 - \$81,000). There is a 64% (2013 - 45%) concentration of accounts receivable with one customer. As at March 31, 2014, approximately 3.2% (2013 - 6.7%) of Accounts receivable were over 90 days past due, whereas 96.8% (2013 - 93.3%) were current or less than 90 days past due. Historically, the Corporation has not incurred any significant losses with respect to bad debts. The Corporation's allowance for doubtful accounts is nil at March 31, 2014 (2013 - nil).

The risk on cash is minimized as these assets are held with a Canadian chartered bank.

YUKON LIQUOR CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
for the year ended March 31, 2014

Liquidity

Liquidity risk is the risk that the Corporation will not be able to meet its financial obligations as they become due. The Corporation's objective is to have sufficient liquidity to meet these liabilities when due. The Corporation monitors its cash balances and cash flows generated from operations to meet its requirements by regularly checking bank balances and accounts payable reports.

The carrying amount of Accounts payable and accrued liabilities and Due to the Government of Yukon represents the maximum exposure to liquidity risk.

The Corporation does not have long-term financial liabilities. The Corporation's Accounts payable and accrued liabilities had a carrying value of \$1,817,000 as at March 31, 2014 (2013 - \$2,322,000). As at March 31, 2014, approximately 1.3% (2013 - 0.8%) of Accounts payable were over 90 days past due, whereas 98.7% (2013 - 99.2%) were current or less than 90 days past due. Due to the Government of Yukon had a carrying value of \$1,804,000 as of March 31, 2014 (2013 - \$531,000).

5. Property, plant and equipment

Net book value of property, plant and equipment purchased by the Corporation after March 31, 1990 is as follows:

	March 31, 2014	March 31, 2013
	(in thousands of Cdn \$)	
Land	\$ 202	\$ 202
Buildings	499	568
Furniture and office equipment	7	66
Operating equipment	20	22
Heavy equipment	336	325
(Schedule)	\$ 1,064	\$ 1,183

The Corporation's buildings are self insured.

6. Due to the Government of Yukon

	March 31, 2014	March 31, 2013
	(in thousands of Cdn \$)	
Reimbursements due for salaries to employees, and other costs paid on behalf of the Corporation	\$ 589	\$ 795
Remittances due to (from) the Government of Yukon pursuant to <i>Liquor Act</i> (Note 9a)	813	(609)
<i>Liquor Tax Act</i> (Note 9b)	294	334
Net remittances due to the Recycling Fund	108	11
Net due at the end of the year	\$ 1,804	\$ 531

7. Equity

This amount represents the sum of the net book value of property, plant and equipment purchased by the Corporation after March 31, 1990, of which \$1,064,000 (2013 - \$1,183,000) was purchased prior to remitting funds to the Government of Yukon (Note 1). The annual change in equity represents additions and disposals of property, plant and equipment less depreciation expense for the year.

YUKON LIQUOR CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
for the year ended March 31, 2014

8. Capital management

The Corporation manages its capital in order to purchase a range of liquor products and make them available to consumers, and to regulate the sale and consumption of liquor products, while optimizing the net proceeds to the Government of Yukon realized from the sale and control of liquor.

The Corporation defines capital as net assets. It is subject to the financial management and accountability provisions of the *Financial Administration Act* of Yukon, the *Corporate Governance Act*, and the *Liquor Act*, which specifies that net assets of the Corporation are the property of the Government of Yukon.

The Corporation manages its net assets through its five year capital plan and as a by-product of managing revenues, expenses, assets, liabilities and general financial dealings to ensure that its objectives are achieved effectively. The five year capital plan and revenue projections are approved annually by the Management Board of the Government of Yukon. The Corporation is required to provide regular variance reporting to the Government of Yukon to ensure that the Corporation effectively achieves its objectives whilst remaining a going concern.

The Corporation is not subject to external capital requirements. There has been no change to its capital management during the year.

9. Related party transactions

The Corporation is related to all departments and public agencies of the Government of Yukon. The Corporation enters transactions with these entities in the normal course of business.

(a) Profit due to (from) the Government of Yukon pursuant to the *Liquor Act*

Calculation of adjusted profit due to (from) the Government of Yukon for the year (Note 1):

	2014	2013
	(in thousands of Cdn \$)	
Balance due to (from) at the beginning of the year	\$ (609)	\$ 704
Comprehensive income for the year	8,924	8,583
Property, plant and equipment additions	(44)	(654)
Depreciation	163	284
Current year's profit to be remitted	9,043	8,213
Less: remitted during the year	(7,621)	(9,526)
Balance due to (from) at the end of the year	<u>\$ 813</u>	<u>\$ (609)</u>

(b) Liquor tax

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

	2014	2013
	(in thousands of Cdn \$)	
Balance due at the beginning of the year	\$ 334	\$ 318
Liquor tax collected during the year	4,161	4,121
Less: remitted during the year	(4,201)	(4,105)
Balance due at the end of the year	<u>\$ 294</u>	<u>\$ 334</u>

YUKON LIQUOR CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
for the year ended March 31, 2014

(c) **Shared services costs**

The Corporation has a shared services arrangement with Yukon Housing Corporation which consolidates functions such as the President's office, finance, systems and administration, policy and communications and human resources services. The amount charged by the Yukon Housing Corporation to the Corporation for shared services for the year was \$1,050,000 (2013 - \$1,009,000).

These transactions are in the normal course of operations and are recorded at the amount of consideration established and agreed to by the related parties. The amounts payable by the Corporation at year-end totalling \$263,000 (2013 - \$247,000) are included in Accounts payable and accrued liabilities.

(d) **Other transactions**

The Government of Yukon and the Corporation provide services to each other without compensation. These transactions are not recorded in the financial statements of the Corporation. These services include rent-free occupation of several government buildings by the Corporation with an estimated value of \$503,734 (2013 - \$500,101) and provision of Territorial Agent services in rural community liquor stores on behalf of the Government of Yukon with an estimated value of \$466,895 (2013 - \$459,664).

The Corporation reimburses the Government of Yukon on a monthly basis for salaries and benefit expense paid on its behalf by the Government of Yukon.

The Corporation has entered into lease and service level agreements for two community liquor stores in the amount of \$239,000 (2013 - \$230,000) with the Government of Yukon.

The Government of Yukon provides certain property management services to the Corporation. During 2014 the Corporation was charged \$19,000 (2013 - \$624,000) for work done on its properties.

(e) **Key management compensation**

The following members of the Corporation's staff are considered to be the key management personnel: Vice-President, Director - Retail Sales and Territorial Agent Services, Manager - Facilities, Records & Program Support, Director - Purchasing and Distribution; and Director - Licensing and Social Responsibility. The following shared services staff (see note 9(c)) are considered to be key management personnel and their compensation is disclosed proportionately: President, and Director, Finance, Systems & Administration.

	2014	2013
	(in thousands of Cdn \$)	
Salaries and short-term employee benefits	646	725
Post-employment benefits	76	85
Other long-term employee benefits	19	28
Pre-retirement and severance benefits	140	14

YUKON LIQUOR CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
for the year ended March 31, 2014

10. Employee benefits

Pension plan

Substantially all of the employees of the Corporation are covered by the public service pension plan (the Plan), a contributory defined benefit plan established through legislation and sponsored by the Government of Canada. Contributions are required by both the employees and the Corporation. The President of the Treasury Board of Canada sets the required employer contributions based on a multiple of the employees' required contribution. The general contribution effective at year end was \$1.45 (2013 - \$1.64) for every dollar contributed by the employee, and \$7.59 (2013 - \$8.00) for every dollar contributed by the employee for the portion of the employee's salary above \$155 thousand (2013 - \$150.9 thousand). And, for new employees who are participating in the plan on or after January 1, 2013, the Corporation contributes \$1.43 (2013 - \$1.57) for every dollar contributed by the employee, and \$7.59 (2013 - \$8.00) for every dollar contributed by the employee for the portion of the employee's salary above \$155 thousand (2013 - \$150.9 thousand). Total contributions of \$627,263 (2013 - \$616,724) were recognized as expense in the current year.

The Government of Canada holds a statutory obligation for the payment of benefits relating to the Plan. Pension benefits generally accrue up to a maximum period of 35 years at an annual rate of 2 percent of pensionable service times the average of the best five consecutive years of earnings. The benefits are coordinated with Canada/Québec Pension Plan benefits and they are indexed to inflation.

Non-pension benefits

The Corporation provides non-pension benefits to its employees based on years of service and final salary. This benefit plan is not pre-funded and thus has no assets, resulting in a plan deficit equal to the accrued benefit obligation.

The results measured at March 31 are summarized as follows:

	<u>2014</u>	<u>2013</u>
	(in thousands of Cdn \$)	
Accrued benefit obligation, beginning of year	\$ 1,410	\$ 1,238
Components recognized in Salaries, wages and benefits		
Current service cost	94	87
Interest cost on accrued benefit obligation	51	53
Actuarial losses (gains)	(253)	46
Plan amendments	17	-
Benefits paid	<u>(164)</u>	<u>(14)</u>
Accrued benefit obligation, end of year	<u>\$ 1,155</u>	<u>\$ 1,410</u>
Current portion	\$ 149	\$ 650
Non-current portion	<u>1,006</u>	<u>760</u>
	<u>\$ 1,155</u>	<u>\$ 1,410</u>
Reconciliation of actuarial (gains) losses recognized in Other comprehensive income (OCI):		
Cumulative actuarial gain recognized in OCI, beginning of year	\$ (88)	\$ (134)
Actuarial loss (gain) immediately recognized in OCI	<u>(253)</u>	<u>46</u>
Cumulative actuarial gain recognized in OCI, ending of year	<u>\$ (341)</u>	<u>\$ (88)</u>

YUKON LIQUOR CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
for the year ended March 31, 2014

	<u>2012</u>	<u>2011</u>	<u>2010</u>
Accrued benefit obligation, end of year	\$ 1,238	\$ 1,072	\$ 1,146
Experience adjustments on plan liabilities	(134)	(209)	6
		<u>2014</u>	<u>2013</u>

The significant actuarial assumptions were:

Discount rate	4.50%	3.50%
Salary escalation rate per annum	2.25%	2.25%

The most recent full actuarial valuation in respect of this non-pension post-employment benefits plan was

The most recent full actuarial valuation in respect of this non-pension post-employment benefits plan was prepared as of April 1, 2013 and updated March 31, 2014.

11. Operating lease arrangements

a) Leasing arrangements

Operating leases relate to leases of Whitehorse, Haines Junction and Mayo liquor stores with lease terms between 3 and 5 years. The Corporation does not have an option to purchase the buildings at the expiry of the lease periods.

b) Payments recognized as an expense

	<u>2014</u>	<u>2013</u>
	(in thousands of Cdn \$)	
Minimum lease payments	<u>\$ 397,618</u>	<u>\$ 376,374</u>

c) Non-cancellable operating lease commitments

	<u>March 31,</u>	<u>March 31,</u>
	2014	2013
	(in thousands of Cdn \$)	
Not later than 1 year	\$ 414,919	\$ 392,934
Later than 1 year and not later than 5 years	<u>486,194</u>	<u>656,760</u>
	<u>\$ 901,113</u>	<u>\$ 1,049,694</u>

12. Commitments

In the normal course of operations, the Corporation enters into multi-year agreements for the provision of freight and other services. The total commitments as at March 31, 2014 for future years ending on March 31, 2015 is \$2,644,937 (March 31, 2013 for 2015 - \$4,493,678).

YUKON LIQUOR CORPORATION
SCHEDULE OF PROPERTY, PLANT AND EQUIPMENT
for the year ended

	Land	Buildings improvements	Leasehold improvements	Furniture and office equipment	Operating equipment	Heavy equipment	Systems development	Systems equipment	Total
April 1, 2012									
Cost	\$ 202	\$ 4,756	\$ 357	\$ 331	\$ 202	\$ 287	\$ 216	\$ 223	\$ 6,574
Accumulated depreciation	-	4,499	357	216	187	63	216	223	5,761
Net book value	202	257	-	115	15	224	-	-	813
March 31, 2013									
Additions	-	513	-	9	14	118	-	-	654
Disposals - cost	-	(383)	-	-	-	-	-	-	(383)
Disposals - accumulated depreciation	-	383	-	-	-	-	-	-	383
Depreciation	-	(202)	-	(58)	(7)	(17)	-	-	(284)
Cost	202	4,886	357	340	216	405	216	223	6,845
Accumulated depreciation	-	4,318	357	274	194	80	216	223	5,662
Net book value	202	568	-	66	22	325	-	-	1,183
March 31, 2014									
Additions	-	-	-	-	9	35	-	-	44
Depreciation	-	(69)	-	(59)	(11)	(24)	-	-	(163)
Disposals - cost	-	-	-	-	-	-	-	-	-
Disposals - accumulated depreciation	-	-	-	-	-	-	-	-	-
Cost	202	4,886	357	340	225	440	216	223	6,889
Accumulated depreciation	-	4,387	357	333	205	104	216	223	5,825
Net book value	202	499	-	7	20	336	-	-	1,064