

**Crown Corporations Council**  
*A Manitoba Crown Corporation*

**Second Quarter Report 2005**

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# **Crown Corporations Council**

*Second Quarter Report  
For the Three Months Ended June 30, 2005*

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October 26, 2005

The Honourable Gregory Selinger  
Minister responsible for  
Crown Corporations Council  
103 Legislative Building  
WINNIPEG, Manitoba  
R3C 0V8

Dear Minister:

The Council is required under the Crown Corporations Public Review and Accountability Act to provide a quarterly report. Enclosed is the Report for the three months ended June 30, 2005.

Yours truly,

ORIGINAL SIGNED BY  
Jan Lederman  
Vice Chair

### **Activities of the Council During the Quarter**

Council reviewed a status report on the performance of Venture Manitoba Tours Ltd. Negotiations continue respecting arrangements to sell the Gull Harbour Resort complex to a private sector group.

Council conducted its annual review of actions completed to achieve expected results outlined in Board policies. Results for the year were attained and actions complied with Board policies.

Council reviewed enhanced Canadian standards for audit committees. The standards represent best practices in Canada and are similar to best practices in the United States. The standards are consistent with global strengthening of corporate governance practices and disclosure and some in principle, are appropriate for Manitoba's Crown corporations sector.

The areas of particular relevance to Crown Corporations under Council's purview focus on committee member independence and financial literacy. The enhanced standards will be discussed with the Crowns.

A staff report on Manitoba Public Insurance was completed. The report highlighted areas of interest that included reserve levels and policy expectations. Risk has not materially changed since our previous report.

### **Submissions to Council**

During the reporting period, no submissions were made to Council.

**Crown Corporations Council**  
*Second Quarter Report 2005*

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**Overview**

**Crown Corporations Council**  
**Financial Statements**  
**For the Six Months Ended June 30, 2005**  
**(unaudited)**

Operating expenses are recovered from the Crown corporations through assessment of levies allocated on a pro rata basis determined by the revenues of each Crown corporation. The levies are recognized in these financial statements at the time the related costs are incurred.

Expenses for the six month period increased by \$12 thousand compared to the same period last year. The increase is primarily attributable to general salary increases, board remuneration and expenses due to filling of vacant positions and higher depreciation related to the purchase of a new computer system.

**Balance Sheet**  
**(unaudited)**

	June 30	
	2005	2004
	(thousands of dollars)	
<b>Assets</b>		
<b>Current</b>		
Cash	\$ 382	\$ 424
Accounts receivable	1	\$ -
	383	424
<b>Capital assets (note 2)</b>	27	43
	\$ 410	\$ 467
<b>Liabilities and Reserve Reflecting Net Investment in Capital Assets</b>		
<b>Current</b>		
Accounts payable and accrued liabilities	\$ 61	\$ 55
Levies received in advance	141	160
Due to Manitoba Crown corporations	77	134
	279	349
<b>Retirement allowances and other benefits payable</b>	104	75
	383	424
<b>Reserve reflecting net investment in capital assets</b>	27	43
	\$ 410	\$ 467

**Statement of Income and Reserve  
Reflecting Net Investment in Capital Assets  
(unaudited)**

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	Six Months Ended June 30	
	2005	2004
	(thousands of dollars)	
<b>Income</b>		
Recoveries from corporations through levies	\$ 323	\$ 357
Interest	3	3
	<u>326</u>	<u>360</u>
<b>Expenses</b>	<u>334</u>	<u>322</u>
<b>Excess (deficit) of income over expenses</b>	\$ (8)	\$ 38
<b>Reserve reflecting net investment in capital assets, beginning of period</b>	<u>35</u>	<u>5</u>
<b>Reserve reflecting net investment in capital assets, end of period</b>	<u>\$ 27</u>	<u>\$ 43</u>

**Notes to Financial Statements**  
**June 30, 2005**

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**1. Recoveries of expenses from Crown corporations**

Operating expenses are recovered from the Crown corporations through the assessment of levies allocated on a pro rata basis determined by the revenues of each Crown corporation. The levies are recognized in these financial statements at the time the related costs are incurred. In addition, certain direct costs incurred on behalf of particular corporations are recovered directly from the respective Crown corporations.

**2. Capital assets and depreciation policy**

These are comprised of office furniture and equipment and computer equipment:

	June 30	
	2005	2004
	(in thousands of dollars)	
Cost		
Office furniture & equipment	\$61	\$61
Computer equipment	46	94
	<u>\$107</u>	<u>\$155</u>
Accumulated Depreciation		
Office furniture & equipment	57	54
Computer equipment	23	58
	<u>80</u>	<u>112</u>
Net Book Value	<u><u>\$27</u></u>	<u><u>\$43</u></u>

Capital assets are recorded at cost. Depreciation is provided on a straight line basis over five years on the office furniture and equipment and over three years on the computer equipment.

**3. Statement of cash flows**

A statement of cash flows has not been presented in these financial statements as no additional useful information would be provided by its inclusion.