

Village historique de
KINGS LANDING
Historical Settlement

Annual Report
2012-2013

December 20, 2013

Honourable Trevor Holder
Minister of Tourism, Heritage and Culture
Province of New Brunswick
Fredericton, New Brunswick

Dear Minister Holder:

On behalf of the Board of Directors, it is my pleasure to submit to you the Annual Report of Kings Landing Corporation for the fiscal year ended March 31, 2013.

Sincerely,

A handwritten signature in black ink, appearing to read 'Mark McCauley', with a long horizontal flourish extending to the right.

Mark McCauley
Chairperson of the Board of Directors

Board of Directors

Mark McCauley (Chairperson)

Andrew Rouse (Vice-Chair)

Susan Baker

Dr. William Bensen

Dawn Bremner

Kelly Cain (Ex-officio)

Dr. Gregory Kealey

Jan Rowinski

Elynor Sargeant

Ralph Thomas

Allison Walker

Executive Director's Report 2012-2013

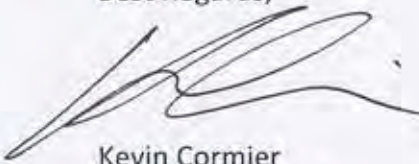
On behalf of the management and staff of Kings Landing Corporation, I am pleased to present our 2012-2013 Annual Report. This report summarizes Kings Landing Corporation's financial and operational activity over the past year.

Over the course of the past year, Kings Landing Corporation focused on getting back to basics by streamlining operations, refining lines of business and operating towards profitability while delivering an experience that Kings Landing is internationally known for. The continuous improvement and accountability approach ensured a modest surplus at year end – largely due to a unique movie project. The experience delivered over the course of 4 months could only be possible by the many seasonal interpreters, artisans, educators and theatre professionals who's commitment to detail and historical preservation resonates with every guest who take it in.

This past year was a particular exciting year as Kings Landing Corporation played host to one of the largest film production projects in New Brunswick history – Copperhead the Movie. Over 6 months, Kings Landing Corporation employees and movie production employees worked side by side in a mutually creative environment. At its height, over 500 people were employed from around the world on this successful project.

Our museum continues to showcase exceptional exhibits including co-hosting the very successful 4-month Nisbet Exhibit with Government House. This note-worthy exhibit showcased over 100 pieces created by prized furniture maker Thomas Nisbet.

Best Regards,



Kevin Cormier
Executive Director
Kings Landing Corporation

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About Kings Landing Corporation

Created over a period from 1967 to 1974, Kings Landing Corporation operates Kings Landing Historical Settlement, a world-class living history museum depicting and interpreting life in rural New Brunswick from the 18th century to the 20th century. In almost 40 years, over 3 million visitors have come to experience history come to life within a 300 acre site and a priceless collection of over 70,000 artifacts.

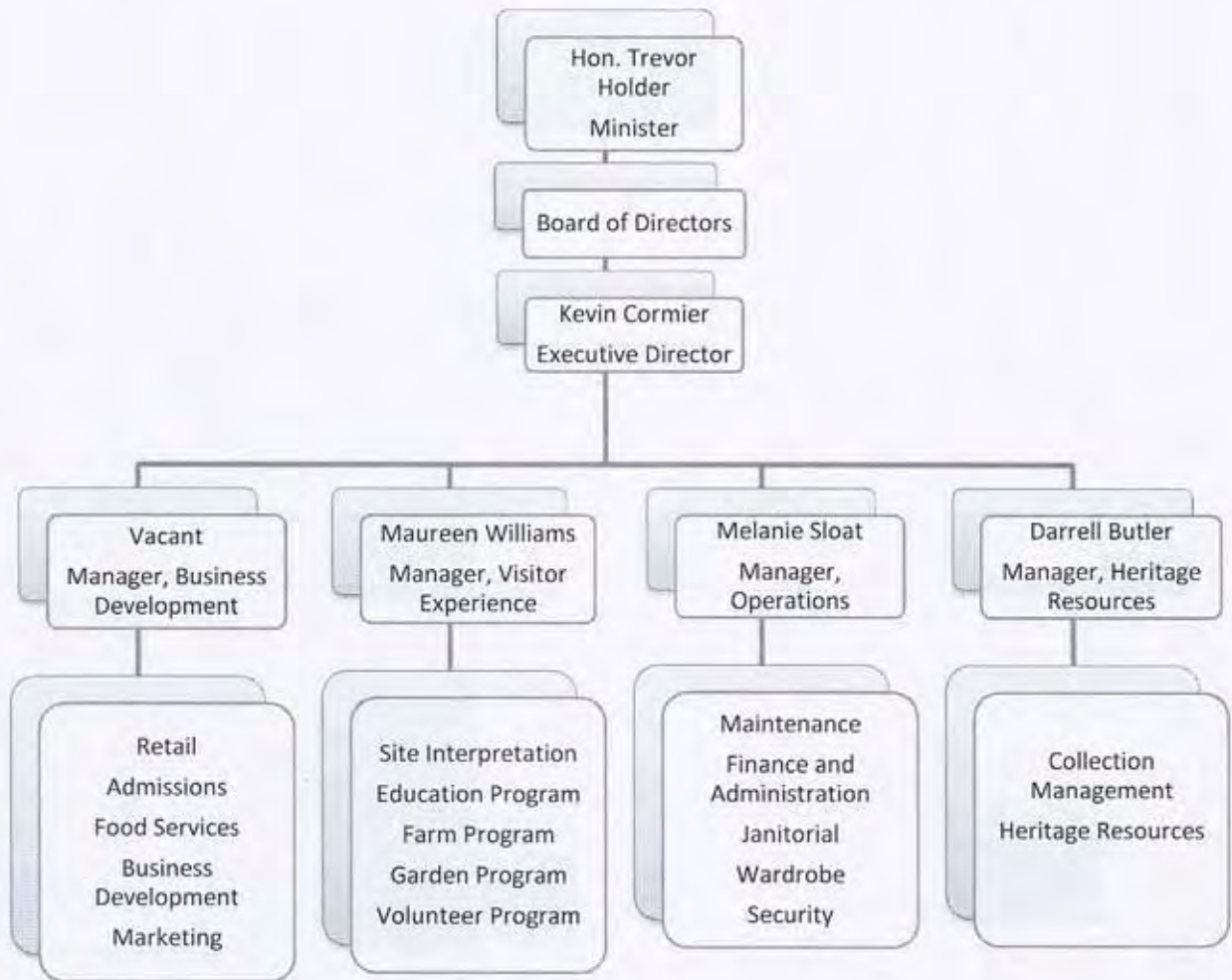
Mission

To create, maintain, and operate as a world-class attraction an authentic living history museum that will attract, educate, enrich, and entertain tourists and New Brunswick residents by depicting life in rural New Brunswick during the 19th century.

Key Goals

- Through the preservation of New Brunswick heritage to create, present and maintain to professional standards an authentic living history museum furnished, supplied, equipped, and "inhabited" to depict life in rural New Brunswick during the 19th century.
- To attract an increasing number of annual visitors, both from outside and within New Brunswick.
- To provide the modern infrastructure and services necessary to meet the needs and expectations of visitors, management and employees.
- To develop educational experiences and programming that exceeds visitor expectations.
- To develop and maintain effective governance, management, administrative systems and resources that will ensure a professionally operated organization.
- To increase retail and food service revenues through enhanced pricing and retailing strategies and improved customer service.

Organizational Chart



Highlights of the Year

Operations Department

The transition to a new organizational structure that began in 2011-12 was completed in 2012-13. Due to this transition, the components of the Operations Department changed to include Finance and Administration, Maintenance and Janitorial, Wardrobe, and Security.

Finance and Administration

The Finance and Administration team continued with the practice of sound financial stewardship by continuing with, and improving upon, current systems that are designed to ensure strong financial management and internal controls.

Budget processes and accountability were refined. A renewed strategy for planning, prioritizing and ensuring feasibility was developed, enabling managers in charge of departmental budgets to be better informed about process, forecasting, evaluation and measurement methods, thus providing the corporation with increased budgetary controls.

The strategy included consideration of cash resources available, cash needs and ensuring that any timing differences were more accurately covered. More frequent reporting to Departmental Managers and those with areas of accountability was provided, with more detailed information than past years.

Internal Operating Policies and Procedures were refined, as well as the creation of efficiencies within various departments. Reporting was refined and redesigned to allow for changing quarterly forecasts. Solvency, liquidity and stability were maintained as key goals of the Finance and Administration Department, as well as for the organization as a whole. Each project undertaken was assessed for viability, stability and profitability.

Movie revenues, along with refined forecasting, polished budgeting, and close monitoring of cash in and outflows, allowed for financial stability for Kings Landing in this fiscal year.

Maintenance and Janitorial

There were no major infrastructure projects in this fiscal year. As part of the Provincial Capital Budget process in December 2011, a submission to Tourism and Parks was made by Kings Landing requesting \$500,000 for repairs to the dam which was damaged in the December 2010 flooding. The \$500,000 was approved to be distributed in the 2013-2014 fiscal year. However, in early 2012 further damage was sustained by the dam due to heavy rainfall. Engineers were

called in to provide an analysis, which determined that the damage would require full replacement at a cost of \$2.5 million.

Over the course of the year several capital projects were undertaken by our Maintenance team that included:

- General repairs to historic homes
- Replaced shingled roofs on some historic homes
- Masonry work on historic homes
- Foundation work on two historic homes
- Electrical repairs and replacements of furnaces and electrical panels
- Other minor repairs

Wardrobe

The Wardrobe department is responsible for providing costume fitting and sign-out, alterations, repairs and maintenance of costumes, development of patterns, and the construction and maintenance of costumes. This department also assisted with teaching techniques and providing materials for period garments and crafts.

Security

The Security department provides front line customer service and enforces emergency, security and public safety procedures. Due to budget restraints, security coverage was scaled back to evenings and weekends only. This was a significant reduction in coverage which meant there were no security services available during normal hours of operation.

Business Development Department

Admissions

Admissions revenue was down by 7.97% when compared to the previous year. Kings Landing's total number of visitors for the year was 36,893, down 22% from the previous year. This was in large part due to a substantial cut back (34%) in marketing investment as well as the overall guest experience growing tired to the consumer.

Marketing

As noted above, the Marketing budget was cut significantly. Despite the cutbacks, a new website was developed and launched in Spring 2012. Coupled with an increased social media presence, Kings Landing's online presence was greatly enhanced this year. Kings Landing participated in the Travel Media Association of Canada's annual conference which was hosted

by the City of Fredericton. This brought between 40 and 50 travel writers to Kings Landing through various programs during the first week of May, including a group of 5 who participated in an immersion program – dressing in period costume and living at Kings Landing for 48 hours.

MOVIE

Kings Landing successfully negotiated a 6-month contract with Copperhead The Movie Inc – a movie production company - to shoot an entire \$12 Million film at Kings Landing. This generated roughly \$2 Million in local economic benefit as well as netting roughly \$400,000 in direct and indirect revenue to Kings Landing Corporation. While filming took part over the month of May and June, production started in January and concluded the first week of July. At its height, over 500 people from around the world were employed for this successful project.

Food Services

In an effort to streamline Food Services expenses and in an effort to manage it as a profit centered line of business, the overall footprint of the food service operations was reduced from 4 operations to 1. The Family Restaurant at the Visitor Reception building, the Prince William Ice Cream Parlour, and the food service operation at Mactaquac Provincial Park were discontinued for the year in order to better manage the costs and focus on a great experience with better food and labour costs. As a result, the line of business posted a 36% surplus largely due to a major contract to supply food services to a movie production crew for 3 months.

Retail

In order to focus on maximizing profitability in the retail line of business the footprint was reduced by closing the Gift Boutique at the King's Head Inn and only operating The Museum Gift Store and the Grant General Store. The objective was also to liquidate a substantial amount of old stock that had been accumulated over several years by selling at reduced mark-up. This combined with selling new, lower-price, higher-margin stock, led to retail sales being down 31%, however overall profit was up 61% over the previous year.

Heritage Resources Department

In the spring and early summer of this year, the Heritage Resources team worked with the film production of Copperhead The Movie providing historical and curatorial expertise.

In June, Kings Landing worked in cooperation with Government House to open the exhibition *Thomas Nisbet: 200 Years of Canadian Elegance* consisting of over 100 pieces of his work. It was

the first exhibition devoted to the work of the craftsman considered to be Canada's greatest cabinetmaker.

In collections management, Kings Landing began digitizing its accession ledgers and updated provenance and photographs on its earliest collections from the Mactaquac Head Pond area.

Acquisitions highlights:

- Personal collection of the late David Webber, General Manager of Kings Landing from 1973 to 1977.
- A collection from the estate of the late Harold Sharp which augmented items from his personal collection donated in 2004.
- A collection of artifacts obtained in New Brunswick in the 1960s and 1970s were transferred to Kings Landing from Parks Canada's Ontario Division.
- A swing leg dining table owned by the Campbell family which augments previous donations owned by the same family.
- An historically significant Pre-Loyalist Planter table owned by the Burpee family.
- A pair of oil paintings by Fredericton Victorian artist, George C. Hunt.

Visitor Experience Department

Volunteer Program

Volunteers at Kings Landing are composed of a diverse group who come from as far away as the State of Maine. They have provided Kings Landing the ability to provide an even more positive experience to our visitors.

Kings Landing had over 60 volunteers who contributed over 5,500 hours during the year, assisting with interpreting the village, greeting guests as they begin their visit, in the orchards, helping with animal care and conducting church services. Volunteers also assist with the cataloguing of artifacts at the New Brunswick Heritage Collection Centre during the winter months.

Visitor Experience

Kings Landing opened to the public on June 16, and closed on October 15. During the season, special events were held every weekend to add to the experience of our guests. These events included a fiddling festival, a literary festival, historical re-enactments such as the Confederation Debates, New Brunswick's First Election, the Irish Festival, and annual favorites including the Agricultural Fair and Thanksgiving Festival. The Theatre Troupe was active not only with their involvement in special events, but also in daily theatre performances and as

strolling minstrels. Outside of the regular season, Kings Landing was also open for Sugarbush weekends in March, with demonstrations pertaining to 19th century methods of maple sugar production.

Education

Educational school programs were offered in the Spring, Fall and Winter. These programs are hands-on learning opportunities for all ages in the public school system. Programs are designed specifically for a particular grade to coincide with curricular outcomes as outlined by the Department of Education. Most of these programs offer children insight into the daily life of a child their age 150 years ago, highlighting family, self-sufficiency and community. 87 individual programs were delivered to 4541 participants.

The Visiting Cousins & Family Kin immersion programs were operated during the summer school break. These programs offer an opportunity for children ages 9 to 15 to stay overnight and dress in period costume in order to live as a child their age would have in the 19th century for 5 days. Activities include doing chores on the farm, attending the one-room schoolhouse, learning to cook, do laundry, make a nail and help with the gardens. 278 children participated in the program this year despite operating two less weeks due to the movie being filmed.

Agriculture and Gardening Programs

The agricultural and gardening programs continued to deliver responsible farming and botanical stewardship practices. This year's agricultural program including planning and managing over a dozen vegetable gardens, 9 produce fields, a dozen flower gardens and an orchard of over 30 species of apples. Livestock included horses, cows, pigs, oxen, sheep, chickens, geese, and turkeys managed year-round.

Risks to the Corporation

Funding

Kings Landing Corporation has struggled to provide the expected level of programming and experience as a result of a structural deficit that has developed and grown over the past decade and a half. This has largely been due to rapidly rising and variable labor costs and funding not keeping pace with standard rates of inflation. This has meant having to do the same or more programming with less and less funding or revenue to do it with. In order to keep funding and expenditures in check, taking corrective actions with staffing levels it required, often times while in season, depending on visitation performance. While the Corporation's Board of Directors and Management have continuously endeavored to manage within its means, the gap continues to widen between costs and funding and a solution is required to ensure a future.

Capital Investment

It has been roughly 40 years since the majority of the property and infrastructure at Kings Landing was developed. The intended lifespan of most of the underground infrastructure (sewage, water, electrical and telecommunications), and many of the buildings is coming to an end, and a significant number of repairs and upgrades are required. Of note would be the dam and mills complex that have been in disrepair since 2010 and are no longer available to the public. The Corporation is at risk of rising maintenance costs and further reduction of services unless substantial capital investment is provided.

FINANCIAL STATEMENTS

KINGS LANDING CORPORATION

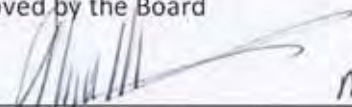
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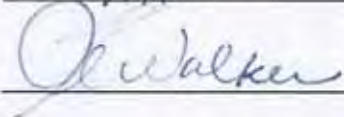
Kings Landing Corporation
Statement of Financial Position
31 March 2013

	2013	Restated (Note 7) 2012
FINANCIAL ASSETS		
Cash and short term investments	495,850	115,167
Accounts receivable	20,302	17,098
	516,152	132,265
LIABILITIES		
Accounts payable and accrued liabilities (Note 3)	208,894	229,092
Working capital advance payable (Note 4)	200,000	200,000
Deferred revenue	3,092	40,951
	411,986	470,043
NET ASSETS (DEBT)	104,166	(337,778)
NON-FINANCIAL ASSETS		
Prepaid expenses	14,263	15,495
Inventories (Note 5)	121,847	137,606
Kings Landing Collection (Note 2)	1	1
Capital assets (Note 6)	3,541,525	3,755,601
	3,677,636	3,908,703
ACCUMULATED SURPLUS	3,781,802	3,570,925

The accompanying notes are an integral part of these financial statements

Approved by the Board


Mark McCauley Chairperson


AL WALKER Director

Kings Landing Corporation
Statement of Operations and Change in Accumulated Surplus
For the year ended 31 March 2013

	Budget 2013 (Note 10)	Actual 2013	Restated (Note 7) Actual 2012
REVENUES			
Admissions	265,839	258,576	280,992
Gift Store	188,500	169,175	246,885
Food Services	497,927	593,755	684,490
Interpretation & Education	125,857	143,145	136,169
Other operating revenue	178,404	237,621	31,141
	<u>1,256,527</u>	<u>1,402,272</u>	<u>1,379,677</u>
Grants:			
Provincial - operating	2,305,800	2,510,176	2,581,433
Provincial - other (Note 9)	50,000	50,000	0
Employment programs	15,000	25,967	18,920
	<u>2,370,800</u>	<u>2,586,143</u>	<u>2,600,353</u>
	<u>3,627,327</u>	<u>3,988,415</u>	<u>3,980,030</u>
EXPENSES			
Interpretation & Education	1,171,289	1,112,762	1,185,316
Gift Store	86,628	118,437	227,240
Maintenance	733,047	747,450	363,352
Security	189,497	188,669	213,566
Curatorial	195,345	199,994	234,764
Visitor Services	154,095	158,064	214,365
Public relations	152,590	162,620	246,048
Administration	383,436	491,690	480,185
Food Services	475,507	380,656	879,818
Amortization of capital assets	0	217,196	235,140
	<u>3,541,434</u>	<u>3,777,538</u>	<u>4,279,794</u>
ANNUAL SURPLUS (DEFICIT)	<u>85,893</u>	<u>210,877</u>	<u>(299,764)</u>
ACCUMULATED SURPLUS, BEGINNING OF YEAR (Note 7)		<u>3,570,925</u>	<u>3,870,689</u>
ACCUMULATED SURPLUS, END OF YEAR		<u>3,781,802</u>	<u>3,570,925</u>

The accompanying notes are an integral part of these financial statements

Kings Landing Corporation
Statement of Changes in Net Financial Assets (Debt)
For the year ended 31 March 2013

	2013	Restated (Note 7) 2012
Net Debt at beginning of year	<u>(337,778)</u>	<u>(208,063)</u>
Changes in year:		
Annual surplus (deficit)	210,877	(299,763)
Purchases of capital assets	(3,120)	(61,523)
Proceeds on disposal of capital assets	400	1,500
Amortization of capital assets	217,196	235,140
Gain on disposal of capital assets	(400)	(1,500)
Net change in prepaid expenses	1,232	(3,998)
Net change in inventory	15,759	429
Increase (decrease) in Net Financial Assets	<u>441,944</u>	<u>(129,715)</u>
Net Financial Assets (Debt) at End of Year	<u>104,166</u>	<u>(337,778)</u>

Kings Landing Corporation
Statement of Cash Flows
For the year ended 31 March 2013

	2013	Restated (Note 7) 2012
CASH PROVIDED BY (USED FOR):		
Operating Activities:		
Excess (deficiency) of revenue over expense	210,877	(299,763)
Non-Cash Items:		
Amortization of capital assets	217,196	235,140
Gain on disposal of capital assets	(400)	(1,500)
(Decrease) increase in working capital	(44,270)	42,760
	383,803	(23,363)
Capital Activities:		
Acquisition of capital assets	(3,120)	(61,523)
Proceeds on disposal of capital assets	400	1,500
	(2,720)	(60,023)
INCREASE (DECREASE) IN CASH AND SHORT TERM INVESTMENTS	380,683	(83,386)
Cash and short term investments, beginning of year	115,167	198,553
Cash and short term investments, end of year	495,850	115,167

1. Nature of operations

Kings Landing Corporation is a provincial Crown agency incorporated by an Act of the New Brunswick Legislature. The Corporation serves the people of New Brunswick and visitors of the province by operating a living historical village as a dynamic, progressive outdoor museum.

2. Summary of significant accounting policies

General

These financial statements are prepared by Management using Kings Landing Corporation's accounting policies stated below, which are in accordance with Canadian public sector accounting standards (PSAS) as issued by the Public Sector Accounting Board.

The Corporation has adopted the accounting standards contained in PS 1201 – *Financial statement presentation*, PS 3450 – *Financial instruments*, and PS 3410 – *Government transfers* in the preparation of these financial statements. The impact of these accounting standards is disclosed in Note 7.

Revenue recognition

Government grants are recognized as revenue in the year in which it is received or receivable if the amount to be received can be reasonably estimated.

Revenue from general operations is recognized when products and services are delivered to the customer and collection is reasonably assured.

Amounts received or recorded as receivable but not earned by year-end are recorded as deferred revenue.

Asset classification

Assets are classified as either financial or non-financial. Financial assets are assets that could be used to discharge existing liabilities or finance future operations and are not to be consumed in the normal course of operations. Non-financial assets are acquired, constructed or developed assets that do not provide resources to discharge existing liabilities but are employed to deliver services, may be consumed in normal operations and are not for resale. Non-financial assets include prepaid expenses, inventory, capital assets and the Kings Landing Collection.

Kings Landing Collection

The Kings Landing Collection is composed of some 70 major historical structures and thousands of individual artifacts from the period between 1780 and 1900. The structures and artifacts are not replaceable as each piece represents a unique aspect of New Brunswick history. In recognition of this, the collection is valued at \$1 and individual pieces purchased by the Corporation are expensed in the year of acquisition. Similarly, costs of maintaining the collection are charged to maintenance expense as incurred. During the year, artifacts with an estimated fair value of \$60,925 (2012 - \$184,725) were received from donors and added to the collection.

Cash and short term investments

Cash and short term investments includes cash on hand, bank balances and a GIC with a maturity of less than one year as at the balance sheet date.

Contributed services

Volunteers contribute a significant number of hours to assist Kings Landing Corporation in carrying out its activities. Because of the difficulty in determining their fair value, contributed services are not recognized in the financial statements.

Pension expenses and retirement allowance

Full-time employees of the Corporation are members of the Public Service Superannuation Plan (the plan) of the Province of New Brunswick. The plan is a defined benefit multi-employer plan under which contributions are made by both the employer and the employees. For the period ended March 31, 2013, the contributions made by the Corporation were \$75,207 (2012 - \$55,511) under the terms of the plan.

Retirement allowances are paid and expensed by the Province of New Brunswick on behalf of the Corporation. Accordingly, the expenditure and the related asset/liability balance pertaining to this benefit plan are not presented in these financial statements. Under the agreed operating terms of the Corporation, these benefit plan balances will remain obligations/assets of the Province and will not be assumed by the Corporation.

Liability for Injured workers

The Corporation is responsible for benefit payments to WorkSafeNB for injured employees. Amounts billed by WorkSafeNB and management's estimate of the value of unbilled payments have been accrued.

Measurement uncertainty

The preparation of financial statements in accordance with PSAS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. The most significant areas requiring the use of management estimates related to the determination of employee benefit liabilities, amortization rates of capital assets and the amount of inventory subject to obsolescence. Actual results could differ from Management's best estimates, as additional information becomes available in the future.

Capital Assets

Purchased or contributed capital assets, except those of a historical nature, are recorded at cost or appraised value where cost is not determinable. Amortization is calculated using declining balance rates or straight line rates, which represent the estimated useful life of the assets. Kings Landing Corporation has 91.5 acres of land on both sides of the St. John River. Approximately 40 acres are used for site purposes. Because its purpose is to serve as a site for the collection, the land has been recorded at a value of \$1.

Inventory

Inventory is valued at the lower of cost and net realizable value. Net realizable value is the estimated selling price in the ordinary course of business. Inventories consist of fabrics, food and merchandise held for resale. Inventory obsolescence results from items in inventory, which are no longer saleable.

3. **Accounts payable and accrued liabilities**

	2013	2012
Employee benefits accrued liabilities	\$ 133,644	\$ 169,859
Other accounts payable and accrued liabilities	75,250	59,233
	<u>\$ 208,894</u>	<u>\$ 229,092</u>

4. **Working capital advance payable**

The demand loan owing to the Province of New Brunswick is unsecured and non-interest bearing with no specific terms of repayment.

5. **Inventories**

	2013	2012
Gift store	\$ 74,862	\$ 98,386
Fabrics	8,362	7,763
Food and liquor	43,385	37,128
Other	3,914	3,809
Subtotal	\$ 130,523	147,086
Less: Provision for obsolescence	(8,676)	(9,480)
Total	\$121,847	\$137,606

6. **Capital assets**

	<i>Amortization Rate</i>	2013		
		<i>Cost</i>	<i>Accumulated Amortization</i>	<i>Net Book Value 2013</i>
Land	Indefinite	1	0	1
Buildings	5%	4,401,691	1,634,063	2,767,628
Computer Hardware	20%	119,170	82,597	36,573
Office Furniture	20%	31,659	21,285	10,374
Auto Equipment	20%	361,134	233,626	127,508
Sewage Treatment Plant	30 Yrs	529,032	166,103	362,928
Site Electrical	30 Yrs	193,067	27,803	165,264
Underground Tank	20 Yrs	18,500	2,775	15,725
Operating Equipment	5%	21,500	2,096	19,403
Pole Barn	5%	40,023	3,902	36,121
Total		<u>5,715,777</u>	<u>2,174,250</u>	<u>3,541,525</u>

	<i>Amortization Rate</i>	2012		
		<i>Cost</i>	<i>Accumulated Amortization</i>	<i>Net Book Value 2012</i>
Land	Indefinite	1	0	1
Buildings	5%	4,401,691	1,488,399	2,913,292
Computer Hardware	20%	119,170	73,452	45,718
Office Furniture	20%	31,659	18,692	12,967
Auto Equipment	20%	358,414	202,149	156,265
Sewage Treatment Plant	30 Yrs	529,032	148,469	380,563
Site Electrical	30 Yrs	193,067	21,368	171,698
Underground Tank	20 Yrs	18,500	1,850	16,650
Operating Equipment	5%	21,500	1,075	20,425
Pole Barn	5%	40,023	2,001	38,022
Total		5,713,057	1,957,455	3,755,601

7. Change in Accounting Policy

Effective April 1, 2012, the Corporation adopted PS 1201 – Financial statement presentation and PS 3450 – Financial instruments. The impact of these accounting standards is not significant, affecting only disclosures in the notes to the financial statements. Accordingly, the financial statements of prior periods, including comparative figures, have not been restated for this change.

Effective April 1, 2011, the Corporation adopted PS 3410 – Government transfers. The new standard was retroactively adopted and therefore, 2012 comparative figures have been restated. The standard revises recognition criteria for government transfers, affecting how the Corporation accounts for such transfers. This has a direct impact on the deferred capital contribution balance which consists of revenue received from the Province to acquire tangible capital assets. Previously, deferred capital contributions were amortized over the estimated useful life of the asset acquired to match the amortization recorded for the asset in expense.

Key adjustments resulting from the adoption of this accounting policy are as follows:

The 2012 financial statements have been adjusted to eliminate the deferred capital contribution at April 1, 2011. The impact is to remove the deferred capital contribution amount and adjust the accumulated surplus amount.

The Statement of Financial Position, the Statement of Operations and Change in Net Assets (Debt) have been restated to reflect the changes.

The impact of this change on the 2012 financial statements is as follows:

Statement of Financial Position

As at March 31, 2012

Non-Financial Assets, as previously reported	236,876
Add: elimination of Deferred Capital Contributions	3,671,827
Total Non-Financial Assets as restated	3,908,703

Accumulated Deficit, as previously reported	(100,902)
Add: adjustment for elimination of Deferred Capital Contributions	3,671,827
Accumulated Surplus as restated	3,570,925

Statement of Operations and Change in Net Assets

For the year ended March 31, 2012

Annual Deficit as previously stated	(70,204)
Add: eliminate Amortization of Deferred Capital Contributions	(229,560)
Annual Deficit as restated	(299,764)

Accumulated Deficit – Beginning of the Year as previously stated	(30,700)
Add: adjustment for elimination of Deferred Capital Contributions	3,901,389
Accumulated Surplus – Beginning of Year as restated	3,870,689

8. Financial instruments

The Corporation's financial instruments consist of cash and short term investments, accounts receivable, accounts payable and working capital advance payable.

Due to the short term nature, fair value is assumed to represent the carrying value, which is historical cost.

Financial instruments are recognized when the Corporation becomes a party to the contractual rights and obligations of the financial instrument.

Financial instruments are derecognized when the contractual rights to the cash flows from the financial asset have expired or have been transferred, and the Corporation has transferred substantially all risks and rewards of ownership, or are derecognized when the contractual obligation has been discharged, cancelled, or has expired.

The Corporation designates its financial instruments as follows:

- a) Cash and short term investments are measured at fair value. Fair value is assumed to represent the carrying value, which is at historical cost.
- b) Accounts receivable, accounts payable and working capital advance payable are measured at cost.

It is management's opinion that the Corporation is not exposed to significant interest, currency, or credit risks arising from these financial instruments. The fair value of these financial instruments approximates their carrying values unless otherwise noted.

9. Provincial grant – other

The Province of New Brunswick provided Kings Landing Corporation with a \$50,000 capital grant in fiscal 2012-2013. In fiscal 2011-2012, the Province of New Brunswick did not provide Kings Landing Corporation with a capital grant. The Corporation spent \$2,720 of this grant for the purchase or construction of capital assets. The remaining \$47,280 was recognized as revenue and was used for expenditures related to maintenance and repairs on the Collection (Note 2).

10. Budget

The budget figures, as shown in the statement of operations, have been approved by the Board of Directors of the Corporation. They have not been audited.

11. Other Matters

Flooding in December of 2010 resulted in extensive damage to a dam on site. This dam has continued to deteriorate and after an assessment conducted by the Department of Transportation and Infrastructure, it was determined that the area was no longer safe for interpretation. An estimate provide by Department of Transportation and Infrastructure to Management estimates the costs to replace the dam structure and accompanying mill buildings is approximately \$2,500,000. No liability for this matter has been recorded in the financial statements. Management continues to review its options for remediation.

12. Economic dependence

Kings Landing Corporation is economically dependent on the Province of New Brunswick as it receives a significant portion of its funding from various government departments. The Province also provides certain other services from time to time such as staff resources, the cost of which has not been determined and is not included in these statements.