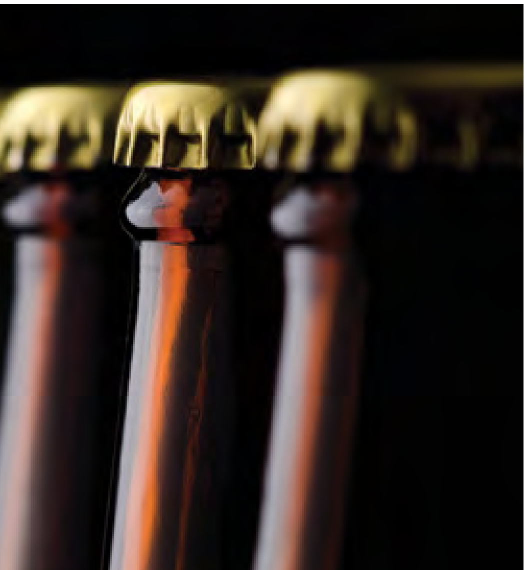
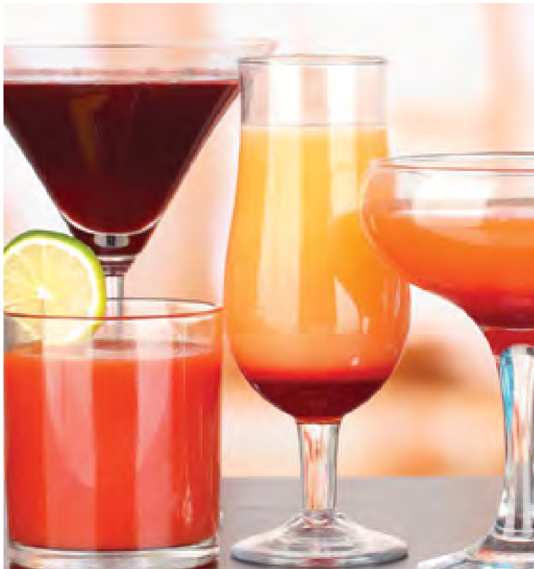
nb alcool • liquor

2013 - 2014
ANNUAL REPORT





2013 - 2014 ANNUAL REPORT

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BOARD OF DIRECTORS

Back row, from left: **John Correia**, director; **Mike Jenkins**, director; **Rémi Roussel**, director; **Arthur Doyle**, vice-chair; **Patrick Durepos**, director; and **Richard Smith**, secretary of the board and senior vice-president.
Front row, from left: **Brian Harriman**, president and chief executive officer; **Ron Lindala**, chair; and **Rachelle Gagnon**, director.

EXECUTIVE MANAGEMENT

Brian Harriman, President and Chief Executive Officer; **Richard Smith**, Senior vice-president; **Bradford Cameron**, vice-president, Customer Service and Retail Operations; **Christopher Evans**, vice-president and Chief Financial Officer; **Michael O'Brien**, vice-president, Supply Chain and Property Management; and **Gary von Richter**, vice-president, Category Management and Marketing.

ISSN 07042574
ISBN 978-1-4605-0621-2

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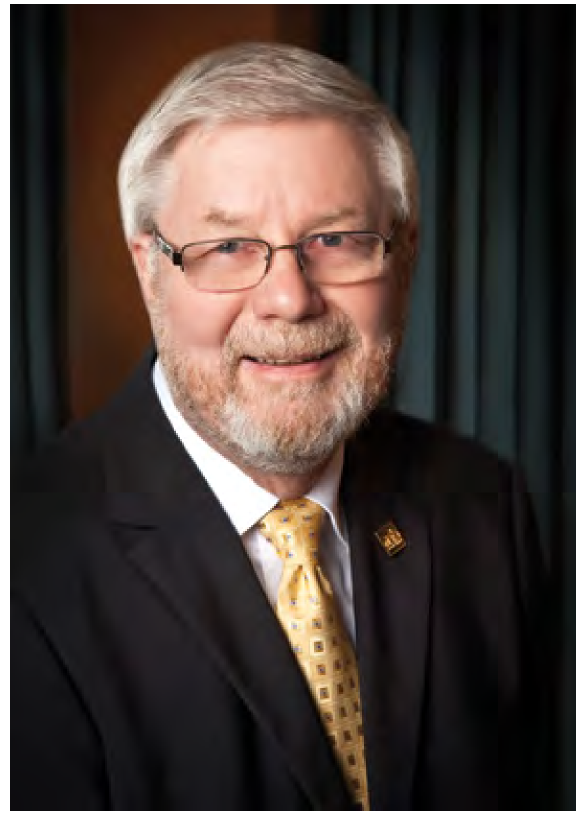
CHAIR'S LETTER

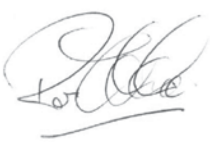


Honourable Blaine Higgs,
Minister of Finance,
Province of New Brunswick,
Fredericton, N.B.

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 30, 2014.

Respectfully submitted,



Ron Lindala
Chair, Board of Directors

Operational Information

	2014	2013
Number of ANBL stores	44	46
Number of agency stores	84	76
Number of filled positions (not including casuals)	439	450
Number of regular listed products	1,874	1,908

Consumption Data (Legal Drinking Age)

	2014			2013		
	Total Litres	Litres Per Capita	Sales Per Litre	Total Litres	Litres Per Capita	Sales Per Litre
Spirits	2,865,646	4.7	$ 32.04	2,913,537	4.8	$ 31.53
Wine	5,919,319	9.7	13.26	5,724,011	9.4	13.00
Other Beverages	2,580,207	4.2	7.43	2,580,576	4.3	7.39
Beer	44,231,809	72.5	4.41	44,952,421	74.0	4.50

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

The four-year strategic plan focuses on metrics for net income growth, customer satisfaction, employee engagement, and corporate citizenship. The 2013-14 fiscal year represents the second 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

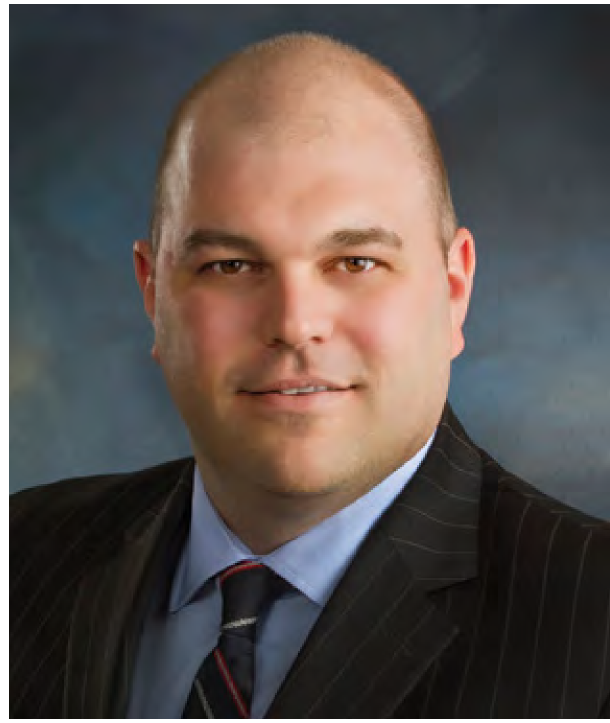
FOUR-YEAR VISION GOALS

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

ANBL's results related to these goals after the second year:

- Maintain 1.4 per cent net income growth: -1.8 per cent.
- Achieve customer experience index score higher than 70 per cent: 64 per cent.
- Achieve 145/200 employee engagement index: 165/200 (no change, as the survey is completed every two years).
- Achieve 85 per cent corporate citizenship index: 50 per cent.

PRESIDENT'S MESSAGE



During its 37-year history, the corporation has a track record of consistently delivering strong results while maintaining excellent financial discipline. This has resulted in ANBL being one of the most efficient retail liquor jurisdictions in Canada. Our strong culture of discipline has served the corporation very well, and allowed ANBL to manage its resources effectively.

We are now embarking on the journey from being an excellent corporation to being a leading retailer. As a leading retailer we will continue to have a strong culture of discipline; however, we will be placing more focus on creating a great shopping experience for New Brunswick consumers through improved store environments and continued excellent service, along with innovative and compelling promotional activities.

Each day our team of more than 600 employees works hard to create a corporation that delivers optimal results for the province. We are confident that we can produce improved results in the coming year as we work to transform ANBL from a place to buy into a place to shop.

Cheers,

Brian Harriman
President & CEO, Alcool NB Liquor

REMITTANCES TO GOVERNMENTS

To the Province of New Brunswick:	2014	2013
Distributions from net income and comprehensive income	$ 164,367,749	$ 161,746,764
Environmental Trust Fund	2,216,908	2,148,540
Property taxes	289,556	321,596
	$ 166,874,213	**$ 164,216,900**
To the Government of Canada:		
Harmonized Sales Tax	$ 30,447,657	$ 30,072,107
Excise tax and customs duties	15,672,045	15,888,649
	$ 46,119,702	**$ 45,960,756**
Total	**$ 212,992,915**	**$210,177,656**

STRATEGIC GOAL #1: FINANCIAL

Sales	2013-14 ($ 000)	2012-13 ($ 000)	Change (per cent)
Spirits	91,816	91,860	(0.05)
Wine	78,496	74,431	5.5
Other	19,159	19,063	0.5
Beer	194,890	202,398	(3.7)
Total	384,361	387,752	(0.9)

ANBL achieved $161.3 million in net income during the fiscal year 2013-14, missing budget by $1.5 million. Overall sales for the year were $384.4 million, a decline of 0.9 per cent from the previous year. Volume for the year was 55.6 million litres.

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

SALES BY SOURCE

Sales	2013-14 ($ 000)	Percentage of sales	2012-13 ($ 000)
Public	256,527	66.7	263,845
Licensee	45,485	11.8	46,642
Agency	81,004	21.1	75,616
Other	1,345	0.4	1,649
Total	384,361		387,752

SPIRITS

Sales of spirits decreased slightly, by 0.05 per cent, to $91.8 million in 2013-14 from $91.9 million in 2012-13, continuing a decade-long trend of minimal movement. Volume decreased by 1.6 per cent.

Sales of spirits from ANBL's on-site store at the New Brunswick Spirits Festival, held in November in Fredericton, totalled $158,000.

WINE

Wine sales increased by 5.5 per cent, to $78.5 million in 2013-14 from $74.4 million in 2012-13. Wine volume increased by 3.4 per cent.

Sales at the World Wine and Food Expo on-site store, held in Moncton in early November, totalled $464,000.

BEER

Beer sales totalled $194.9 million in 2013-14 compared to $202.4 million in 2012-13, representing a 3.7 per cent decline. Volume decreased by 1.6 per cent.

OTHER BEVERAGES

Other beverages showed an increase in sales of 0.5 per cent, to $19.2 million in 2013-14 from $19.1 million in 2012-13. Volume remained flat.

INTERNAL EFFICIENCIES AND PROCESSES

Early in the fiscal year the Category Management and Marketing sections were designated as a new department. The position of vice-president of Category Management and Marketing was subsequently created, and following a formal competition was filled from within the organization.

In addition to the creation of the new department a staff realignment was conducted. This saw the establishment of three category-specific portfolio teams tasked with concept design, implementation and management of their individual portfolio plans within the overall corporate plan.

The pricing function and responsibility was moved from Finance to Category Management and Marketing, and the listing and pricing process was revised to allow portfolio teams more flexibility in negotiations with suppliers. A new pricing model was implemented for the beer category, bringing it into alignment with a new classification system implemented during the year.

A new process was tested whereby orders of product for marketing displays were delivered to stores separately from liquor orders. This resulted in significant time-savings for stores as well as earlier execution of marketing programs, with only slight increases in processing time from the distribution centre. As a result, this process was introduced in the top 22 stores.

The store-to-store product transfer policy was revised in order to minimize the need for transfers and to cut down on associated costs when a transfer takes place.

The distribution centre continued to focus on improving productivity and overall efficiencies. The service provider for our warehouse management system supported ANBL staff in re-sequencing the warehouse product layout. Overall productivity has increased by three per cent, with improved ergonomics and order accuracy.

ANBL continued to strengthen regional co-operation by working with other Atlantic liquor jurisdictions. Meetings were held in fall of 2013 to develop and issue public tenders to collectively contract a service provider for container pick-up, re-work/palletizing, and transportation service to the respective liquor jurisdictions. The jurisdictions also contracted two international freight forwarders for ocean freight transport and consolidation services, securing service for the next seven years.

Negotiations to establish a regional distribution centre in Moncton to warehouse Boston Beer Company products were concluded, servicing all four Atlantic liquor boards. Benefits include a reduction in product lead-time, inventory turnover improvement, and reduced on-hand distribution centre inventory.

A two-year contract extension for outbound trucking services to provide deliveries from the distribution centre to the retail network was negotiated with the service provider.

Information technology continued to make progress on its multi-year modernization strategy. The data centre was moved from head office and co-located with the New Brunswick Internal Services Agency, leveraging Government of New Brunswick shared services and infrastructure.

Work commenced on moving in-house-developed human capital management applications such as time and attendance, human resources information, and payroll processing, to a third-party provider.

ANBL partnered with a third party to transfer procurement and inventory applications and processes to a new enterprise resource planning application, Microsoft Dynamics GP. The project, now known as ANBL 2.0, will allow ANBL to take advantage of retail best-practices and support our various channels of in-house retailing.

Microsoft Dynamics GP was upgraded to the latest version, and additional modules to replace current third-party manual or spreadsheet-based processes were identified for implementation in the next fiscal year.

The continued enforcement of ANBL's Attendance Management program also yielded positive results, as shown by the rise in perfect attendance by employees corporate-wide. Also, sick hours logged in stores were reduced by more than 1,000, resulting in savings exceeding $30,000.

STRATEGIC GOAL #2: CUSTOMER SERVICE

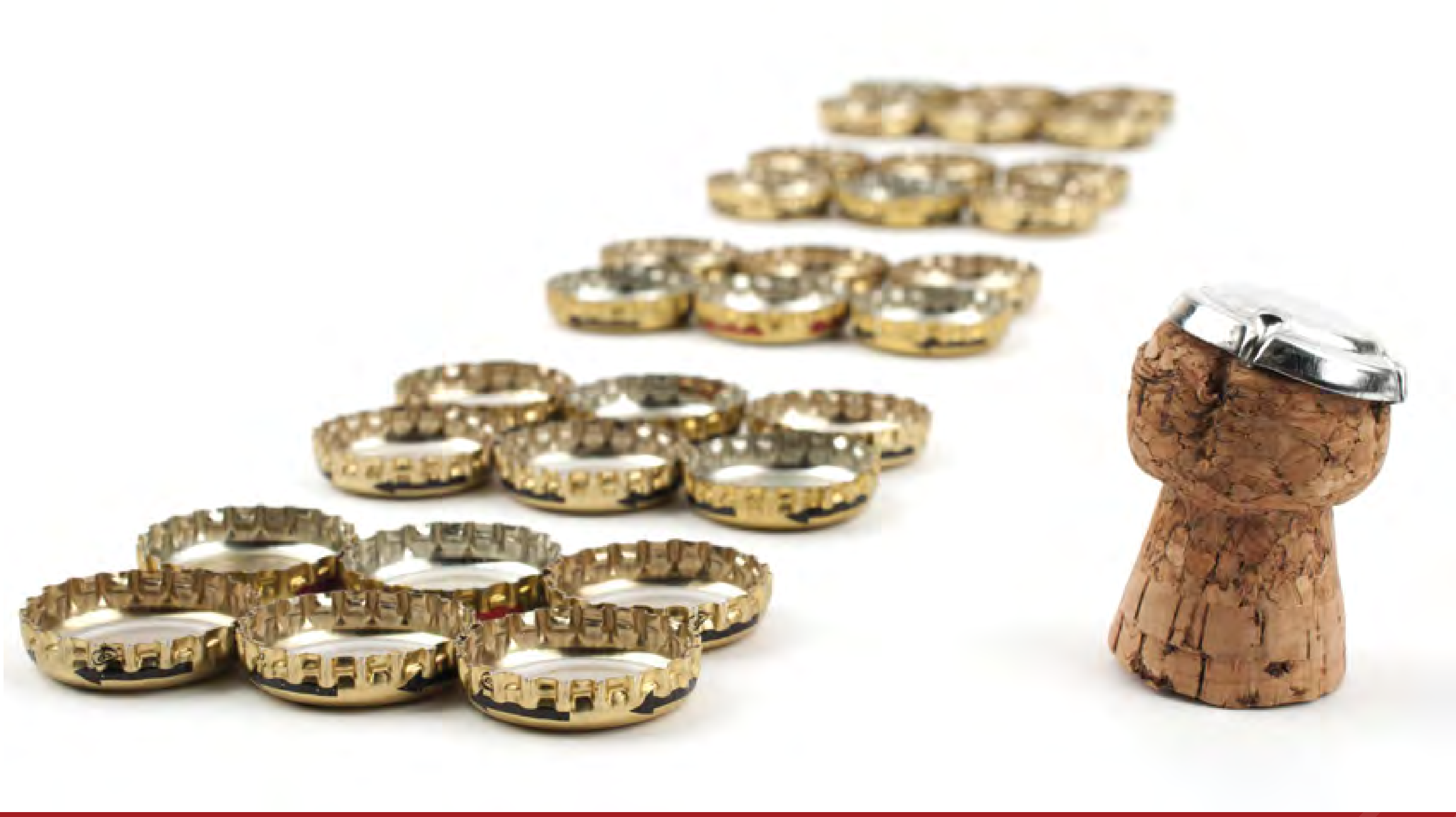
The position of Retail Training Co-ordinator was created in order to offer better service excellence training, product knowledge training, and coaching programs to ANBL staff.

Revised coaching-on-the-floor and coaching-at-cash programs were implemented to enhance the coaching abilities of store leadership teams. This renewed corporate effort resulted in marked improvements in mystery shopper results.

The store tasting/sampling policy was revised to encourage more staff and customer education through product sampling and product knowledge sharing. Changes in the policy also allow store staff to have better sales opportunities by allowing customers to sample a product they may be interested in purchasing. Also, the number of product advisors was increased in the three major cities to offer better customer service.

The Hot Deals program was enhanced by including all product types, being held more frequently, and for longer durations.

New pin pads to process customer debit/credit transactions were successfully piloted near the end of the fiscal year, then installed in all stores. These pin pads employ the latest security features and accept contactless payments and additional payment cards. They also improve the customer experience and provide greater compliance with payment card industry data security standards.



NEW STORES AND MAJOR RENOVATIONS

A new full-service Selection store officially opened in December at 884 Développement St., Tracadie-Sheila, replacing the former store. Located in a newly constructed commercial development with many opportunities for growth and traffic-count improvements, the store features greatly enhanced product selections, a larger chilled products room, wine-tasting units, and a product education area.

September marked the official opening of a new Newcastle store at 221 Pleasant St., Miramichi. The modern building replaced an aged and undersized store, and is attached to a major gas bar and convenience store chain.

The store at 513 Regis St., Dieppe, officially opened in May after four months of complete renovation. The exterior boasts a new roof and customer entrance, and the entire interior was cleared and rebuilt to meet ANBL's goal of enhancing the customer experience.

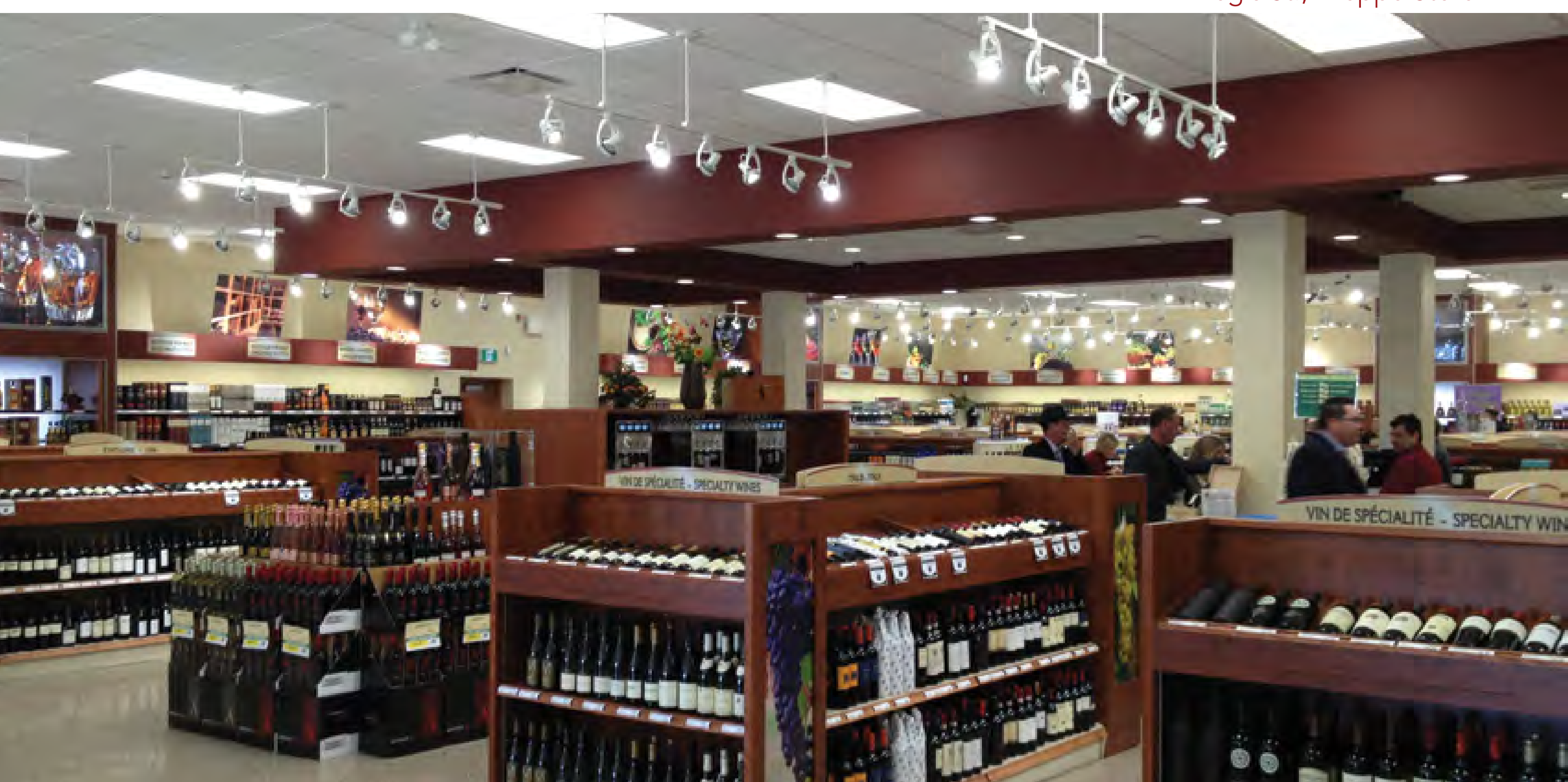
The state-of-the-art store features a greatly enhanced product selection, a much larger chilled products room, wine-tasting units, and a product education area.

Extensive renovations to modernize the Sackville store began shortly after the new year, and will result in better shelving to allow for easier product viewing, improvements to fixtures and mechanical systems, and an increased product portfolio.

In mid-January the Campbellton store was rennovated to include additional fixtures, improved layouts in the retail space and cold room, and enhanced cooler and imported beer sections.

Agency stores replaced two corporate-owned stores in St. George and Florenceville-Bristol that no longer provided an adequate customer shopping experience or comfortable working atmosphere for staff. Both properties were sold via public tenders and have been re-purposed for private-sector commercial and office use. Affected staff were moved to other corporate retail locations.

Regis St., Dieppe Store



STRATEGIC GOAL #3: EMPLOYEE ENGAGEMENT

Phase 4 of the Accelerated Leadership Development Program (ALDP) began during the 2013-14 fiscal year, with 25 new participants. New to this phase was an Introduction to Leadership module geared toward building leadership in greater numbers of high-potential employees to help grow ANBL's pool of possible assistant manager candidates. Since its inception in 2007 with the goal of developing leaders from within, more than 40 employees have completed the program.

In an effort to support the professional development of staff, ANBL partnered with a third party to provide management personnel with leadership and workforce competency 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 strengths. Head office staff and assistant managers were each offered three courses focused on non-managerial contributions and leadership courses, respectively.

The Internal Customer Service Survey was improved to be more user-friendly. Following feedback from various departments, questions were edited to include more targeted information-gathering. The results are distributed internally and used to improve department functions throughout the organization through action plans.

In an effort to further reduce workplace injuries and promote healthy and safe workplaces, a health and safety specialist visited each ANBL store to discuss these important issues.

ANBL continued its efforts to build a collaborative partnership with CUPE Local 963 in order to proactively address on-going issues. Nine grievances were received in 2013-14, four of which were resolved, with the remainder outstanding at year's end.

The Store Scorecard Excellence Award winners for the 2013-14 fiscal year are listed to the right. The awards were presented to managers at the 2014 Spring Conference Gala Dinner, and were accepted on behalf of all store staff.

Depot Banner:
- Gold - St. Stephen

A Banner:
- Gold – Dieppe

B Banner:
- Gold – Newcastle
- Silver – Devon Park, Fredericton

C Banner:
- Gold – Dieppe Blvd.
- Silver – Richibucto

D Banner:
- Gold – Lamèque
- Silver – Neguac

District:
- Gold – David Russell (District 1 – Northern N.B.)

The Service Excellence Awards were:

- Dieppe Blvd., Dieppe
- Vaughan Harvey Blvd., Moncton
- Dalhousie
- Regis St., Dieppe

2013-14 Award Winners

STRATEGIC GOAL #4: CORPORATE CITIZENSHIP

Social Responsibility

ANBL signed a two-year memorandum of understanding with New Brunswick's three United Way organizations, formalizing its partnership with the groups, and including an annual prompt-at-cash campaign held in ANBL corporate stores.

From left: Jeff Richardson, United Way Central New Brunswick; Debbie McInnis, United Way Greater Moncton and South Eastern New Brunswick; Wendy MacDermott, United Way Saint John, Kings and Charlotte.

Stores held four prompted donations this fiscal year, and thanks to the generosity of our customers donated more than $140,000 to five organizations.

- MADD Canada: $31,475
- Atlantic Salmon Conservation Foundation: $35,877 (plus an additional $98,723 raised through product sales)
- Canadian Red Cross Philippines Relief: $50,475 (matched by the federal government)
- United Way: $21,238
- Centre bénévolat de la péninsule acadienne: $3,244 (held in areas not represented under United Way)

In an effort to continue to promote social responsibility, ANBL acted as transportation sponsor at seven major events held throughout the province.

An increased emphasis on the ID verification program resulted in 202,301 customers being challenged (almost 40,000 more than the previous year), 6,960 of whom were declined service.

For the seventh 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 through video or song to help deliver the message about making responsible choices. Submissions created by students were received and evaluated, with $15,000 donated to 15 schools.

ANBL was the 2013 provincial sponsor for MADD Canada's high school assembly video, Smashed, which was viewed by students from more than 50 schools.

Approximately 240 organizations took advantage of passive solicitation opportunities in corporate stores during the 2013-14 fiscal year.

Environmental

ANBL adopted the National Energy Code for Buildings for its practices with respect to new construction and renovations. This will result in further energy savings from building envelopes and mechanical systems.

Control systems at stores and head office continue to be installed in order to permit remote tracking and monitoring of energy and water consumption. Real-time information allows staff to identify issues and quickly implement solutions.

ANBL consulted extensively with the Department of Environment and Local Government in its comprehensive review of the beverage container program under the Beverage Containers Act. The final report had not been publicly released at year's end.

In an effort to reduce plastic bag usage and to promote environmental consciousness, ANBL unveiled its new Bring Your Own Bag campaign, which encourages customers to bring reusable bags to carry their purchases. Customers may also purchase reusable bags at all ANBL corporate stores.

2013-14 YEAR IN REVIEW

Governance

Implementation of the 2011 Report to Cabinet recommendations, released in the 2011-12 fiscal year, continued in 2013-14. At year-end, most of the recommendations were completed or nearing completion.

The New Brunswick Liquor Corporation Act was updated and sanctioned by government for only the third time since 1976. Changes included clarifying ANBL's operational mandate, improving the recruitment process for new board members and president and CEO appointments, and specifying term length for serving board members.

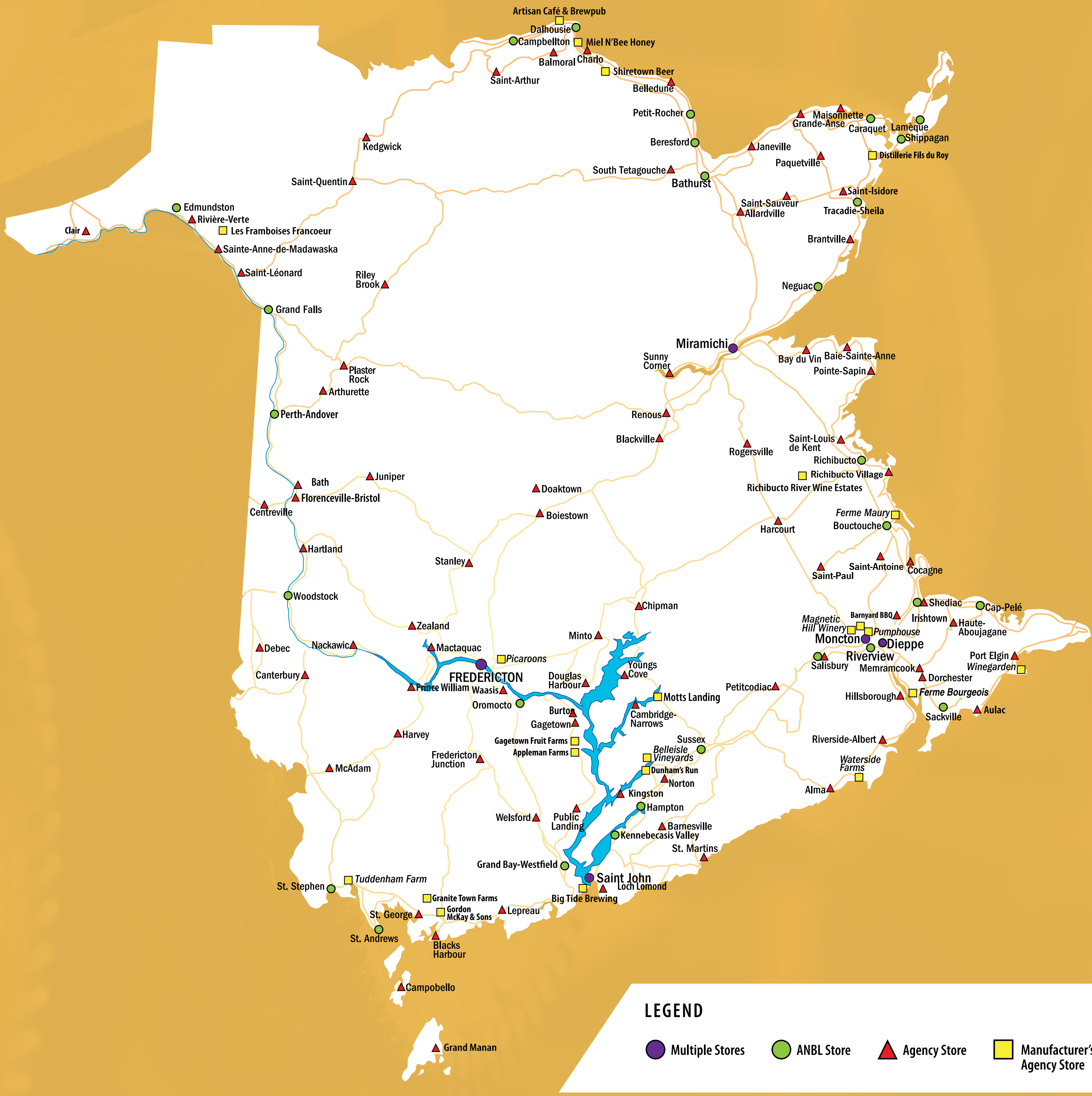
An extensive official languages audit was conducted, and a plan of action developed and implemented. The purpose of this audit was to identify and define the linguistic needs of ANBL, assess its strengths and weaknesses, improve linguistic abilities, ensure that the corporation was meeting the requirements of the Official Languages Act, and to produce a current snapshot.

One complaint under the Official Languages Act was received and resolved during the year.

ANBL implemented an eCustoms software enhancement relating to the Canadian Food Inspection Agency (CFIA) in September 2013. As part of the Food Safety Action Plan, CFIA implemented changes to the import notification requirements for commodities that fall under its jurisdiction -- more specifically, enhancing the tracking of imported food products in the non-federally registered sector, including alcoholic beverages.

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.

STORE LOCATIONS



SALES BY LOCATION

Location	2014 Public	2014 License	2014 Total	2013 Total
Bathurst (4)	$ 7 970	$ 1 185	$ 9 155	$ 9 279
Beresford	2 989	171	3 160	3 144
Bouctouche (2)	2 379	376	2 755	2 840
Campbellton (2)	2 557	850	3 407	3 125
Cap-Pelé	2 527	180	2 707	2 793
Caraquet (3)	3 370	959	4 329	4 407
Dalhousie (3)	1 674	337	2 011	1 993
Dieppe				
Dieppe Blvd.	5 715	760	6 475	6 411
Dieppe	11 077	2 819	13 896	12 194
Total	16 792	3 579	20 371	18 605
Edmundston (3)	7 251	2 203	9 454	9 081
Florenceville-Bristol**	465	23	488	2 101
Fredericton				
Brookside Mall (3)	7 250	3 194	10 444	10 726
Devon Park (5)	9 121	1 163	10 284	10 061
Prospect Street	12 927	1 578	14 505	15 463
York Street (1)	12 078	1 429	13 507	13 469
Total	41 376	7 364	48 740	49 719
Grand Bay-Westfield (3)	2 831	260	3 091	3 159
Grand Falls (3)	4 494	830	5 324	5 385
Hampton (1)	3 691	180	3 871	3 883
Kennebecasis Valley (2)	12 215	916	13 131	12 152
Lamèque	1 882	147	2 029	2 021
Miramichi				
Chatham (3)	4 720	821	5 541	5 362
Newcastle (3)	6 486	785	7 271	7 276
Total	11 206	1 606	12 812	12 638

Location	2014 Public	2014 License	2014 Total	2013 Total
Moncton				
Elmwood Drive (2)	$ 6 595	$ 1 124	$ 7 719	$ 8 511
Moncton North	8 448	1 249	9 697	9 854
Mountain Road	7 573	2 443	10 016	10 759
Vaughan Harvey Blvd.	10 474	2 810	13 284	13 812
Total	33 090	7 626	40 716	42 936
Neguac	2 062	269	2 331	2 359
Oromocto (5)	7 951	1 076	9 027	10 317
Perth-Andover (4)	2 988	260	3 248	2 939
Petit Rocher	2 177	142	2 319	2 334
Richibucto (4)	4 149	579	4 728	4 657
Riverview (3)	7 521	1 592	9 113	9 317
Rothesay	-	-	-	470
Sackville (3)	4 557	629	5 186	5 469
Saint John				
Lansdowne Place	7 534	2 140	9 674	9 721
Parkway Mall (2)	10 929	1 499	12 428	14 099
Prince Edward Sq.	5 250	1 480	6 730	7 099
Fariville Blvd. (2)	9 002	1 667	10 669	10 934
Total	32 714	6 785	39 501	41 853
Salisbury (2)	5 151	149	5 300	4 499
St. Andrews	1 950	585	2 535	2 549
St. George**	648	31	679	2 699
St. Stephen (2)	5 308	224	5 532	5 472
Shediac (3)	6 415	1 011	7 426	8 227
Shippagan	2 294	318	2 612	2 649
Sussex (3)	6 245	719	6 964	7 285
Tracadie-Sheila (2)	4 891	611	5 502	5 676
Woodstock (6)	5 455	856	6 311	6 086
Warehouse***	77 640	860	78 500	73 634
TOTAL	**$ 338 876**	**$ 45 485**	**$ 384 361**	**$ 387 752**

(#) Indicates number of agents at this location

* Closed last year
** Store closed during the year
*** Includes web-based ordering for licensees

AGENT SALES BY LOCATION

Agency Location	ANBL Location	2014 Sales ($000's)	2013 Sales ($000's)
Allardville	Bathurst	$ 566	$ 619
Alma	Riverview	371	405
Arthurette	Perth-Andover	360	427
Aulac	Sackville	859	2
Baie-Sainte-Anne	Chatham	858	931
Balmoral	Dalhousie	712	742
Barnesville	Kennebecasis Valley	668	817
Bath	Perth-Andover	348 *	-
Bay du Vin	Chatham	482	528
Belledune	Dalhousie	759	803
Blacks Harbour	Fairville Blvd., Saint John	896	1 178
Blackville	Newcastle	977	992
Boiestown	Devon Park, Fredericton	652	607
Brantville	Tracadie	1 300	1 375
Burton	Oromocto	572*	-
Cambridge Narrows	Sussex	863	944
Campobello	St. Stephen	263	238
Canterbury	Woodstock	481	513
Centreville	Woodstock	1 052	1 149
Charlo	Dalhousie	833	856
Chipman	Devon Park, Fredericton	1 164	1 226
Clair	Edmundston	284*	-
Cocagne	Shediac	2 457	2 687
Debec	Woodstock	499	520
Doaktown	Devon Park, Fredericton	728	799
Dorchester	Sackville	373	425
Douglas Harbour	Oromocto	541	574
Florenceville-Bristol	Perth-Andover	1 436*	-
Fredericton Junction	Oromocto	1 067	1 272
Gagetown	Oromocto	604	662
Grand Manan	Parkway Mall, Saint John	1 411	1 316
Grande-Anse	Caraquet	750	777
Harcourt	Richibucto	591	588
Hartland	Woodstock	1 448	1 465
Harvey	Devon Park, Fredericton	1 221	1 347
Haute-Aboujagane	Shediac	818	963
Hillsborough	Riverview	1 154	1 228
Irishtown	Elmwood Dr., Moncton	517	-
Janeville	Bathurst	424*	456
Juniper	Woodstock	315	350
Kedgwick	Campbellton	931	909
Kingston	Hampton	1 187	1 312
Lepreau	Fairville Blvd., Saint John	1 056	1 286

* opened during the year

Agency Location	ANBL Location	2014 Sales ($000's)	2013 Sales ($000's)
Loch Lomond	Kennebecasis Valley	$ 1 802*	-
Mactaquac	Brookside Mall, Fredericton	1 671	$ 2 131
Maisonnette	Caraquet	324	359
McAdam	St. Stephen	500	533
Memramcook	Elmwood Drive, Moncton	1 951	2 261
Minto	Devon Park, Fredericton	1 779	1 973
Nackawic	Woodstock	1 361	1 384
Norton	Sussex	2 129	2 591
Paquetville	Caraquet	1 812	2 109
Petitcodiac	Salisbury	1 786	1 945
Plaster Rock	Perth-Andover	1 008	987
Pointe-Sapin	Richibucto	275	297
Port Elgin	Sackville	1 334	1 391
Prince William	York St., Fredericton	922*	-
Public Landing	Grand Bay	836	968
Renous	Newcastle	1 020	1 098
Richibucto Village	Richibucto	720	762
Riley Brook	Grand Falls	249	251
Riverside-Albert	Riverview	344	340
Riviere-Verte	Edmundston	475	347
Rogersville	Chatham	1 436	1 615
Sainte-Anne-de-Madawaska	Edmundston	417	438
Saint-Antoine	Bouctouche	1 857	2 048
Saint-Arthur	Campbellton	200	224
Saint-Isidore	Tracadie	927	933
Saint-Léonard	Grand Falls	711	716
Saint-Louis de Kent	Richibucto	1409	1 542
Saint Paul	Bouctouche	383	454
Saint-Quentin	Grand Falls	1 388	1 395
Saint-Sauveur	Bathurst	239	252
Salisbury	Salisbury	2 129	2 526
Shediac (seasonal)	Shediac	1 400	703
South Tetagouche	Bathurst	323	380
St. George	Fairville Blvd., Saint John	2 165*	-
St. Martins	Parkway Mall, Saint John	662	787
Stanley	Brookside Mall, Fredericton	886	1 000
Sunny Corner	Newcastle	1 100	1 223
Wasis	Oromocto	2 418	4
Welsford	Grand Bay	896	1 163
Youngs Cove	Sussex	776	894
Zealand	Brookside Mall, Fredericton	990	1 077
Manufacturer Agents	Head Office, Fredericton	1 141	1 226
TOTAL		**$ 81 004**	**$ 75 616**

MANAGEMENT & AUDITOR'S REPORT

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 in Canada. 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 Auditor's Report outlines the scope of this independent audit and the opinion expressed.

Brian Harriman
President & CEO

Christopher Evans, CA
Vice-President & CFO

June 19, 2014

INDEPENDENT AUDITOR'S REPORT

To the Directors of New Brunswick Liquor Corporation

We have audited the accompanying financial statements of New Brunswick Liquor Corporation, which comprise the statement of financial position as at March 30, 2014, 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 30, 2014 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Deloitte LLP

Chartered Accountants
June 19, 2014

Statements of Operations and Comprehensive Income

Year ended	Budget 2014 *(unaudited)*	March 30 Actual 2014	March 31 Actual 2013
Total sales (note 3)	$ 387 790 068	$ 384 360 702	$ 387 752 262
Less: commissions	7 966 136	6 520 034	6 688 839
Net sales	379 823 932	377 840 668	381 063 423
Cost of sales (note 4)	166 583 613	167 709 224	171 053 590
Gross profit	213 240 319	210 131 444	210 009 833
Other income (note 5)	2 857 433	2 664 145	3 043 545
	216 097 752	212 795 589	213 053 378
Operating expenses (note 6)	53 362 164	51 539 311	48 923 685
Net income and comprehensive income	**$ 162 735 588**	**$ 161 256 278**	**$ 164 129 693**

See accompanying notes to the financial statements

Statements of Changes in Equity

Year ended	March 30 2014	March 31 2013
Balance at beginning of year	$ 24 124 664	$ 21 741 735
Net income and comprehensive income	161 256 278	164 129 693
Distributions to the Province of New Brunswick	(164 367 749)	(161 746 764)
Balance at end of year	$ 21 013 193	$ 24 124 664

See accompanying notes to the financial statements

STATEMENTS OF FINANCIAL POSITION

As At

Assets	March 30 2014	March 31 2013
Current Assets		
Cash and cash equivalents	$ 2 452 719	$ 3 420 165
Trade and other receivables	4 168 783	4 987 621
Inventories (note 7)	24 206 485	24 463 486
Prepaid expenses	533 278	509 591
	31 361 265	33 380 863
Property, plant and equipment (note 8)	7 708 358	8 557 074
Intangible assets (note 9)	1 510 501	1 441 128
Assets held under finance lease (note 10)	111 180	
	$ 40 691 304	**$ 43 379 065**

Liabilities

Current Liabilities		
Trade and other payables	$ 16 705 731	$ 14 609 032
Non Current Liabilities		
Obligation under finance lease	102 435	
Retiring allowances (note 11)	2 869 945	4 645 369
	19 678 111	19 254 401

Equity of the Province of New Brunswick

Equity	21 013 193	24 124 664
	$ 40 691 304	**$ 43 379 065**

Commitments and Contingencies (notes 13 and 14)

See accompanying notes to the financial statements

APPROVED BY THE BOARD:

Director

Director

Statements of Cash Flows

Year ended	March 30 2014	March 31 2013
Operating		
Net income and comprehensive income	$ 161 256 278	$ 164 129 693
Items not involving cash:		
Depreciation	1 807 984	1 563 478
Amortization	347 952	336 953
Loss on sale of property, plant and equipment	319 049	35 329
(Decrease) / increase in retiring allowances	(1 775 424)	1 383
Change in non-cash working capital	3 148 851	(767 563)
Net cash available from operations	165 104 690	165 299 273
Investing		
Additions to property, plant and equipment	(1 628 189)	(2 451 443)
Additions to intangible assets	(417 325)	(265 491)
Proceeds from sale of property, plant and equipment	377 667	18 461
Net cash used for capital investments	(1 667 847)	(2 698 473)
Financing		
Finance lease payments	(36 540)	
Distributions to the Province of New Brunswick	(164 367 749)	(161 746 764)
Net cash used for financing activities	(164 404 289)	(161 746 764)
(Decrease) / Increase in Cash	(967 446)	854 036
Cash at Beginning of Year	3 420 165	2 566 129
Cash at End of Year	$ 2 452 719	$ 3 420 165

See accompanying notes to the financial statements

March 30, 2014

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 30, 2014 were approved and authorized for issue by the Board of Directors on June 19, 2014.

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. Assets not in use totalled $292 355 in 2014.

(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 30, 2014 and March 31, 2013 there were no indications of impairment.

d) Intangible assets

Intangible assets include purchased and in-house developed computer software which are 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 on an annual basis. At March 30, 2014 and March 31, 2013 the intangible assets are not impaired. 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 and rewards incidental to ownership of the leased asset to the lessee. Assets financed by finance lease contracts are capitalized at the lower of the present value of minimum lease payments and fair value of the leased assets and the related debt recorded in non current liabilities. All other leases are classified as operating leases.

The Corporation entered into a finance lease for printers and copiers during the year. The assets were capitalized at fair market value. All remaining leases have been determined to be operating leases as of March 30, 2014. Payments made under operating leases (net of any financial incentives from the lessor) were 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.

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. 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

Bargaining employees are entitled to a retirement allowance 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 pro-rated 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	3.8 %
Discount rate - end of year	4.2 %
Future salary increases	2.5 %
Retirement age	Varies depending on member's current age

(ii) Pension plan

During the year, employees of the Corporation were members of the New Brunswick Public Service Superannuation Plan (PSSA), a multi-employer, defined benefit pension plan administered by the Province of NB. 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. Contributions made by the Corporation during the year totaled $1 809 166 ($1 577 654 in 2013). On April 1, 2014 the Corporation transitioned to the Province's Public Service Shared Risk Pension Plan (PSSRP) which provides similar pension and post-retirement benefits as the PSSA plan.

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 the significant risks and rewards of ownership of the goods to the buyer;
- 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 Judgments

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 CGU's fair value less costs to sell, their value-in-use, or both. Amounts used in impairment calculations 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) Current accounting policy changes

In the current year, the Corporation has applied the following new standard issued by the International Accounting Standards Board (IASB):

(i) Fair Value Measurement

IFRS 13 Fair Value Measurement ("IFRS 13") replaces existing IFRS guidance on fair value with a single standard. IFRS 13 defines fair value, provides guidance on how to determine fair value and outlines required disclosures about fair value measurements. IFRS 13 does not change the requirements regarding which items should be measured or disclosed at fair value. The Corporation conducted a review of the new standard and determined that the adoption of IFRS 13 resulted in no changes to disclosure around fair value measurement.

n) Future accounting policy changes

Certain new standards, interpretations, amendments and improvements to existing standards were issued by the IASB or International Financial Reporting Interpretation Committee ("IFRIC") that are not effective for the year ended March 30, 2014 and although early adoption is permitted, they have not been applied in preparing these financial statements. The Corporation is currently evaluating the effect, if any, the following new standards and amendments will have on its financial statements.

(i) Financial Instruments

IFRS 9 Financial Instruments ("IFRS 9") was issued in 2009 and will replace IAS 39 Financial Instruments: Recognition and Measurement ("IAS 39"). IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing the multiple rules in IAS 39.

The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. The new standard also requires a single impairment method to be used, replacing the multiple impairment methods in IAS 39. The IASB has tentatively decided to require an entity to apply IFRS 9 for annual periods beginning on or after January 1, 2018.

(ii) Levies

IFRIC 21 provides guidance on the accounting for levies within the scope of IAS 37, "Provisions, contingent liabilities and contingent assets". The main features of IFRIC 21 are: (i) the obligating event that gives rise to a liability to pay a levy is the activity that triggers the payment of the levy, as identified by the legislation, and (ii) the liability to pay a levy is recognized progressively if the obligating event occurs over a period of time. IFRIC 21 is effective for annual periods beginning on or after January 1, 2014.

3. Total Sales

	Budget 2014 *(Unaudited)*	Actual 2014	Actual 2013
Spirits	$ 94 651 618	$ 91 816 062	$ 91 860 247
Wine	79 135 799	78 495 901	74 430 592
Other Beverages	20 237 844	19 158 879	19 062 949
Beer	193 764 807	194 889 860	202 398 474
	$ 387 790 068	**$ 384 360 702**	**$ 387 752 262**

4. Cost of Sales

	Spirits	Wine	Other Beverages	Beer	2014 Total	2013 Total
Inventories at beginning of year	$ 6 811 717	$ 11 916 511	$ 1 024 210	$4 611 397	$ 24 363 835	$ 21 532 632
Purchases	18 375 831	25 387 343	6 944 664	96 054 877	146 762 715	153 024 299
Inbound freight	973 956	2 019 051	526 626	415 923	3 935 556	3 937 447
Outbound freight	219 226	365 154	249 520	246 755	1 080 655	1 007 321
Duty and excise tax	12 481 407	2 102 808	767 890	319 940	15 672 045	15 915 726
	38 862 137	41 790 867	9 512 910	101 648 892	191 814 806	195 417 425
Inventories at end of year	6 881 869	11 553 553	999 051	4 671 109	24 105 582	24 363 835
	$ 31 980 268	**$ 30 237 314**	**$ 8 513 859**	**$ 96 977 783**	**$ 167 709 224**	**$ 171 053 590**

5. Other Income

	Budget 2014 *(Unaudited)*	Actual 2014	Actual 2013
Merchandising programs	$ 2 310 805	$ 2 340 938	$ 2 429 057
Private importation revenue	243 468	254 354	285 585
Unredeemed beverage container deposits	79 560	79 141	46 794
(Loss) gain on sale of property, plant and equipment	8 460	(319 049)	(35 329)
Brand sales statistics	32 400	42 000	38 600
Train Station revenue	40 000	40 106	43 846
Label chargebacks	40 000	111 347	78 767
Agency store application fees		15 000	43 770
In-store tasting revenue	54 000	31 760	48 650
Sundry	48 740	68 548	63 805
	$ 2 857 433	**$ 2 664 145**	**$ 3 043 545**

6. Operating Expenses

	Budget 2014 (unaudited)	Actual 2014	Actual 2013
Salaries - stores, warehouse and maintenance	$ 20 135 941	$ 19 839 674	$ 19 338 679
- administration	4 946 439	5 020 121	4 843 179
Employee benefits	7 144 945	7 082 295	6 585 518
Rent	6 910 505	6 570 678	6 058 150
Heat and light	1 541 021	1 570 737	1 458 721
Depreciation and amortization	2 051 982	1 807 984	1 563 478
Amortization	351 018	347 952	336 953
Training programs	167 142	141 361	149 629
Repairs to property, plant and equipment	466 201	460 574	404 410
Property taxes	299 096	289 556	321 596
Minor equipment and supplies	737 960	628 095	572 807
Security	348 816	346 832	325 541
Retail automation system maintenance	228 871	193 245	193 262
Travel	396 742	330 504	271 173
Beverage container redemption costs	1 713 813	1 485 052	1 422 388
Shopping bags	130 248	169 783	140 195
Data processing	496 388	285 422	275 276
Telecommunications	497 916	463 292	473 222
Motor vehicle operation	94 181	79 552	81 676
Cleaning	247 557	203 044	216 057
Shortages	216 764	232 605	59 107
Management meetings	102 860	91 737	96 475
Postage	43 300	41 456	49 325
Professional services	768 051	792 088	789 835
Bank charges and credit card fees	2 228 354	2 300 180	2 247 654
Warehouse maintenance and supplies	49 840	67 734	52 024
Insurance	73 091	74 919	74 549
Advertising and promotions	611 408	407 910	343 478
Directors' remuneration	33 401	36 536	39 234
Other	328 313	178 393	140 094
	$ 53 362 164	**$ 51 539 311**	**$ 48 923 685**

7. Inventories

	2014	2013
Spirits, wine, other beverages and beer	$ 24 105 582	$ 24 363 835
Supplies	100 903	99 651
	$ 24 206 485	**$ 24 463 486**

8. Property, Plant and Equipment

Cost	Land	Paving	Buildings	Leasehold Improvements	Furniture & Fixtures	Automotive	Retail Equipment	Refrigeration Equipment	Total
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
Balance at April 1, 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
Additions			71 097	173 681	1 134 083			249 328	1 628 189
Disposals	57 021	56 452	1 736 986		302 166	21 630		128 910	2 303 165
Balance at March 30, 2014	$ 98 365	$ 420 786	$ 8 864 116	$ 4 248 702	$ 17 355 219	$ 256 880	$ 1 290 101	$ 2 714 196	$ 35 248 365
Accumulated Depreciation & Amortization									
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
Balance at April 1, 2013		$ 434 934	$ 7 145 624	$ 2 823 757	$ 13 458 224	$ 226 131	$ 1 246 405	$ 2 031 192	$ 27 366 267
Additions		6 159	125 562	234 954	1 235 575	25 025	17 737	135 177	1 780 189
Disposals		56 452	1 102 698		302 166	16 223		128 910	1 606 449
Balance at March 30, 2014		$ 384 641	$ 6 168 488	$ 3 058 711	$ 14 391 633	$ 234 933	$ 1 264 142	$ 2 037 459	$ 27 540 007
Carrying Amounts									
At April 1, 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
At March 30, 2014	$ 98 365	$ 36 145	$ 2 695 628	$ 1 189 991	$ 2 963 586	$ 21 947	$ 25 959	$ 676 737	$ 7 708 358

9. Intangible Assets

Software

Cost	2014	2013
Opening	$ 4 814 546	$ 4 549 055
Additions	417 325	265 491
Disposals		
Closing	5 231 871	4 814 546
Amortization		
Opening	3 373 418	3 036 465
Additions	347 952	336 953
Disposals		
Closing	3 721 370	3 373 418
Carrying Amount	$ 1 510 501	$ 1 441 128

10. Assets held under finance lease

Equipment

Cost	2014
Opening	
Additions	$ 138 975
Disposals	
Closing	138 975
Depreciation	
Opening	
Additions	27 795
Disposals	
Closing	27 795
Carrying Amount	$ 111 180

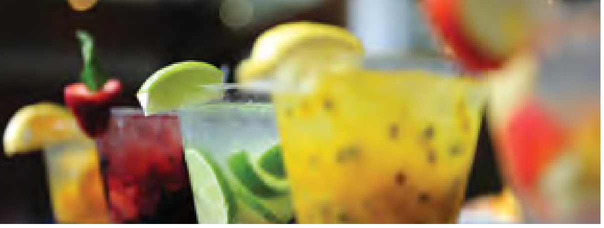
11. Post-employment benefits

(i) Retiring Allowances

In January 2013 the Province of New Brunswick announced the retirement allowance program for Part I, II, and III public sector non-union employees was to 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 ceased for the Corporation's non bargaining employees on June 30, 2013. The resulting curtailment and settlement of the plan expense of $982 607 was recognized to profit and loss during the year. In addition, the actuarial gain of $181 174 resulting from the remeasurement of the defined benefit obligation was recognized in other comprehensive income.

Information relating to the plan is as follows:

Reconciliation of defined benefit obligation	2014	2013
Opening balance	$ 4 645 369	$ 4 643 986
Employer current service cost	160 424	241 873
Interest cost	105 262	190 408
Past service cost (including curtailment)	477 494	
Loss (gain) on settlement	505 113	
Benefit payments	(392 752)	(528 167)
Actuarial (gain) / loss due to:		
Experience adjustments	(53 156)	
Changes in demographic assumptions	(58 943)	
Changes in financial assumptions	(69 077)	97 269
Settlements	(2 449 789)	
Closing balance	$ 2 869 945	$ 4 645 369



12. 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 30, 2014 no customer accounted for over 10% of total receivables.

13. Commitments

The Corporation leases buildings, premises and equipment under operating leases which expire at various dates between 2015 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 30, 2014, initial lease terms in excess of one year.

Due within one year or less	$ 6 323 801
Between one and five years	20 019 550
More than five years	29 554 145
	$ 55 897 496

14. 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.

15. Budget

The 2014 budget figures presented for comparison with the actual figures were approved by the Corporation's Board of Directors and have not been audited.

16. 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 $971 891 ($926 773 in 2013).