nb alcool • liquor

2015 - 2016

annual report

Board of Directors

Back row, from left:

John Correia, Director

Mike Jenkins, Director

Rémi Roussel, Director

Arthur Doyle, Vice Chair

Patrick Durepos, Director

Richard Smith, Secretary of the Board, Senior Vice-President and Chief Financial Officer

Front row, from left:

Brian Harriman, President and Chief Executive Officer

Ron Lindala, Chair

Rachelle Gagnon, Director

Executive Management Committee

Brian Harriman President and Chief Executive Officer

Richard Smith Senior Vice-President and Chief Financial Officer

Bradford Cameron Vice-President, Operations and Property Management

Stephen Richard Vice-President, Category Management, Marketing and Supply Chain

Reid Estey Director, People and Culture

Consumption Data (legal drinking age – 19+)

	Total Litres		Sales per Litre	
	2016	**2015**	**2016**	**2015**
Spirits	2 912 445	2 868 372	$ 32.89	$ 32.52
Wine	6 505 591	6 227 640	13.46	13.26
Other Beverages	3 504 701	2 849 674	7.36	7.34
Beer	44 655 854	43 904 414	4.51	4.47

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Chair’s Letter

Honourable Cathy Rogers,
Minister of Finance,
Province of New Brunswick,
Fredericton, NB

Dear Minister Rogers,

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 27, 2016.

Respectfully submitted,

Ron Lindala
Chair
Board of Directors

Operational Information

	2016	2015
Number of ANBL Stores	44	44
Number of Agency Stores	83	84
Grocery Store Pilot Project	5	6
Number of filled positions (not including casuals)	435	436
Number of regular listed products	1 938	1 881

Contents

Four-Year Strategic Goals

2016 vision

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

ANBL is responsible for the purchase, importation, distribution and retailing of all beverage alcohol in New Brunswick. It's a responsibility we take very seriously and strive to improve upon every year. As a provincial Crown Corporation, we serve the public and licensee community through our network of retail stores and private agency outlets.

Strategy 2012-2016

The four-year strategic plan focuses on net income growth, customer satisfaction, employee engagement and corporate citizenship. The 2015-16 fiscal year represented the fourth and final year of this plan.

Four-Year Vision Goals

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

ANBL's Four-Year Results:

1. 3.8%

2.63%

3.167.4/200 or 83.7%

4.50%

President's Message

Over the past fiscal year we continued on our journey from a liquor control board to a customer-focused retailer. This exciting journey has seen many changes to our ways of working and has resulted in continued growth in both sales revenue and net income.

In just one short year, we launched our new store design, as well as our new logo and ERP system, and increased our focus on training and development of our employees. Excitingly, during all this change, we saw an increase in shopper satisfaction. Building off our strong engagement levels from the previous year, we launched a new employee engagement program of which 92% of employees participated.

In order to stay relevant to our customers and deliver the best possible results for the people of New Brunswick, we will need to continue to evolve and change in the years to come. With each passing month I continue to be more and more impressed with the dedicated team we have across New Brunswick. I am proud of the great results our team has been able to deliver and look forward to working with them as we continue to improve our business for the people of New Brunswick.

Cheers,

Brian Harriman
President and CEO, Alcool NB Liquor

Remittances to governments

To the Province of NB	2016	2015
Distribution of net income and comprehensive income	$ 160 809 119	$ 161 886 416
Environmental Trust Fund	2 532 148	2 375 661
Property Taxes	288 125	275 262
	$ 163 629 392	**$ 164 537 339**

To the Government of Canada	2016	2015
Harmonized Sales Tax	30 715 836	30 240 508
Excise tax and custom duties	16 492 849	15 820 221
	$ 47 208 685	**$ 46 060 729**
TOTAL	**$ 210 838 077**	**$ 210 598 068**

2015 - 2016 Year in Review

Strategic Goal #1: Financial

Sales	2015-16 ($ 000)	2014-15 ($ 000)	Change (per cent)
Spirits	95 801	93 290	2.7%
Wine	87 539	83 612	4.7%
Other Beverages	25 783	20 903	23.3%
Beer	201 267	196 057	2.7%
Total	**410 390**	**393 861**	**4.2%**

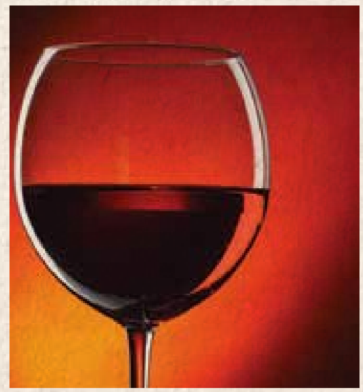
In the fiscal year 2015-16, we generated $171.6 million in net income, exceeding our budget by $3.9 million. Overall sales for the year were $410.4 million – an increase of 4.2% from the previous year. Volume for the year was 57.6 million litres.

Both the number of transactions and the average basket size saw slight increases from last year.

Sales by Source

Sales	2015-16 ($ 000)	Percentage of Sales	2014-15 ($ 000)
Public	271 003	66.0	260 417
Licensee	46 533	11.4	46 009
Agency	91 694	22.3	85 923
Other	1 160	0.3	1 512
Total	**410 390**	**100.0**	**393 861**





Spirits

In 2015-16 spirits sales totaled $95.8 million – an increase of 2.7% from last year's total of $93.3 million. Volume increased by 1.5%. Sales from our on-site store at the New Brunswick Spirits Festival, held in November in Fredericton, were $200,564.

Wine

Wine sales increased by 4.7%, totaling $87.5 million in 2015-16 compared to $83.6 million in 2014-15. Volume increased by 4.5%. Our sales at the World Wine & Food Expo on-site store, held in Moncton in early November, totaled $397,879.

Other Beverages

Sales of other beverages continued to grow at a rapid pace in 2015-16. We saw an increase of 23.3%, totaling $25.8 million compared to $20.9 million in 2014-15. Volume increased by 23.0%.

Beer

Beer sales totaled $201.3 million in 2015-16 compared to $196.1 million last year – an increase of 2.7%. Volume increased by 1.7%.

ANBL's Three "P"s of Marketing

- Programming
- Promotions
- Processes

This year we continued our journey to provide our customers with the best shopping experience. Through the creation of innovative and engaging programming/promotions, operational efficiencies, and our service excellence program, the customer was everyone's number one focus in 2015-16.

Beer: Something for Everyone

After months of planning we launched our "15 is the new 12" program in August. With the goal of offering consumers better value, the program has become very popular; 15-can packs have become the primary choice for many beer shoppers. This program will continue to evolve in an effort to give our customers the options they want in the pack sizes they are asking for.

We also continued to be one of Atlantic Canada's leaders in craft beer. We launched our monthly "Beer Styles" program, and saw incredible success during our "Canadian Beer Run" program where we brought in close to 40 award winners from the 2015 Canadian Beer Awards. Many of these had never been sold east of Quebec, let alone in New Brunswick.

Wine: Customers want Education

Premiumization through education is one of the main focuses for all of our categories, but it is especially important in the often-intimidating wine category. Through the creation of innovative programs like our cinematically themed California Wine promotion or groundbreaking Canadian Wine Awareness campaign, we educated our customers on the many benefits of drinking premium products, and how they can enhance their wine-drinking experiences.

In August, we imported a large selection of premium Bordeaux wines from some of the region's (and thus the world's) most renowned wineries. We were proud to offer our customers these premium wines, which ranged in price from $30 to $17,000.

We also made improvements to the ever-popular World Wine & Food Expo. Most notably, the awards were revamped in order to enhance their relevance for today's consumer. Also, for the first time, we had our store product advisors serve as judges.

Spirits: Creating a Cocktail Culture

In the under developed spirits category, there are many opportunities. The approach has consisted of targeting occasions with strategically selected promotions and programs, supplemented with consumer education of premium products. Our highly successful, award-nominated "Bar- In-A-Box" promotion was repeated during the holidays with growth versus the previous year.

Other Beverages: No longer an after-thought

Once taken for granted, this category has become the primary choice for many of our customers. We had tremendous growth in 2015-16, leading the country in percentage growth over the previous fiscal year. We launched frozen ready-to-drink products and saw impressive growth in cider and malt-based coolers.

Online:

Staying Relevant in the Digital Age

In 2015-16 we continued to improve our online presence, growing engagement on all social media platforms through effective promotion advertising, creative acquisition campaigns and engaging occasion-driven content such as drink recipes and food-pairing ideas. Our e-flyer readership continued to grow and was recognized as one of our country's best marketing and communication tools by the Retail Council of Canada.

Processes:

Prepare for Performance

In 2015-16 we centralized production of all in-store marketing materials. It was a tremendous endeavor that included all signage, such as pricing and promotional materials, and educational programming for customers. Centralized printing has allowed us to communicate a more consistent in-store message aligned with quarterly thematic designs and has helped provide a framework for the future development of our brand. To execute this process to the standard expected by our customers, improvements were made to the marketing team's structure. These improvements ensure the team can continue to provide strong support to our retail network and create enticing programming and promotions that make for incredible customer experiences.

Strategic Goal #2: Customer Service

In 2015-16 we further enhanced the shopping experience by installing Redirack systems in the cold rooms of nine more corporate stores, bringing the total to 11.

Our "Coaching on the Floor" certification program was a huge success, with 100% of managers, assistant managers and product advisors becoming certified coaches in 2015-16. The program equips the leadership team in each corporate store with the tools to coach their teammates on elevating overall customer experience through exceptional service. A training video was produced so that employees can access this program online in order to fine-tune their skills on their own.

Our "Intensive Selling" program was introduced as a pilot program in our corporate stores. All eight employees enrolled graduated from the inaugural class. The program focuses on product knowledge, selling skills and general business acumen. It was so successful that we will now offer it as an ongoing course for our employees.

Our 125,000-square-foot warehouse in Fredericton handled in excess of 3.1 million cases last year with just 20 employees. They pick an average of 115 cases per hour (16 pallets a day) that are distributed to 133 outlets (44 corporate stores, 84 agency stores and five grocery stores).

Our New Store and Major Renovations

New Construction:

In 2015-16 we successfully opened a new retail outlet. Located at East Point Shopping in Saint John, the new store replaces an older premise in Parkway Mall. It is located next to a national grocer and is in close proximity to many retailers, providing opportunities for growth and traffic count improvements.

We also unveiled our new brand concept along with the new store, showcasing our transformation into a modern, customer-focused retailer. Customer experience enhancements at the new store include growler, wine tasting and cocktail stations, and a tasting/education room. Our new store also has greatly improved product offerings, and a much larger cold-room.

Major Renovations:

We completed renovations in our Hampton store, enhancing the customer experience there. The store's modern colour palette, flooring, shelving and lighting provide our customers with an upgraded shopping experience.

We also finished renovating our Sackville store. Updates to fixtures and mechanical systems, coupled with an increased product portfolio, have enhanced the experience for our Sackville customers.

Other Projects:

In 2015-16 we continued to modernize and improve energy efficiency at the Retail Operations Centre (ROC). Our efforts focused on the heating generation plant, improving building envelope and upgrading the facility's regular and emergency power.

Strategic Goal #3: Employee Engagement

The results of our spring 2016 Employee Engagement Survey prompted the delivery of corporate and individual action plans with the goal of increasing employee engagement:

- Engagement reports and instruction booklets were provided to all managers.
- Team goals were created in order to drive engagement.
- We made engagement goals a priority and focused on those commitments.
- We are starting to change conversations by regularly following up on goals and celebrating success.

The Accelerated Leadership Development Program (ALDP) continues to develop leadership from within our organization. Since the launch of the ALDP in 2007, more than 60 employees have completed the program, and participants who have been promoted to leadership roles have experienced a shorter learning curve and exceptional performance results. Phase VI of the ALDP began in the fourth quarter with 10 high-potential participants accepted into the core program.

We partnered with Medavie Blue Cross (MBC) to offer our employees an enhanced attendance support program. MBC assists us in determining if there are medical issues contributing to an employee's level of absence and if there are any special methods, equipment or health-related requirements needed to ensure a safe work environment for all our employees. Furthermore, Return to Work assessments occur for employees returning to the workplace after a medical absence.

In order to further reduce workplace injuries and promote a healthy and safe workplace, our health & safety specialist continues to coach employees with on-site visits that build a "safety-first culture."

We have capitalized on the ADP Workforce Now: Applicant Tracking System that was implemented in the fall of 2014. Interested applicants are able to visit the Careers section of anbl.com and apply through an online web portal that showcases our corporate videos, general information and links to our social media accounts.

All of our employees can easily view and apply for positions to internal job postings through their personal ADP accounts. Additionally, all external job postings are automatically uploaded to external job boards to maximize exposure to high-potential applicants. As a result, we have seen an increase in the number of qualified applicants for external postings.

Winning store
A Banner: Gold
Eastpoint,
Saint John

The Store Scorecard Excellence Award winners for 2015-16 are listed below. The awards were presented to managers at the 2016 Spring Conference Gala Dinner on behalf of all store staff.

Depot Banner:	Gold – Bathurst
A Banner:	Gold – East Point, Saint John
B Banner:	Gold – Riverview Silver – Brookside Mall, Fredericton
C Banner:	Gold – Woodstock Silver – Grand Falls
D Banner:	Gold – Perth-Andover Silver – Dalhousie
District:	Gold – Tim Seymour (District 2 – Western N.B.)

The Service Excellence Awards were awarded to:

Gold – Richibucto
Silver – Riverview
Bronze – Mountain Road, Moncton

We negotiated a four-year contract collective agreement with CUPE 963 through an interest-focused bargaining strategy.

At the beginning of the year six grievances were outstanding. Five were withdrawn as a result of contract negotiations. One additional grievance was filed during the year and subsequently withdrawn as a result of collaborative efforts focused on exploring mutual interest.

Strategic Goal #4: Community Corporate Citizenship

Daffodil Campaign – Canadian Cancer Society of New Brunswick

We hosted two weeklong daffodil pin sales campaigns across the province in the past fiscal year. The first campaign was held in April 2015 and raised $44,300. The second campaign was held in March 2016 and raised $59,700!

United Way / Centraide 2015 Campaign for Central New Brunswick

From September to January we sponsored a "loaned representative" for each of the three United Way/Centraide 2015 campaigns in New Brunswick.

During the final year of our three-year memorandum of understanding with each of the United Ways of New Brunswick, employees participated in the United Way National Day of Caring through payroll deductions and a three-day prompt-at-cash program. As a result of these efforts, our employees and customers donated over $35,000 in 2015-16. We are extremely proud of our teams for their dedication to the United Ways of New Brunswick.

In tandem with the United Way prompt-at-cash campaign, we held a second prompt-at-cash campaign, raising $5,241 for the Centre de Bénévolat de la Péninsule Acadienne.

Canadian Mental Health Association of New Brunswick

From May 7th to 9th we held a prompt-at-cash campaign for the Canadian Mental Health Association of New Brunswick. With the support of our customers, we raised close to $29,000 for this important charity.

ANBL Community Foundation

In the fall of 2015 we launched the ANBL Community Foundation. The province was divided into zones and registered charitable organizations were invited to apply for a quarterly lottery. We awarded up to two $2,000 donations per zone each quarter. A total of $38,000 was donated to assist local not-for-profit organizations with their important work.

ANBL presents a cheque to the Atlantic Salmon Conservation Federation.

Protect Our Rivers

We had great success executing the fourth annual "Protect Our Rivers" campaign from August 27th to September 27th. Thanks to the generosity of our suppliers, customers, engaged employees and our newly created "River Keepers," we proudly helped to raise $74,200 for the Atlantic Salmon Conservation Foundation!

Once again, ANBL was proud to support over 100 charitable events throughout the province by donating merchandise towards their fundraising efforts.

Festivals

We were thrilled to promote social responsibility again this year as the transportation sponsor of five major events held throughout the province.

The 10th annual Atlantic Beer Festival took place in Moncton on May 29th and 30th. Over 3,000 people attended and over $3,500 was donated to local registered charities.

FestiVin kicked off the Acadian peninsula tourism season in Caraquet on June 6th and 7th. Over $13,000 in sales was generated at this year's festival – up 5.7% from the previous year!

More than 800 people attended the 20th annual NB Spirits Festival on November 20th. Sales reached a record high, exceeding $200,564 – up 40% over 2014! The organizers hosted over 20 classes throughout the week and again made multiple donations to local not-for-profit organizations.

The 25th annual World Wine & Food Expo hosted over 5,000 people in Moncton on November 5th and 6th. More than $65,000 was raised, benefiting multiple registered charities.

Strategic Goal #5: Social Responsibility

MADD Canada and its New Brunswick chapters continue to be key partners in our social responsibility program. We believe that educating youth about responsible alcohol consumption while they are in middle school allows them to carry this valuable lesson into adulthood. This is why we provided MADD Canada with the following for their fundraising efforts:

School Assembly Program	$ 50 000
Prompt-at-Cash	$ 32 400
Donation Boxes	$ 8 500

This year we continued to raise the bar on ID checks by introducing the "Check 30" program. The program ensures that cashiers ask for valid identification from anyone who appears under 30 years old. The "Check 30" program challenged 903,045 customers (311,033 more than the previous year) and declined service to 16,966 people (2,660 more than the previous year). Our goal was to challenge 7% of customers and we achieved 9.74%. We also increased ID checks by 3.27%.

For the eighth consecutive year, we offered our Safe Grad initiative to all New Brunswick high schools. Sanctioned by the Department of Education, we engaged high school students to help us deliver the message about making responsible choices when it comes to alcohol. Students created videos and songs and then submitted them for evaluation. A total of $15,000 was awarded to 11 graduating classes in New Brunswick.

Environmental

We completed Phase 2 of the heating generation and distribution system renewal project at our Retail Operations Centre (ROC). The project involved total conversion of the historic steam boiler system to a high-efficiency hot water boiler system. In order to eliminate most of the thermal bridges, Phase 2 also involved insulating the head office sector's building envelope, specifically the overhangs and floor sections that were exposed to the elements.

We completed the second and final phase of exterior lighting upgrades at the ROC, focusing on the warehouse sector. All old lighting fixtures have now been converted to high-efficiency fixtures.

Continued on next page...

ANBL employees participate in United Way National Day of Caring.

Protect Our Rivers Display at our Dieppe Blvd. location.

FestiVin in Caraquet.

New Brunswick Spirits Festival donation presentation.

Continued from previous page...

In response to the real risk of unplanned power outages, we initiated upgrades to the regular and emergency power systems at the ROC. The project, to be completed in early 2016-17, consists of completely replacing the original electrical service entrance, as well as installing an automatic emergency backup power generator. These upgrades will keep the entire ROC operating should an unplanned power outage occur, ensuring it is business-ready every single day.

Governance

The renewal of the government's mandate letter continues to be a key component of our governance. This mandate letter is formalized for our board of directors to inform them of the government's current intentions and expectations. Our corporation is central to the future of New Brunswick, and, through this letter, the government reinforces its strong and constructive relationship with our board and management.

The New Brunswick Liquor Corporation Act was amended during the year. Government changed the date of budget submission to February 28th annually to allow for better alignment with the business operating, planning and budgeting cycles. As well, the ceiling at which Board of Management approval is required for capital expenditures rose from $100,000 to $500,000.

Four complaints under the Official Languages Act were received in the 2015-16 fiscal year. Two formal investigations were completed and subsequent recommendations were presented to the commissioner's office. The third was deemed unfounded after an investigation was completed, and the fourth was satisfactorily resolved informally.

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

Store Locations

Sales by Location

Location	Public	Licensee	2015-2016 Total	2014-2015 Total
Bathurst (4)	$ 8 716	$ 1 346	$ 10 062	$ 9 549
Beresford	3 088	180	3 268	3 172
Bouctouche (2)	2 809	426	3 235	2 947
Campbellton (2)	2 872	909	3 781	3 535
Cap-Pelé	2 791	191	2 982	2 675
Caraquet (3)	3 623	957	4 580	4 398
Dalhousie (3)	1 764	385	2 149	2 069
Dieppe				
Dieppe Blvd.	6 134	626	6 760	6 294
Dieppe	12 803	3 205	16 008	15 639
Total Dieppe Stores	18 937	3 831	22 768	21 933
Edmundston (3)	8 193	2 200	10 393	9 762
Fredericton City				
Brookside Mall (3)	7 751	3 059	10 810	10 497
Devon Park (5)	8 758	968	9 726	10 090
Prospect Street (1)	12 839	1 421	14 260	14 207
York Street (1)	11 849	1 958	13 807	13 719
Total Fredericton Stores	41 197	7 406	48 603	48 513
Grand Bay-Westfield (2)	3 113	244	3 357	3 231
Grand Falls (3)	5 087	730	5 817	5 406
Hampton (1)	3 899	93	3 992	3 742
Kennebecasis Valley (2)	13 387	1 080	14 467	13 783
Lamèque	1 998	139	2 137	2 080
Miramichi City				
Chatham (3)	4 801	677	5 478	5 010
Newcastle (3)	7 437	888	8 325	8 177
Total Miramichi Stores	12 238	1 565	13 803	13 187

Location	Public	Licensee	2015-2016 Total	2014-2015 Total
Moncton City				
Elmwood Drive (2)	$ 6 265	$ 969	$ 7 234	$ 7 144
Moncton North	8 855	1 532	10 387	9 777
Mountain Road	7 774	2 379	10 153	9 817
Vaughan Harvey Blvd.	10 500	2 548	13 048	13 080
Total Moncton Stores	33 394	7 428	40 822	39 818
Neguac	2 357	275	2 632	2 511
Oromocto (5)	7 746	1 076	8 822	8 652
Perth-Andover (4)	3 224	349	3 573	3 312
Petit Rocher	2 210	134	2 344	2 315
Richibucto (3)	4 553	596	5 149	4 731
Riverview (3)	8 118	1 686	9 804	9 317
Sackville (3)	4 753	612	5 365	5 179
Saint John City				
Somerset Street	7 421	2 165	9 586	9 515
East Point (2)	9 733	1 385	11 118	12 143
Prince Edward Sq.	6 196	1 615	7 811	6 776
Fariville Blvd. (3)	10 142	1 844	11 986	10 907
Total Saint John Stores	33 491	6 785	40 501	39 341
Salisbury (2)	7 097	118	7 215	6 475
St. Andrews	2 210	896	3 106	2 879
St. Stephen (2)	5 923	255	6 178	5 795
Shediac (2)	6 378	1 179	7 557	7 906
Shippagan	2 452	376	2 828	2 754
Sussex (3)	6 413	726	7 139	6 859
Tracadie-Sheila (2)	5 090	663	5 753	5 515
Woodstock (6)	6 143	812	6 955	6 513
Warehouse*	88 593	660	89 253	84 011
TOTAL	$ 363 858	$ 46 532	$ 410 390	$ 393 861

(#) Indicates number of agents at this location

* Includes web-based ordering for licensees

Agent Sales by Location

Agency Location	ANBL Location	$000's 2016 Sales	$000's 2015 Sales
Allardville	Bathurst	$ 603	$ 586
Alma	Riverview	368	350
Arthurette	Perth-Andover	393	407
Aulac	Sackville	1 075	1 027
Baie-Sainte-Anne	Chatham	880	792
Balmoral	Dalhousie	688	698
Barnesville	Kennebecasis Valley	612	598
Bath	Perth-Andover	949	856
Bay du Vin	Chatham	464	461
Belledune	Dalhousie	749	723
Blacks Harbour	Fairville Blvd., Saint John	818	795
Blackville	Newcastle	1 001	966
Boiestown	Devon Park, Fredericton	688	688
Brantville	Tracadie	1 418	1 298
Burton	Oromocto	897	830
Cambridge Narrows	Sussex	883	830
Campobello	St. Stephen	326	311
Canterbury	Woodstock	478	453
Centreville	Woodstock	928	947
Charlo	Dalhousie	836	772
Chipman	Devon Park, Fredericton	1 199	1 206
Clair	Edmundston	361	350
Cocagne	Shediac	2 513	2 400
Debec	Woodstock	478	472
Doaktown	Devon Park, Fredericton	734	688
Dorchester	Sackville	278	309
Douglas Harbour	Oromocto	549	498
Florenceville	Perth-Andover	1 557	1 489
Fredericton Junction	Oromocto	1 049	1 048
Gagetown	Oromocto	582	582
Grand Manan	Parkway Mall, Saint John	1 620	1 530
Grande-Anse	Caraquet	745	741
Hanwell	York St., Fredericton	3 426	974
Harcourt	Richibucto	599	581
Hartland	Woodstock	1 534	1 410
Harvey	Devon Park, Fredericton	1 170	1 129
Haute-Aboujagane *	Shediac	229	725
Hillsborough	Riverview	1 164	1 181
Irishtown	Elmwood Dr., Moncton	1 629	1 414
Janeville	Bathurst	419	396
Juniper	Woodstock	259	280
Kedgwick	Campbellton	966	856
Kingston	Hampton	1 227	1 238
Lake George	York St., Fredericton	1 282	1 141
Lepreau	Fairville Blvd., Saint John	1 157	1 095
Loch Lomond	Kennebecasis Valley	3 367	2 929
Mactaquac	Brookside Mall, Fredericton	1 655	1 724
Maisonnette	Caraquet	296	327
McAdam	St. Stephen	525	502
Memramcook	Elmwood Drive, Moncton	2 074	1 945

Agency Location	ANBL Location	$000's 2016 Sales	$000's 2015 Sales
Minto	Devon Park, Fredericton	$ 1 717	$ 1 761
Nackawic	Woodstock	1 360	1 298
Norton	Sussex	2 239	2 251
Paquetville	Caraquet	1 897	1 802
Petitcodiac	Salisbury	1 840	1 755
Plaster Rock	Perth-Andover	926	937
Pointe-Sapin	Richibucto	284	287
Port Elgin	Sackville	1 417	1 349
Public Landing	Grand Bay	791	757
Renous	Newcastle	1 133	945
Richibucto Village **	Richibucto	-	373
Riley Brook	Grand Falls	285	249
Riverside-Albert	Riverview	352	337
Riviere-Verte	Edmundston	589	527
Rogersville	Chatham	1 553	1 440
Sainte-Anne-de-Madawaska	Edmundston	406	436
Saint-Antoine	Bouctouche	1 633	1 726
Saint-Arthur	Campbellton	225	205
Saint-Isidore	Tracadie	1 022	1 006
Saint-Léonard	Grand Falls	730	704
Saint-Louis de Kent	Richibucto	1 436	1 476
Saint Paul	Bouctouche	321	318
Saint-Quentin	Grand Falls	1 459	1 347
Saint-Sauveur	Bathurst	277	254
Salisbury	Salisbury	2 057	1 978
Shediac	Shediac	2 493	1 167
South Tetagouche	Bathurst	366	319
St. George	Fairville Blvd., Saint John	3 166	2 810
St. Martins	Parkway Mall, Saint John	648	599
Stanley	Brookside Mall, Fredericton	948	898
Sunny Corner ***	Newcastle	333	1 054
Wasis	Oromocto	2 985	3 078
Welsford	Grand Bay	742	677
Youngs Cove	Sussex	919	821
Zealand	Brookside Mall, Fredericton	904	930
Manufacturer Agents	Head Office, Fredericton	1 104	1 098
TOTAL		**90 256**	**84 513**
Grocery			
Fredericton		536	453
Miramichi		94	120
Moncton		412	370
Saint John		321	297
Sussex *		16	73
Tracadie-Sheila		59	97
TOTAL		**1 438**	**1 410**
TOTAL AGENT SALES		**$ 91 694**	**$ 85 923**

* closed during the year ** closed in the previous year *** closed and reopened during the year

Management and 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

Richard A. Smith, FCPA, CGA, FCMA
Senior Vice-President & CFO

June 24, 2016

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 27, 2016, 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 27, 2016 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Deloitte LLP

Chartered Professional Accountants

June 24, 2016

Statements of Financial Position

As at	March 27 2016	March 29 2015 (Restated - Note 11)
ASSETS		
Current Assets		
Cash	$ 4 425 045	$ 2 472 103
Trade and other receivables	4 793 333	3 401 148
Inventories (note 7)	29 568 321	26 222 594
Prepaid expenses	624 030	492 246
	39 410 729	32 588 091
Property, plant and equipment (note 8)	10 058 995	7 935 673
Intangible assets (note 9)	4 524 855	2 135 290
Assets held under finance lease (note 10)	55 590	83 385
	$ 54 050 169	**$ 42 742 439**
LIABILITIES		
Current Liabilities		
Trade and other payables	$ 17 479 314	$ 14 315 825
Beverage Container Redemptions (note 11)	532 000	2 125 000
Non Current Liabilities		
Obligation under finance lease	37 498	65 895
Beverage Container Redemptions (note 11)	1 593 000	2 125 000
Retiring allowances (note 12)	2 636 562	3 086 182
	22 278 374	21 717 902
EQUITY OF THE PROVINCE OF NEW BRUNSWICK		
Equity	31 771 795	21 024 537
	$ 54 050 169	**$ 42 742 439**

Commitments and Contingencies (notes 14 and 15)

See accompanying notes to the financial statements

APPROVED ON BEHALF OF THE BOARD:

Director

Director

Financial Statements

Statements of Operations and Comprehensive Income

Year ended	March 27 Budget 2016 (unaudited)	March 27 Actual 2016	March 29 Actual 2015 (Restated - Note 11)
Total sales (note 3)	$400 644 451	$ 410 389 998	$393 861 174
Less: discounts	7 313 018	7 219 571	6 805 883
Net sales	393 331 433	403 170 427	387 055 291
Cost of sales (note 4)	172 623 541	177 088 127	169 714 395
Gross profit	220 707 892	226 082 300	217 340 896
Other income (note 5)	2 123 889	2 801 774	2 632 651
	222 831 781	228 884 074	219 973 547
Operating expenses (note 6)	55 178 377	57 327 697	54 701 287
Net income and comprehensive income	**$ 167 653 404**	**$ 171 556 377**	**$165 272 260**

See accompanying notes to the financial statements

Statements of Changes in Equity

Year ended	March 27 2016	March 29 2015 (Restated - Note 11)
Balance at beginning of year	$ 21 024 537	$ 21 013 193
Restatement (Note 11)		(3 374 500)
Restated balance at beginning of year	21 024 537	17 638 693
Net income and comprehensive income	171 556 377	165 272 260
Distributions to the Province of New Brunswick	(160 809 119)	(161 886 416)
Balance at end of the year	**$ 31 771 795**	**$ 21 024 537**

See accompanying notes to the financial statements

Statements of Cash Flows

Year ended March	March 27 2016	March 29 2015 (Restated - Note 11)
OPERATING		
Net income and comprehensive income	$ 171 556 377	$ 165 272 260
Items not involving cash:		
Depreciation	2 007 726	1 733 872
Amortization of intangible assets and assets held under finance lease	498 820	400 344
Loss on sale of property, plant and equipment	15 498	7 853
(Decrease) / increase in retiring allowances	(449 620)	216 237
Change in non-cash working capital	(1 706 207)	(3 597 348)
Cash available from operations	171 922 594	164 033 218
INVESTING		
Additions to property, plant and equipment	(4 147 571)	(1 971 996)
Additions to intangible assets	(2 860 590)	(997 338)
Proceeds from sale of property, plant and equipment	1 025	2 956
Net cash used for capital investments	(7 007 136)	(2 966 378)
FINANCING		
Finance lease payments	(28 397)	(36 540)
(Decrease) / increase in beverage container redemptions	(2 125 000)	875 500
Distributions to the Province of New Brunswick	(160 809 119)	(161 886 416)
Net cash used for financing activities	(162 962 516)	(161 047 456)
Increase In Cash	1 952 942	19 384
Cash at Beginning of Year	2 472 103	2 452 719
Cash at End of Year	**$ 4 425 045**	**$ 2 472 103**

See accompanying notes to the financial statements

March 27, 2016

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 27, 2016 were approved and authorized for issue by the Board of Directors on June 24, 2016.

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) Cash

Cash includes cash and bank deposits.

d) 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 ½ %
Paving	10 %
Refrigeration equipment	10 %
Retail equipment	20 %
Furniture, fixtures and equipment	20 %
Automotive	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 $3 786 521 ($1 005 946 in 2015) of which $4 717 is included in leasehold improvements, $975 727 is included in furniture, fixtures and equipment and $2 806 077 is included in intangible assets.

(v) Impairment

The carrying amounts of the Corporation's non-financial assets are reviewed at the end of each year to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Corporation estimates the recoverable amount of the cash generating unit to which the asset belongs.

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 27, 2016 and March 29, 2015 there were no indications of impairment.

e) 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 27, 2016 and March 29, 2015 there were no indicators of impairment. Computer software is amortized on a straight-line basis at a rate of 10% per annum.

f) 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.

In 2014 the Corporation entered into a finance lease for printers and copiers. The assets were capitalized at fair market value. All remaining leases have been determined to be operating leases as of March 27, 2016. 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.

g) 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 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 and beverage container redemptions. These financial liabilities are measured subsequently at amortized cost using the effective interest method. The effective interest method is a method of calculating the amortized cost of a financial asset or financial liability and of allocating interest income/expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees or points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the asset/liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

(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. On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received/receivable and any cumulative gain or loss that had been recognized in other comprehensive income and accumulated in equity is recognized in profit or loss.

(v) Offsetting financial instruments

Financial assets and liabilities are offset and the net amount recognized on the statements 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. The impairment loss on financial assets is based on a review of all outstanding amounts at period end. The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets, where the carrying amount is reduced using an allowance account.

h) 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.

i) 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.

j) 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.

k) 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	2.8 %
Discount rate - end of year	3.0 %
Future salary increases	2.3 %
Retirement age	Varies depending on member's current age

(ii) Pension plan

Effective April 1, 2014, employees of the Corporation transitioned as members of the New Brunswick Public Service Superannuation Plan to the Public Service Shared Risk Pension Plan (PSSRP), a multi-employer, defined benefit pension plan administered by the Province of New Brunswick. 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 $2 700 164 ($2 636 367 in 2015).

l) 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.

m) Accounting estimates and judgements

The preparation of financial statements in compliance with IFRS requires the Corporation's management to make certain estimates and assumptions that they consider reasonable and realistic. Despite regular reviews of these estimates and assumptions, based in particular on past achievements or anticipations, facts and circumstances may lead to changes in these estimates and assumptions which could affect the reported amount of the Corporation's assets, liabilities, equity or earnings. Areas of estimation where complex or subjective judgements were made include the net realizable value of inventory, useful lives of long-lived assets, impairment of assets, provisions and retiring allowances. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including reasonable expectations of future events. Management believes the estimates used in preparing these financial statements are reasonable. Actual results in the future may differ materially from those reported.

(i) Valuation of inventories

Judgement 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 for long-lived assets. 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 judgement 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 and Retiring allowances

The Corporation makes judgements and estimates in recording costs and establishing provisions and retiring allowances 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. In addition, contingencies will only be resolved when one or more future events occur or fail to occur. Therefore, assessment of contingencies inherently involves the exercise of significant judgement and estimates of the outcome of future events. The Corporation assesses its liabilities and contingencies based upon the best information available.

n) Current accounting policy changes

In the current year, the Corporation has applied the following new or amended standards issued by the International Accounting Standards Board (IASB). The application of the new standards had no significant impact on the financial statements of the Corporation.

(i) Presentation of Financial Statements

IAS 1 (amended) Presentation of Financial Statements (amendments to IAS 1) is part of a major initiative to improve presentation and disclosure in financial reports. The amendments to IAS 1 are designed to further encourage companies to apply professional judgement in determining what information to disclose in their financial statements. For example, the amendments make clear that materiality applies to the whole of financial statements and that the inclusion of immaterial information can inhibit the usefulness of financial disclosures. Furthermore, the amendments clarify that companies should use professional judgement in determining where and in what order information is presented in the financial disclosures.

o) 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 27, 2016 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 introduces new requirements for the classification, measurement and derecognition of financial assets and financial liabilities. It requires classification and measurement of financial assets and liabilities in either the amortized cost or the fair value category. In November 2013, IFRS 9 was amended to include new requirements for hedge accounting. In July 2014, IFRS 9 was further revised to include impairment requirements for financial assets and limited amendments to the classification and measurements requirements by introducing a fair value through other comprehensive income measurement category for certain simple debt instruments. IFRS 9 is effective for annual periods beginning on or after January 1, 2018, with earlier adoption permitted.

(ii) Revenue from Contracts with Customers

IFRS 15 Revenue from Contracts with Customers was issued in May 2014. IFRS 15 establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers and will supersede the current revenue recognition guidance when it becomes effective. The core principle of IFRS 15 is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. IFRS 15 is effective for annual periods beginning on or after January 1, 2018, with earlier adoption permitted.

(iii) Leases

On January 13, 2016, the IASB issued IFRS 16 Leases that provides a comprehensive model for the identification of lease arrangements and their treatment in the financial statements of both lessees and lessors. It supersedes IAS 17 Leases and its associated interpretive guidance. Significant changes were made to lessee accounting with the distinction between operating and finance leases removed and assets and liabilities recognized in respect of all leases (subject to limited exceptions for short-term leases and leases of low value assets). In contrast, IFRS 16 does not include significant changes to the requirements for lessors. IFRS 16 is effective January 1, 2019 with earlier application permitted for companies that have also adopted IFRS 15, Revenue from Contracts with Customers.

(iv) Property, Plant and Equipment and Intangible Assets

IAS 16 (amended) Property, Plant and Equipment and IAS 38 Intangible assets both establish the principle for the basis of depreciation and amortization as being the expected pattern of consumption of the future economic benefits of an asset. The IASB has clarified that the use of revenue-based methods to calculate the depreciation of an asset is not appropriate. IFRS 16 is effective for annual periods beginning on or after January 1, 2016, with earlier adoption permitted.

3. Total Sales

	Budget 2016 (unaudited)	Actual 2016	Actual 2015
Spirits	$ 94 161 191	$ 95 801 437	$ 93 289 899
Wine	89 469 876	87 538 929	83 612 108
Other beverages	20 932 453	25 782 804	20 902 621
Beer	196 080 931	201 266 828	196 056 546
	$ 400 644 451	**$ 410 389 998**	**$ 393 861 174**

4. Cost of Sales

	Spirits	Wine	Other Beverages	Beer	2016 Total	2015 Total
Inventories at beginning of year	$ 7 769 070	$ 12 352 875	$ 1 335 601	$ 4 660 272	$ 26 117 818	$ 24 105 582
Purchases	21 162 590	30 522 699	9 598 131	98 181 090	159 464 510	150 974 389
Inbound freight	847 718	1 580 806	598 015	303 229	3 329 768	3 786 900
Outbound freight	230 353	383 687	259 279	262 185	1 135 504	1 145 121
Duty and excise tax	12 983 911	2 332 264	916 081	260 594	16 492 850	15 820 221
	42 993 642	47 172 331	12 707 107	103 667 370	206 540 450	195 832 213
Inventories at end of year	9 068 342	13 855 987	1 753 038	4 774 956	29 452 323	26 117 818
	$ 33 925 300	**$ 33 316 344**	**$ 10 954 069**	**$ 98 892 414**	**$177 088 127**	**$169 714 395**

5. Other Income

	Budget 2016 (unaudited)	Actual 2016	Actual 2015
Merchandising programs	$ 1 484 286	$ 2 327 657	$ 1 994 696
Private importation revenue	243 468	161 538	227 402
Unredeemed beverage container deposits	78 000	17 380	123 001
(Loss) / gain on sale of property, plant and equipment	15 000	(15 498)	(7 853)
Brand sales statistics	35 000	47 750	45 100
Train Station revenue	31 500	48 302	36 421
Label chargebacks	60 000	86 745	87 719
Agency store application fees			12 000
In-store tasting revenue	66 000	74 700	48 850
Sundry	110 635	53 200	65 315
	$ 2 123 889	**$ 2 801 774**	**$ 2 632 651**

6. Operating Expenses

	Budget 2016 (unaudited)	Actual 2016	Actual 2015 (Restated - Note 11)
Salaries - stores	$ 18 860 000	$ 20 181 261	$ 18 584 127
- administration and warehouse	6 929 913	6 992 258	6 810 949
Employee benefits	6 825 749	6 923 761	7 047 975
Rent	7 087 604	7 224 114	6 966 531
Bank charges and debit/credit card fees	2 508 862	2 585 180	2 489 353
Depreciation	2 049 261	2 007 726	1 733 872
Heat and light	1 645 970	1 520 885	1 645 600
Beverage container redemption costs	1 638 388	2 478 731	2 445 618
Professional services	849 050	898 471	937 613
Minor equipment and supplies	733 776	640 877	760 219
Advertising and promotions	964 850	902 792	588 504
Data processing	615 497	576 988	523 531
Repairs to property, plant and equipment	474 301	491 782	509 879
Telecommunications	472 132	444 813	437 473
Amortization of intangible assets and assets held under finance lease	509 139	498 820	400 344
Travel	460 325	419 128	360 930
Security	310 162	332 798	317 413
Shortages	250 000	330 968	307 276
Retail automation system maintenance	254 000	209 189	290 545
Property taxes	271 969	288 125	275 262
Cleaning	241 386	158 154	228 907
Shopping bags	222 207	233 832	207 700
Other	289 982	293 833	204 529
Training programs	247 892	218 885	168 845
Management meetings	147 035	161 955	138 875
Insurance	89 398	88 793	84 852
Warehouse maintenance and supplies	52 722	67 932	75 298
Motor vehicle operation	86 627	82 328	70 715
Postage	53 100	34 528	47 090
Directors' remuneration	37 080	38 790	41 462
	$ 55 178 377	**$ 57 327 697**	**$ 54 701 287**

7. Inventories

	2016	2015
Spirits, wine, other beverages and beer	$ 29 452 323	$ 26 117 818
Supplies	115 998	104 776
	$ 29 568 321	**$ 26 222 594**

8. Property, Plant and Equipment

Cost	**Land**	**Paving**	**Buildings**	**Leasehold Improvements**	**Furniture, Fixtures & Equipment**	**Automotive**	**Retail Equipment**	**Refrigeration Equipment**	**Total**
Balance at March 31, 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
Additions			595 106	164 314	971 602	43 632	5 615	191 727	1 971 996
Disposals				189 272	119 423			113 977	422 672
Balance at March 29, 2015	$ 98 365	$ 420 786	$ 9 459 222	$4 223 744	$18 207 398	$ 300 512	$ 1 295 716	$ 2 791 946	$36 797 689
Balance at March 30, 2015	$ 98 365	$ 420 786	$ 9 459 222	$4 223 744	$18 207 398	$ 300 512	$ 1 295 716	$ 2 791 946	$36 797 689
Additions			1 087 076	515 750	2 089 402	106 216	13 953	335 174	4 147 571
Disposals		550		627 927	360 753	55 590		127 497	1 172 317
Balance at March 27, 2016	$ 98 365	$ 420 236	$10 546 298	$4 111 567	$19 936 047	$ 351 138	$ 1 309 669	$ 2 999 623	$39 772 943
Accumulated Depreciation									
Balance at March 31, 2014		$ 384 641	$ 6 168 488	$3 058 711	$14 391 633	$ 234 933	$ 1 264 142	$ 2 037 459	$27 540 007
Depreciation		6 159	138 841	172 171	1 240 698	21 884	13 687	140 432	1 733 872
Disposals				178 463	119 423			113 977	411 863
Balance at March 29, 2015		$ 390 800	$ 6 307 329	$3 052 419	$15 512 908	$ 256 817	$ 1 277 829	$ 2 063 914	$28 862 016
Balance at March 30, 2015		$ 390 800	$ 6 307 329	$3 052 419	$15 512 908	$ 256 817	$ 1 277 829	$ 2 063 914	$28 862 016
Depreciation		6 159	164 978	352 403	1 266 549	42 947	13 942	160 748	2 007 726
Disposals		550		627 927	344 230	55 590		127 497	1 155 794
Balance at March 27, 2016		$ 396 409	$ 6 472 307	$2 776 895	$16 435 227	$ 244 174	$ 1 291 771	$ 2 097 165	$29 713 948
Carrying Amounts									
At March 31, 2014	$ 98 365	$ 36 145	$ 2 695 628	$ 1 189 991	$ 2 963 586	$ 21 947	$ 25 959	$ 676 737	$ 7 708 358
At March 29, 2015	$ 98 365	$ 29 986	$ 3 151 893	$1 171 325	$ 2 694 490	$ 43 695	$ 17 887	$ 728 032	$ 7 935 673
At March 27, 2016	$ 98 365	$ 23 827	$ 4 073 991	$ 1 334 672	$ 3 500 820	$ 106 964	$ 17 898	$ 902 458	$10 058 995

9. Intangible Assets

Software	2016	2015
Cost		
Opening	$ 6 229 209	$ 5 231 871
Additions	2 860 590	997 338
Disposals		
Closing	9 089 799	6 229 209
Accumulated Amortization		
Opening	4 093 919	3 721 370
Amortization	471 025	372 549
Disposals		
Closing	4 564 944	4 093 919
Carrying Amount	**$ 4 524 855**	**$ 2 135 290**

10. Assets held under finance lease

Equipment	2016	2015
Cost		
Opening	$ 138 975	$ 138 975
Additions		
Disposals		
Closing	138 975	138 975
Accumulated Amortization		
Opening	55 590	27 795
Amortization	27 795	27 795
Disposals		
Closing	83 385	55 590
Carrying Amount	**$ 55 590**	**$ 83 385**

11. Restatement - Correction of Error

(i) Beverage Container Redemptions

In 2015, after the issuance of the March 29, 2015 financial statements, the Corporation discovered that a liability for amounts owing relating to Beverage Container redemptions had not been recorded for the past four years. The effect was an understatement of the expense for Beverage Container Redemption Costs. The correction of the error has been accounted for retrospectively, and the comparative information for 2015 has been restated. The impact of the correction is an $875 500 increase in Beverage Container Redemption costs resulting in a reduction in net earnings for the year ended March 29, 2015. Furthermore, opening retained earnings for 2015 has been reduced by $3 374 500, the amount of the error relating to years prior to 2015. The non current liability reflects the non current portion of the amount remaining after the initial payment of $2 125 000. The remaining $2 125 000, which is non-interest bearing, will be paid over the next 4 years of which $532 000 will be paid next year.

12. Post-employment Benefits

(i) Retiring Allowances

In January 2013, pursuant to the direction of the Province of New Brunswick and with the approval of the Board of Directors, the accumulation of retirement allowance benefits ceased for non bargaining employees effective June 30, 2013. The program remains in effect for bargaining employees pending direction from the Province. The last full actuarial valuation of the plan was completed as at March 31, 2016.

Information relating to the plan is as follows:

Reconciliation of defined benefit obligation	2016	2015
Opening balance	$ 3 086 182	$ 2 869 945
Employer current service cost	139 912	122 319
Interest cost	82 767	121 032
Benefit payments	(540 266)	(221 097)
Actuarial (gain) / loss due to:		
Experience adjustments	(211 495)	
Changes in financial assumptions	79 462	193 983
Closing balance	**$ 2 636 562**	**$ 3 086 182**

13. 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 27, 2016 no customer accounted for over 10% of total receivables.

14. Commitments

The Corporation leases buildings, premises and equipment under operating leases which expire at various dates between 2017 and 2034. 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 27, 2016, initial lease terms in excess of one year.

Due within one year or less	$	6 304 039
Between one and five years		20 665 343
More than five years		27 367 988
	$	**54 337 370**

15. 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.

16. Budget

The 2016 budget figures presented for comparison with the actual figures were approved by the Corporation's Board of Directors and have not been audited.

17. 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) that are considered related parties. 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 $952 393 ($1 005 043 in 2015).

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